

**INVESTEC AUSTRALIA
PROPERTY FUND**

*Frequently asked questions for
South African Unitholders
in connection with the
Offer and ASX Listing*



Out of the Ordinary

 **Investec**
Australia Property Fund

Q&A



Part A – Overview of the Offer

What is the PDS?

The issuer of Subscription Units under the Offer is Investec Property Limited (ABN 93 071 514 246) ("**Responsible Entity**") as responsible entity of Investec Australia Property Fund (ARSN 162 067 736) ("**Fund**"). The Responsible Entity has lodged a product disclosure statement dated 3 May 2019 in connection with the Offer and the ASX Listing ("**PDS**") with the Australian Securities and Investment Commission, which is available at www.iapf.com.au.

The PDS is a product disclosure statement for the purposes of Part 7.9 of the Corporations Act 2001 (Cth) of Australia. Unitholders should consider the PDS in deciding whether to acquire or continue to hold units in the Fund.

Capitalised terms used in this document have the meaning given to them in the PDS.

What is the Offer?

The Offer is an offering of 76,923,077 Subscription Units at the Final Subscription Price, which is expected to be within the Indicative Price Range of \$1.30¹ to \$1.35 per Unit (although it may be higher). The Offer is expected to raise approximately \$100 million². The Offer proceeds will be used to repay debt and to pay the costs associated with the Offer.

The Offer comprises a Broker Firm Offer and Institutional Offer.

It is not intended that the size of the Offer will be increased by the issue of further Subscription Units. However, Investec Property Fund Limited ("**IPF**"), the largest unitholder of the Fund, may sell up to 45 million Units it currently holds for the purposes of satisfying oversubscriptions from certain Institutional Investors under the Offer ("**IPF Sale**").³ South African investors will not be able to participate in the IPF Sale.

The transfer of any such Units under the IPF Sale (if it proceeds) is expected to occur on or about the Allotment Date, being Tuesday, 28 May 2019 (Sydney time). See Section 8.4 of the PDS for further detail.

What is the rationale for the ASX Listing Proposal?

A dual listing on the ASX and the JSE will provide the Fund with direct access to both the South African and Australian capital markets. Access to a more diversified pool of capital is expected

to provide the Fund with greater financial flexibility to grow and diversify its Portfolio and make further real estate asset acquisitions in line with its current investment strategy, subject to its current borrowing policy.

On 5 September 2018, the existing Unitholders of the Fund approved a resolution for the issue and allotment of up to a maximum of 180 million new Units to Qualifying Investors at the subscription price determined under a bookbuild, subject to the minimum subscription price for the Subscription Units calculated in accordance with the Constitution, in conjunction with the ASX Listing within 12 months after the date on which the resolution was passed. The Unitholders also approved amendments to the Constitution and the Management Agreement to facilitate the ASX Listing.

The Responsible Entity is seeking to implement the proposal approved by the Unitholders in connection with the ASX Listing and the Specific Issue of Units for Cash.

Can I participate in the Offer?

Yes, you may participate in the Institutional Offer provided you are a Qualifying Investor. In South Africa, the new Units to be issued pursuant to the Offer are being offered to Qualifying Investors, who are persons who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act and/or selected persons who subscribe for Units at a total contemplated acquisition cost equal to or greater than ZAR 1,000,000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the South African Companies Act).

The Offer in South Africa does not constitute an offer to the South African public, and no prospectus will be registered with the South African Companies and Intellectual Property Commission.

Will the Fund be listed both on the ASX and the JSE?

Following the ASX Listing, the Fund will be primary listed on the ASX and will also maintain its primary listing on the JSE. The Fund will retain its inward listing status on the JSE but will delist from the BSX following the ASX Listing.

Can I move my Units between the South African Register and the Australian Register?

Following the ASX Listing, the Units will be quoted both on the ASX and the JSE.

Units can be moved between the Australian Register and the South African Register, provided that, in respect of South African exchange control residents, the requisite exchange control approvals have been obtained in accordance with the regulations issued under the Currencies and Exchanges Control Act, 1933 ("**Excon Regulations**").

See Part B below for further information.

¹ The lower end of the Indicative Price Range is the Minimum Subscription Price, which represents the Fund's NAV as at 31 March 2019 as reported in the Fund's 2019 Annual Report.

² Assuming 76,923,077 Subscription Units are issued under the Offer at the Minimum Subscription Price.

³ These investors comprise Institutional Investors in Australia, New Zealand, Singapore and Hong Kong. If the IPF Sale proceeds (and there is no guarantee that it will), IPF will sell its Units at the Final Subscription Price. The transfer of any such Units is expected to occur on or about the Allotment Date, being Tuesday, 28 May 2019. See Section 8.4 of this PDS for further detail.

FREQUENTLY ASKED QUESTIONS FOR SOUTH AFRICAN UNITHOLDERS IN CONNECTION WITH THE OFFER AND ASX LISTING

(continued)

It is the responsibility of Unitholders to ensure their Units are held on the appropriate subregister with sufficient time to settle any trades conducted, and to obtain the relevant exchange control approval.

Q *If I participate in the Offer, where will my Subscription Units be registered?*

The Subscription Units issued to Qualifying Investors in South Africa will be registered on the South African Register. Subject to obtaining the requisite exchange control approvals, Unitholders will be able to request to move their Units (all or some of the Subscription Units and Existing Units) from the South African Register to the Australian Register, and elect where their Units are held and traded by holding their Units on either the South African Register or the Australian Register. See Part B below for further information.

Q *Will I be able to continue to hold my Units on the South African Register and trade my Units on the JSE?*

Yes, as the Fund will maintain a primary listing on both the ASX and the JSE, Unitholders may hold their Units on the South African Register and continue to trade their Units on the JSE if they choose.

Q *Will I be able to trade my Existing Units on the JSE during the Offer period?*

During the Offer Period, the Existing Units will continue to trade on the JSE on a normal settlement (T+3) basis in accordance with the JSE Listings Requirements.

Q *How do the Existing Units and the Subscription Units differ?*

The Offer will not create a separate class of Units. The Subscription Units will rank equally in all respects with the Existing Units that are currently traded on the JSE, including the entitlement to Distributions with a record date after the Allotment Date. Following Completion, the Fund's first Distribution is expected to be for the period from 28 May 2019 to 30 September 2019.

Q *What are the Pre-Allotment Distributions payable to existing Unitholders?*

The Responsible Entity announced on the PDS Date that, in respect of the Existing Units trading on the JSE:

- A final Distribution for the six month period from 1 October 2018 to 31 March 2019, will be made in accordance with the Fund's existing Distribution policy; and

- A special Distribution for the period from 1 April 2019 to 27 May 2019 will be made to ensure that the Existing Units and the Subscription Units will rank equally from the Allotment Date.

The record date for the Pre-Allotment Distributions will be 24 May 2019 and the Pre-Allotment Distributions will be paid to existing Unitholders on or about 27 May 2019. As the record date for the Pre-Allotment Distributions is prior to the Allotment Date, the Pre-Allotment Distributions will only be payable on the Existing Units.

Q *What is the impact of the ASX Listing and the Offer on my existing Unit holding?*

The ASX Listing and the Offer will have an impact on your existing Unit holding and the Fund as follows:

- **Dilution:** Assuming an issue of 76,923,077 new Units under the Offer, your proportionate ownership interest in the Fund will be diluted by 14% if you do not participate in the Offer.
- **Gearing:** \$93.5 million of the proceeds of the Offer will be applied toward the repayment of outstanding debt. As such, gearing post the ASX Listing is expected to reduce to 31%.
- **Distributions:** Following the ASX Listing, the Responsible Entity will target Distributions of between 80% to 100% of the Fund's FFO in order to more closely align its Distribution policy with that of other ASX listed Australian REITs. The Fund's forecast annualised Distribution Yield for the financial year ending 31 March 2020 (at the lower end of the Indicative Price Range) is 6.8%⁴.
- **Management agreement:** As part of the ASX Listing Proposal, Unitholders approved amendments to the Management Agreement to more closely align with the terms adopted by other externally managed ASX listed Australian REITs. These amendments include (for so long as the Fund is ASX Listed):
 - Removal of management agreement termination payments;
 - Removal of the fixed term appointment of the Manager; and
 - A reduction of the base management fee.

Although under the Management Agreement the Manager is entitled to a base fee equal to 60 basis points per annum of Enterprise Value, with the base fee stepped down from 0.60% to 0.55% per annum on every dollar over AUD 1.5 billion, the Manager has formally waived part of the fee so that, while the Fund is ASX Listed, only the 0.55% fee (plus GST) will be charged on all Enterprise Value.

See sections 11 and 12 of the PDS for additional information.

Q *What is the impact of the Offer on IPF and IBL?*

As at the PDS Date, Investec Bank Limited ("IBL") and Investec Property Fund Limited ("IPF"), who are the two largest Unitholders as at the PDS Date, have confirmed that they will not participate in the Offer to assist in reducing the concentration of the Fund's Register and to facilitate an improvement of liquidity of Units on the ASX and the JSE. IBL and IPF have confirmed that they are nevertheless supportive of the ASX Listing and the Offer.

⁴ Forecast Distribution per Unit for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price. The FY20 Distribution Yield at the upper end of the Indicative Price Range is 6.5%.

FREQUENTLY ASKED QUESTIONS FOR SOUTH AFRICAN UNITHOLDERS IN CONNECTION WITH THE OFFER AND ASX LISTING



Following the issue of 76,923,077 Subscription Units under the Offer, this would result in a dilution of their combined interests in the Fund from 35.99% as at the PDS Date, to 31.01% (assuming no Units are sold under the IPF Sale).

If the IPF Sale proceeds, and the maximum 45 million Units held by IPF are sold, IBL and IPF's combined interests in the Fund will reduce to 22.91% on Completion (and IPF's holding would reduce from 20.92% to 9.9%).

What is the impact of the IPF Sale on existing Unitholders?

Investors in South Africa will not be able to participate in the IPF Sale.

If the IPF Sale proceeds, there will be a maximum of 45 million existing Units sold by IPF. As the IPF Sale does not involve the issuance of new equity capital, the IPF Sale itself will not dilute the holdings of existing Unitholders.

What are IPF's and IBL's intentions with respect to their unitholdings in the Fund?

IPF has confirmed that it has no current intention to reduce its unitholding in the Fund following Completion (irrespective of whether the IPF Sale proceeds, or the number of Units sold under the IPF Sale).

IBL has also confirmed that its property fund management strategy involves it investing directly into its platforms alongside investors to ensure alignment of interests. In line with this strategy, IBL confirms it will hold a meaningful interest in the Fund.

The Responsible Entity is supportive of the IPF Sale as a means of satisfying excess demand under the Offer and reducing the concentration of the Fund's register in order to facilitate broader investor engagement in Australia and improved aftermarket liquidity.

What are the benefits of dual listing?

As noted above, a dual listing on the ASX and the JSE will provide the Fund with direct access to both the Australian and South African capital markets. Access to a more diversified pool of capital is expected to provide the Fund with greater financial flexibility to grow and diversify its Portfolio and make further real estate asset acquisitions in line with its current investment strategy, subject to its current borrowing policy which it currently intends will remain unchanged.

While trading of the Units is typically impacted by a number of factors, a dual listing represents an opportunity for the Fund to trade more closely in line with other ASX listed Australian REITs by virtue of the Fund being listed in the jurisdiction where the majority of its assets are located, thereby allowing the Unitholders to make a more direct comparison of the Fund with its ASX listed peers.

As noted above, Unitholders will have the flexibility to choose where Units are traded by holding their Units on either the Australian Register or the South African Register, provided that in respect of South African exchange control residents, the requisite exchange control approvals have been obtained.

Refer to section 2.3 of the PDS for further information.

What are the risks of a dual listing?

Following the ASX Listing, the Fund will be required to comply with both the JSE Listings Requirements and the ASX Listing Rules.

If it is not possible to comply with both sets of listing requirements, the Responsible Entity will be required to comply with the rules of the Main Trading Exchange. After the Fund is listed on the ASX, the Main Trading Exchange of the Fund will be the JSE, unless in respect of a particular half year trading period, more Units by volume were traded on the ASX during the immediately preceding half year trading period, in which case the Main Trading Exchange for that particular trading period will be the ASX.

There can be no guarantee that an active market in Units will develop in Australia, that the price of Units will increase, or that liquidity will be maintained. Further, if a large Unitholder chooses to sell its Units, this may affect the prevailing market price of Units. In addition, in respect of South African exchange control residents, there is no guarantee that those Unitholders will obtain the requisite exchange control approvals to enable them to move their Units between the South African Register and the Australian Register.

Refer to section 13 of the PDS for a comparison of the ASX Listing Rules and the JSE Listings Requirements and section 7 of the PDS for a summary of the key risks associated with an investment in the Fund.

How do I participate in the Offer?

If you are a Qualifying Investor in South Africa as described above and wish to participate in the Offer, please contact:

- your CSDP or broker; or
- the Sponsor and Bookrunner for the South African Offer, being Investec Bank Limited.

What are the tax implications of the Offer?

There may be tax implications arising from applications for Subscription Units. These implications will differ depending on the individual circumstances of each applicant. Unitholders should obtain their own professional taxation advice about the consequences of investing in, disposing of, or receiving Distributions in the Fund.

FREQUENTLY ASKED QUESTIONS FOR SOUTH AFRICAN UNITHOLDERS IN CONNECTION WITH THE OFFER AND ASX LISTING

(continued)

What is the timing of the Offer?

KEY DATES OF THE OFFER ARE SET OUT BELOW.

<i>Important dates</i>	<i>South Africa time (unless other specified)</i>
PDS Date	Friday, 3 May 2019
Broker Firm Offer Opening Date	Monday, 13 May 2019
Broker Firm Offer Closing Date	Monday, 20 May 2019
Institutional Offer and bookbuild conducted	Monday, 20 May 2019 (8.00 am) to Tuesday, 21 May 2019 (9.00 am)
Final Subscription Price and allocation announced on SENS	Tuesday, 21 May 2019
Settlement of Subscription Units on Australian Register	Monday, 27 May 2019 (Sydney time)
Settlement and issue and Allotment of Subscription Units on South African Register, which commence trading on the JSE (on a normal settlement (T+3) basis)	Monday, 27 May 2019
Issue and Allotment of Subscription Units on Australian Register, which commence trading on the ASX (on a deferred settlement basis)	Tuesday, 28 May 2019 (Sydney time)
Despatch of holding statements	Wednesday, 29 May 2019
Subscription Units commence trading on the ASX (on a normal settlement basis (T+2)) and continue trading on the JSE (on a normal settlement basis (T+3))	Thursday, 30 May 2019

The timetable above is indicative only and may change without notice. Normal settlement of securities traded on the ASX is on a T+2 basis, while normal settlement of securities traded on the JSE is on a T+3 basis.

Where can I find more information?

You can find more information in the PDS dated 3 May 2019, and the Circular dated 6 August 2018, available on the Fund's website at www.iapf.com.au.



Part B – Moving Units between the South African Register and the Australian Register

Q *Can I move my Units between the South African Register and the Australian Register?*

Unitholders will be able request to move their Units between the Australian Register and South African Register provided that, in respect of South African exchange control residents, the requisite exchange control approvals have been obtained.

Securities on the Australian Register will not be able to be traded on ASX until after the ASX Listing has completed and the Subscription Units have been allotted. This is expected to occur on Tuesday, 28 May 2019 (Sydney time).

Q *How do I move my Units from the South African Register to the Australian Register?*

You should contact your CSDP or broker if you wish to move your Units from the South African Register to the Australian Register who will be able to instruct you on the relevant steps to take.

They will either complete on your behalf, or instruct you to complete, a paper and/or online form and your CSDP or broker will lodge a request to move your Units on your behalf. The request form is available via your CSDP or broker, alternatively you can download it from the South African Investor Centre on Computershare's website.

Your CSDP will arrange to have your Units rematerialised (i.e. taken out of Strate), with a certificate created on the South African Register, subject to ensuring the rematerialisation is compliant with Excon Regulations. The CSDP will confirm the rematerialisation is compliant with Excon Regulations, and the certificate created is endorsed accordingly.

The rematerialised Units would then be removed from the South African Register and placed in the same name on the Australian Register by Computershare's Global Transaction team, on either the CHESS or Issuer sponsored sub-register following the removal instruction.

You will require an active CHESS account (with its associated Holder Identification Number or HIN) should you wish for your Units to be held in a broker sponsored account on the Australian Register. If you do not have an active CHESS account, your Units will be held on the Issuer sponsored sub-register and will receive a Securityholder Reference Number (or SRN) in relation to your Unitholding on the Australian Register.

Q *What are the exchange controls for South African investors wishing to move their Units?*

You will need to comply with Excon Regulations in order to move your Units from the South African Register to the Australian Register. Your broker or CSDP will be able to instruct you on the relevant steps to take and ensure you have the requisite approvals before submitting the form.

Q *How many Units can I move from the South African Register to the Australian Register?*

South African tax residents which are natural persons may, with a South African Revenue Service ("**SARS**") tax clearance certificate, move up to ZAR 10 million per annum abroad, or up to ZAR 1 million without a SARS tax clearance certificate (in aggregate value of assets).

South African tax resident entities require exchange control approval to move any amounts abroad, and the foreign investment allowance does not apply to them.

Q *How long does it take for my Units to be available on the Australian Register?*

A valid request from a Unitholder to transfer their Units between the South African Register and the Australian Register will generally be processed within one business day, although in some circumstances, it may take longer for the request to be processed.

Q *Do I need to pay a fee to move my Units?*

Yes, you will be required to pay the Registry a Repositioning Fee to move your Units between the South African Register and the Australian Register. The information relating to the amount of the Repositioning Fee may be obtained from the Registry.

Other market participants may also charge fees to move Units between the South African Register and the Australian Register.

Q *Will I be able to trade my Units on either the JSE or the ASX whilst they are being moved?*

You should not trade the Units you have requested to be moved from the South African Register to the Australian Register on the JSE once your removal request for your Units has been submitted, until your Units appear on the Australian Register.

You will be able to trade any Units that are on the South African Register on the JSE that you have not requested to be moved during this time.

FREQUENTLY ASKED QUESTIONS FOR SOUTH AFRICAN UNITHOLDERS IN CONNECTION WITH THE OFFER AND ASX LISTING

(continued)

Q *Are there any time periods when I am unable to move my Units?*

You will be unable to move your Units between the Fund's Last Day to Trade (LDT) and Record Date (RD) for its Distributions. These dates will usually be announced on the SENS announcements from the JSE.

Securities on the Australian register will not be able to be traded on ASX until after the ASX Listing has completed and the Subscription Units have been allotted. This is expected to occur on Tuesday, 28 May 2019 (Sydney time).

Q *I do not have an Australian CHESS account, can I still move my Units?*

Yes, if you do not have an existing CHESS account, then an account will be established on the Issuer sponsored sub-register of the Australian Register.

Q *I hold my Units on the South African Register through a nominee account. How can I move my Units?*

Whether you hold your Units through a nominee, directly through a CSDP or through a broker, you should contact your usual CSDP or broker and they will instruct you on the steps to take, which will be similar to the process outlined above.

Q *I am a foreign investor with a non-residential account investing in South Africa. Is the process the same?*

As a foreign investor with a non-residential account, you will not require approvals under the Excon Regulations to move your Units from the South African Register to the Australian Register. Your broker or CSDP will be able to instruct you on the relevant steps to take to move your Units from the South African Register to the Australian Register, but the process will be similar to the process described above.

Q *How do I move my Units from the Australian Register to the South African Register?*

If you wish to move your Units from the Australian Register to the South African Register you will need to contact the Registry in Australia (being Computershare Investor Services Pty Limited) directly if you are a CHESS participant, or contact your sponsoring broker if you are sponsored by a CHESS participant. Unitholders on the Australian Register who hold their Units on the issuer sponsored sub-register will need to contact the Registry in Australia directly to move their Units to the South African Register.

You will need to make a request via xSettle or complete a Register Removal form (downloadable from the Australian Investor Centre on Computershare's website) and send to Computershare's Global Transaction team.

You will be issued a certificate on the South African Register which bears a 'Non-Resident' endorsement. The CSDP will then arrange the cancellation of the endorsement before the Units can be dematerialised and placed within Strate. Whilst the Units can go direct into a non-resident account, for a South African resident the endorsement has to be removed first.

You will require an active South African account for your shares to be deposited into. You will also need give instructions to your service provider to receive the shares for you.

The Repositioning Fee payable to move Units from the Australian Register to the South African Register is the same as the Repositioning Fee payable to move Units from the South African Register to the Australian Register.

Q *Where can I find more information?*

For further information regarding the moving of Units between the South African Register and Australian Register, contact your CSDP or broker, or the Computershare Global Transaction Information Centre on +86 11 00 933 or +27 11 370 5000.



Further information

For further information relating to the ASX Listing and the Offer, refer to the PDS, dated 3 May 2019.

