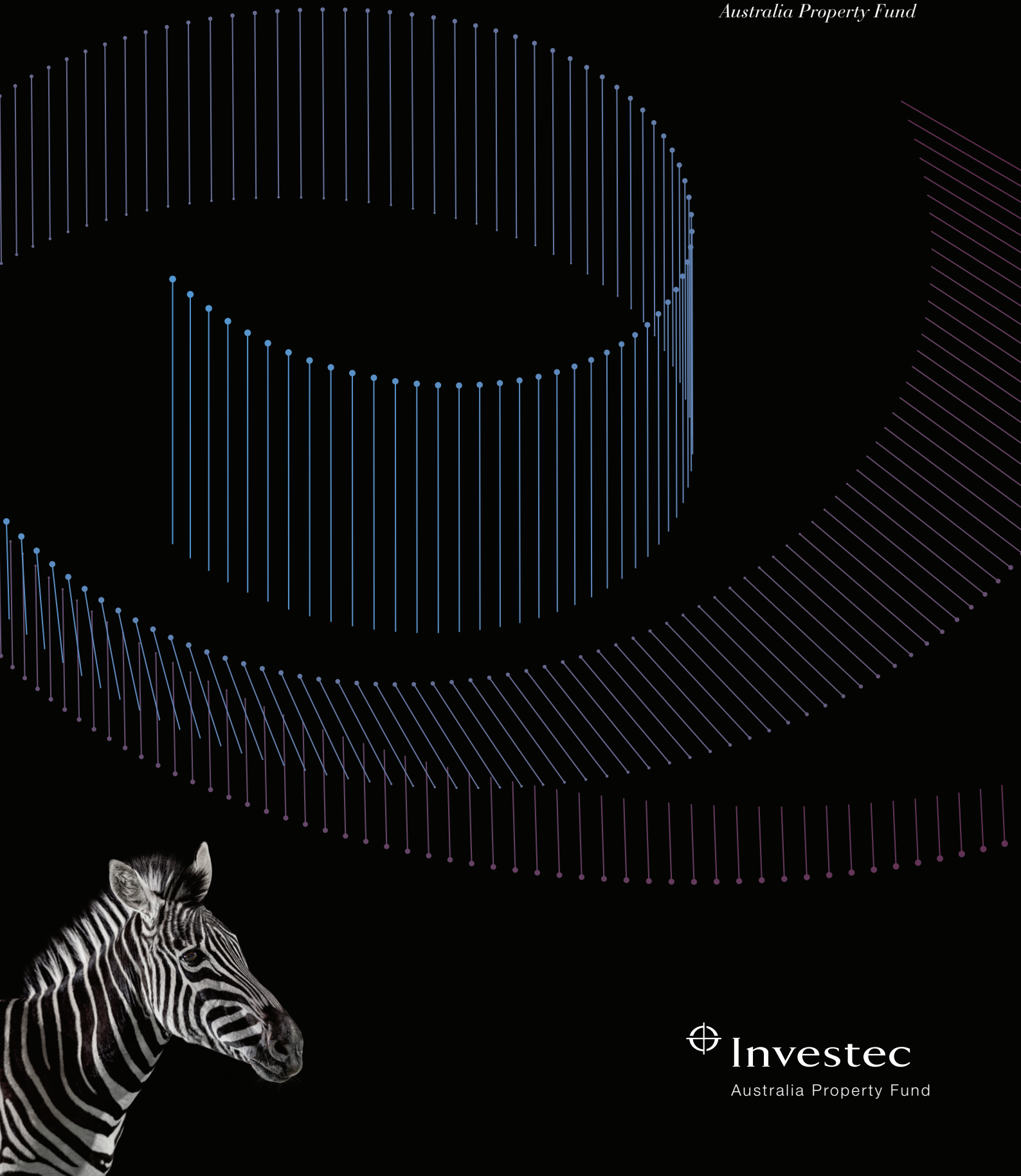


ANNUAL REPORT | 2019

AUSTRALIA

*Integrated annual report and
financial statements Investec
Australia Property Fund*



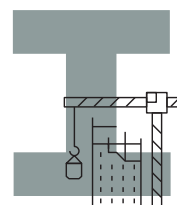
Cross reference tools



**Retail
Properties**



**Office
Properties**



**Industrial
Properties**



AUDITED INFORMATION

Denotes information in the risk and remuneration reports that form part of the group's audited annual financial statements



PAGE REFERENCES

Refers readers to information elsewhere in this report



WEBSITE

*Indicates that additional information is available on our website:
www.iapf.com.au*



REPORTING STANDARD

Denotes our consideration of a reporting standard

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1

OVERVIEW OF INVESTEC AUSTRALIA PROPERTY FUND



Investec Australia Property Fund is the only inward-listed Australian REIT on the JSE. The Fund aims to provide unitholders with stable revenue and capital value uplift by investing in quality office, industrial and retail properties, giving unitholders direct exposure to the Australian and New Zealand real estate markets via the JSE. The Fund's portfolio has grown 8.2 times since listing in October 2013 and now comprises 28 properties with a gross lettable area of 290 281m² valued at AUD 1 063mn.

ABOUT US AND KEY HIGHLIGHTS

(continued)

Key performance metrics



Portfolio growth since listing

Total return in ZAR
since listing

88.9%*

Portfolio value

AUD 1 063mn

The Fund's performance is underpinned by stable underlying net property income supported by active asset management.

The Fund completed two acquisitions during the year and continues to seek out and create value for unitholders whether through new acquisitions or by improving the existing portfolio through active asset management and capital investment.

On 5 September 2018, unitholders approved a number of resolutions to facilitate an ASX listing of the Fund and associated capital raising. The ASX listing was subject to favourable market conditions and the identification of suitable acquisitions in line with the Fund's investment strategy. In light of the recent acquisition of 24 Wormald Street in Canberra, and favourable conditions in the Australian REIT market, IPL as RE of the Fund has decided to pursue the ASX listing and associated capital raising, and intends to issue a product disclosure statement in this regard shortly after the release of this report. For further information on the ASX listing and where to obtain a product disclosure statement in connection with the capital raising, please see page 88 of this report. The Board believes that this is an important strategic initiative which will provide the Fund with a more diversified pool of capital to allow it to grow and diversify its property portfolio.

* Based on spot rate of 10.2890 for the H2 distribution and a unit price of ZAR12.70

ABOUT US AND KEY HIGHLIGHTS

(continued)

1

The objective of the Fund is to grow and diversify its asset base and to deliver stable income and capital returns to unitholders over time. The Fund achieves this by basing investment decisions on sound underlying property fundamentals and by seeking to unlock value through active asset management.

The Fund listed on the JSE in October 2013 as the first inward listed Australian real estate investment trust. The Fund offers investors direct access to the Australian and New Zealand property markets via the JSE.

While the Fund is independently listed, it shares a common ethos and ethical foundation with the Investec Group. A common brand and culture provide the foundation for governance principles adopted by the Fund.

Since listing the Fund has grown the property portfolio value by over 8.2 times, despite the competitive nature of the market where asset pricing remains strong off the back of continued flows of foreign capital, particularly from Asia and North America. In addition, the Fund has delivered consistent distribution and net asset value growth, achieving a total return since listing of 88.9%** in ZAR.

The case for investing in good quality properties located in Australia and New Zealand remains attractive for South African investors given the region's favourable macro-economic conditions, property yield spreads over historically low funding costs and income returns in a hard currency.

The Fund's future growth will be dependent on contractual rental escalations, maintaining an appropriate level of gearing and identifying opportunities to enhance yield through active asset management.

Operational KPIs

Number of properties	2019
	28
	2018
	26

Value of properties	2019
	AUD 1 063mn
	2018
	AUD 987mn

Gross lettable area	2019
	290 281m²
	2018
	270 511m²

Weighted average lease expiry*	2019
	4.7 years
	2018
	5.1 years

Weighted average annual escalations*	2019
	3.3%
	2018
	3.3%

Occupancy rate*	2019
	99.4%
	2018
	98.5%

* By revenue.

** Based on a spot rate of 10.2890 for the H2 distribution and a unit price of ZAR12.70.

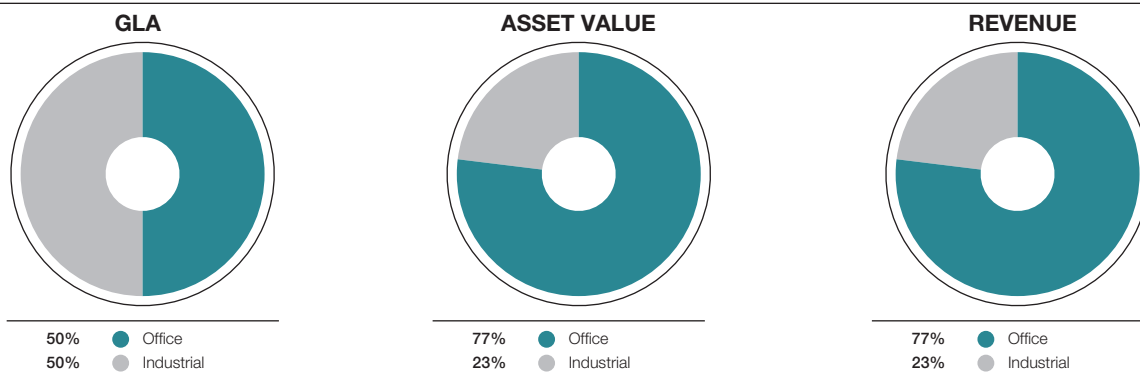
OUR PROPERTY LANDSCAPE

Our property landscape

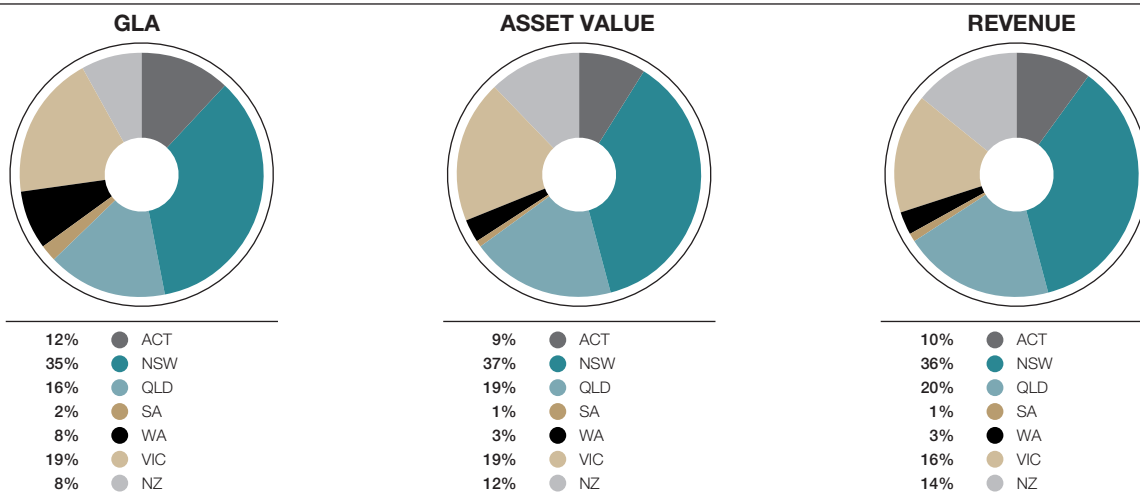


		R	O	I
1	VICTORIA	x2	x3	
2	SOUTH AUSTRALIA		x1	
3	NEW SOUTH WALES	x5	x4	
4	QUEENSLAND	x3	x2	
5	ACT	x2	x4	
6	WESTERN AUSTRALIA		x1	
7	NEW ZEALAND	x1		

Sectoral spread



Geographic spread



EXECUTIVE
REPORTS

2



Financial KPIs

Distribution per unit pre-WHT	2019 10.23 2018 10.03
Distribution per unit post-WHT	2019 9.40 2018 9.29

The Board is pleased to announce a full year distribution of 10.23 cents per unit pre-withholding tax (2018: 10.03), representing growth for the full year of 2.0% (2018: 3.0%).



The Fund is also reporting a post-withholding tax full year distribution of 9.40 cents per unit (2018: 9.29 cents), representing growth for the full year of 1.2% post-withholding tax (2018: 0.6%).

Portfolio growth

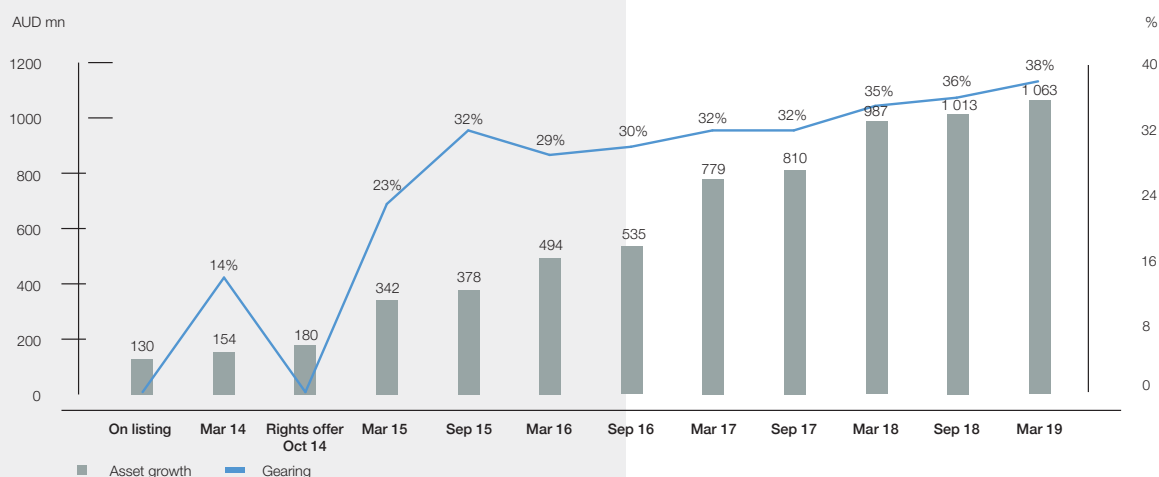
During the year the Fund completed AUD 49.2mn of property acquisitions, contributing to the increase in the portfolio value to AUD 1 063mn. This represents portfolio growth of 8.2 times since listing in October 2013.

The Fund continues to seek out value and focus its efforts on properties in established office or industrial precincts supported by key infrastructure and where management can optimise returns through active asset management.

ASX listing

On 5 September 2018, unitholders approved a number of resolutions to facilitate an ASX listing of the Fund and associated capital raising within 12 months of the date of those resolutions (**ASX Listing Proposal**). In accordance with those approvals, the responsible entity of the Fund has decided to pursue a primary listing of the Fund on the Australian Securities Exchange and an associated offer of approximately 76.9 million new units (**Offer**). IPL as RE of the Fund intends to lodge a product disclosure statement in connection with the Offer with ASIC shortly after the release of this report. For further information on the ASX Listing Proposal and where to obtain a product disclosure statement in connection with the capital raising, please see page 88 of this report.

Asset and gearing growth



Balance sheet strength

The Fund is currently geared to 38.1%. If the ASX Listing Proposal is implemented the Fund's gearing will reduce to 31.2%, which includes the debt to be drawn to fund the final distribution and special distribution (see pages 74 and 75 of this report for more information). At the upper end of the Fund's target gearing ratio of 40% this gives the Fund up to AUD 156mn in debt capacity to continue to pursue acquisition opportunities.

The Fund's current all in cost of funding is 3.75% hedged to 77.5% (2018: 3.71% hedged to 91.4%) resulting in a spread between the Fund's funding costs and headline property yield of approximately 375 basis points. The Fund continually reviews its fixed borrowing costs and has taken advantage of falling interest rates in Australia by locking in lower, longer dated forward rates during the year. The Fund now has a debt and swap maturity profile of 3.6 years (2018: 3.2 years) and 7.2 years (2018: 6.2 years) respectively.

Governance

As set out on pages 28 to 34 of this report, the Board and the Fund's management team are committed to upholding the requirements of disclosure and transparency prescribed by applicable rules, guidelines, regulations and statutes, including the JSE Listings Requirements and King IV. The Board Charter formally recognises the codes of corporate practice and conduct under which the Board operate. In this regard, I am pleased to report that the Board is satisfied that it has fulfilled its responsibilities under the Board Charter for the reporting period.

If the ASX Listing Proposal is implemented the Fund will also be subject to the ASX Listing Rules and the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. IPL also intends to appoint an additional independent non-executive director shortly after the ASX listing occurs.

The Fund is a registered managed investment scheme under the Act and is operated by IPL as RE. Under Australian law the RE has the primary responsibility for the governance and operation of the Fund and is statutorily obliged to act in the best interest of unitholders. IPL has entered into a management agreement with IPML, under which IPML performs asset management and property management services for the Fund.

Sustainability

The Board acknowledges its responsibility to its stakeholders, the environment and the community at large and focuses on continual improvement of our business and environmental sustainability. Refer to page 24 of this report for further details on sustainability.

Changes to the Board

There were no changes to the Board during the year.

Prospects

If the ASX Listing Proposal is implemented, the Fund's distribution policy will change and it is anticipated that gearing will reduce to 31.2%. These factors will influence the prospects of the Fund and you should refer to the financial section of the product disclosure statement in connection with the ASX Listing Proposal for further

Financial KPIs

Gearing	2019 38.1% 2018 34.8%
Funding costs	2019 3.75% 2018 3.71%
Weighted average debt expiry	2019 3.6 years 2018 3.2 years
Weighted average swap expiry	2019 7.2 years 2018 6.2 years
Hedged position	2019 77.5% 2018 91.4%

information.¹ If the ASX Listing Proposal is not implemented, further guidance on the prospects of the Fund will be given to unitholders at that time.

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

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

Acknowledgements

My appreciation is extended to the Board for their commitment, support and active contribution to the growth of the Fund in the last 12 months. I would also like to thank the management team who have been fundamental to the strong performance of the Fund.

Thank you for your support of the Fund.



RA Longes
Chairperson

¹ For further information on the ASX Listing Proposal and where to obtain a product disclosure statement in connection with the Capital raising, please see page 88 of this report.

Operational KPIs

Number of properties	2019 28 2018 26
Value of properties	2019 AUD 1 063mn 2018 AUD 987mn
Gross lettable area	2019 290 281m² 2018 270 511m²
Weighted average lease expiry***	2019 4.7 years 2018 5.1 years
Weighted average annual escalations***	2019 3.3% 2018 3.3%
Occupancy rate***	2019 99.4% 2018 98.5%
Units in issue	2019 478 802 454 2018 478 802 452

The Fund has built a valuable portfolio of 28 properties valued at AUD 1 063mn. The Fund has achieved a total return since listing of 88.9%* in ZAR.



Introduction

The Fund has delivered results for the year ended 31 March 2019 in line with expectations, underpinned by:

- active property management; and
- efficient management of the balance sheet and interest rates.

The Fund's portfolio is in a sound position with a strong lease expiry profile, low vacancy and good quality tenants.

Management believes the case for investing in the Fund remains attractive for South African investors given the Fund's current equity yield coupled with favourable macroeconomic conditions in Australia and New Zealand, property yield spread over historically low funding costs locked in and income returns in a hard currency.

Market commentary**

The Economy

The Australian economy continues to experience relatively strong economic growth, underpinned by population growth averaging 1.6% over the last decade. The composition of growth has transitioned from mining and dwelling investment to non-mining business investment and public infrastructure spending. Household consumption has continued to be a strong contributor to growth, again underpinned by continued population growth.

While mining investment is well off its peak, export volumes in the resources sector remain a significant driver of Australia's growth.

The resource rich states of Western Australia and Queensland are both showing signs of recovery. Forecast state final demand in Queensland over the five years to 2023 is now expected to outpace the larger states of NSW and Victoria, while Western Australia is expected to experience solid growth from 2020 onwards.

Industrial Markets

Performance across Australia's main industrial markets is converging, with Sydney and Melbourne continuing to experience growth and market recovery now evident in Perth, Brisbane and Adelaide.

Transaction volumes have remained high over the period 2015 to 2018. Industrial assets are attracting a broader range of investors, including global institutional investors. This is further supported by structural changes in the sector that are driving the development of high quality assets that support new technologies and practices in the logistics sector.

All markets are forecast to experience rental growth over the five years to 2023, ranging from 2.0% to 3.5% per annum. Yields are expected to remain firm at cyclical low levels throughout 2019.

* Based on a spot rate of 10.2890 for the H2 distribution and a unit price of ZAR12.70.

** Source: Jones Lang Lasalle.

*** By revenue.

Office Markets

Australia remains an attractive destination for global capital, supported by sustainable growth, a stable economic environment, high transparency, and relatively strong population growth compared to other advanced economies. The volume of capital from domestic and increasingly diverse offshore sources seeking to invest in Australian office assets is well in excess of available product.

Yields are expected to remain firm throughout 2019 with further compression expected in the Brisbane and Perth markets, driven by counter-cyclical investment in these markets. A modest decompression cycle is expected to commence from 2020, although this forecast is highly sensitive to bond yield movements.

While much of the recent market activity has been centred on Melbourne and Sydney, other markets are now showing improvements in key market indicators, including positive net absorption, improved vacancy and a paring back of incentives. This is forecast to lead to stronger effective rental growth over the next few years. The Brisbane and Perth markets are forecast to lead the way in terms of effective rental growth over the five years to 2023.

Operational performance

Management maintains tight operational controls designed to de-risk the performance of the portfolio. This is reflected in the following key performance indicators:*

- low vacancy of 0.6%;
- no individual tenant (excluding government tenants) accounting for more than 4% of revenue;
- WALE of 4.7 years; and
- contracted annual escalations across the portfolio of approximately 3.3%.

The Fund has dedicated property specialists on the ground in each of its key markets of Sydney, Melbourne and Brisbane and utilises the skills of external consultants, property and facilities managers when appropriate.

Property portfolio

The Fund has accumulated a quality portfolio of 28 office and industrial properties throughout Australia and New Zealand.

During the period management has been focused on engagement with tenants in an effort to understand their medium to long-term occupancy requirements, and where possible, agreeing lease extensions in advance of the contractual expiry dates. This process has been assisted by re-investment into the portfolio in the form of both offensive and defensive capital expenditure. Management is continually looking at ways to improve the tenant experience and amenity at the Fund's properties in order to retain and attract tenants and to drive revenue growth.

Management will consider selling properties in circumstances where it believes value creation has been maximised, to protect against downside risk or to improve the overall quality of the Fund's portfolio.

Conclusion

The Fund's performance for the year has been pleasing particularly in relation to leasing activity.

The Fund is now embarking on the next phase of its evolution as it seeks to implement the ASX Listing Proposal. If the ASX Listing Proposal completes, this will provide the Fund with a more diversified pool of capital to allow it to grow and diversify its property portfolio.

I wish to thank all of our service providers, suppliers and tenants for their contributions to the success of the Fund. I would also like to thank our dedicated team and the Board for their invaluable contributions to the growth in our capital base and portfolio during the year.



GA Katz

Chief executive officer

* By revenue.

Directors of the IPL

Non-executive directors

Richard Longes (74)

Appointed: 28 May 2005

Chairperson

Committees: Audit and risk committee

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

Richard has been a director of various Investec Group companies in Australia since March 2001. Richard is currently chairperson of Investec Australia Limited. He was a co-founder of Investec Wentworth (Pty) Ltd (formerly Wentworth Associates) and was previously a partner in the law firm, Freehills. He holds, or has held, positions with government advisory boards, including the review of the National Museum and the Fund's Management Committee for the IIF programme, and non-profit organisations. Richard was previously chairperson of Investa Office Fund, MLC Limited and GPT Group and a non-executive director of Metcash Limited, Boral Limited and Lend Lease Corporation Limited.

Stephen Koseff (67)

Appointed: 7 July 2014

BCom (Hons), Dip Acc, CA(SA)

Stephen is the Investec Group's former chief executive officer, a position he held for 22 years. In addition to his directorships of Investec Ltd and Investec plc and various other Investec Group companies, he is a current board member of Business Leadership South Africa and a non-executive chairperson of Bid Corporation Limited. He is co-chairperson of Youth Employment Services NPC. He is a former chairperson of the South African Banking Association, a former non-executive director of The Bidvest Group Limited, a former director of the Johannesburg Stock Exchange, a former member of the Financial Markets Advisory Board, and a former chairperson of the Independent Bankers Association.

Sam Leon (69)

Appointed: 24 July 2013

LLB (London)

Sam has 40 years of experience across all sectors of the property industry with 28 years at the Investec Group, firstly as a director of Investec Property (Pty) Limited, then managing director and currently as deputy chairperson. He was a founder of and instrumental in the transformation of Growthpoint into South Africa's largest listed property fund and was a director until the Investec Group sold its interest in October 2007. He also served on the board of the South African Property Owners' Association (SAPOA). Sam retired as chief executive officer of Investec Property Fund Limited on 31 March 2015, having held this position since its listing on the JSE in April 2011. He remains on the board of Investec Property Fund Limited as non-executive deputy chairperson.

Sally Herman (62)

Appointed: 24 July 2013

Committees: Audit and risk committee (chairperson)

BA (UNSW), GAICD

Sally 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 Westpac Group, including the institutional bank, wealth management and the retail and business banking division.

Sally is now a non-executive director, sitting on both for profit and not for profit boards and is actively involved in the community, with a particular interest in the arts, education and social disadvantage. Her commercial boards are in the property, financial services, manufacturing and retail sectors and include four publically listed companies, Premier Investments Limited, Breville Group Limited, Suncorp Limited and Evans Dixon Limited. Sally is also a member of Chief Executive Women.

Hugh Martin (71)

Appointed: 30 September 2014

Committees: Audit and risk committee

Bachelor of Business, Finance and Accounting, CPA and MAICD

Hugh has enjoyed a successful career at director and senior executive level with over 40 years' experience in major public and private institutions in the finance and property industry, internationally and domestically. He commenced his career as an accountant in South Africa before relocating to Australia. Hugh was formerly an executive director of the apartments business of Lend Lease Limited. From 1997 to 2001, Hugh was CEO of the joint venture between Mirvac and Lend Lease for the development, construction and sale of the Olympic Village, now known as the suburb of Newington in Sydney. Hugh's previous positions have been as finance director of Baulderstone Hornibrook, director of property investments with the State Authorities Superannuation Board of NSW (now Dexus), managing director of Leda Holdings, chief general manager of Homebush Bay Development Corporation, City West and Honeysuckle Corporations, general manager of special projects at Westfield Holdings Limited, project director for Lend Lease Group and national general manager for the apartments development division at Stockland Corporation. Hugh is now a non-executive director, advisory board member and consultant on a number of both profit and non-profit boards.

Executive director

Graeme Katz (55)

Appointed: 31 March 2009

Chief executive officer

Bachelor of Social Science (Economics) Rhodes University; Industrial Relations Development Programme University of Stellenbosch Business School.

Graeme joined the Investec Group to head up the Australian property business in Australia in 2006. Prior to that he was general manager of investment sales at Mirvac Group where he was the key person and responsible officer for the Mirvac real estate licence dealing with their registered and unregistered schemes. Graeme is a director of a number of companies within the Investec Group. He was previously a director of the Property Investors Association of Australia.

3

BUSINESS REVIEW
AND STRATEGY



The Fund is focused on delivering stable revenue and capital uplift from a quality portfolio of assets exposed to the favourable macro-economic conditions in Australia and New Zealand. The Fund is continually exploring ways to identify and create value for unitholders.

Out of the ordinary

1

FOCUSED PROPERTY FUNDAMENTALS

- Sustainable revenue stream
- Long-term focus
- Location and quality of buildings
- Strong tenants
- Defensive portfolio

2

QUALITY ACQUISITIONS

- Purchasing quality assets
- “Right asset at the right price”
- Focus on properties that deliver affordable occupancy solutions for tenants
- Focus on properties located near critical infrastructure

3

ACTIVE ASSET MANAGEMENT

- Active hands-on asset management
- Track record of letting activity
- High level of service to tenant base
- Early engagement with tenants to improve portfolio WALE
- Capex projects focused on achieving capital value uplift or income generating improvements

4

BALANCE SHEET

- Conservative but opportunistic balance sheet management
- Hedging strategy in place to mitigate downside risk
- Decrease cost of funding

5

MANAGEMENT TEAM

- Specialists in local market
- Leverage off the Investec network
- Strong relationships with key stakeholders
- Passionate and driven
- Extensive industry experience

Our current strategy

The Fund's strategy is to invest in high quality office, industrial and retail properties that are well located in major metropolitan cities or established commercial precincts.

The objectives of the Fund are to:

- grow and diversify the Fund's asset base
- provide stable growth in income and capital appreciation
- maintain a strong corporate governance framework

To achieve these objectives the Fund will:

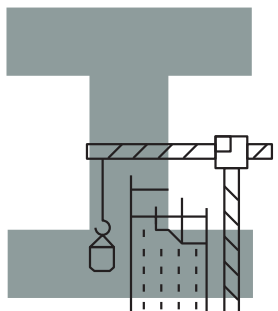
- focus on property fundamentals
- acquire good quality properties that are well located with strong tenant covenants
- leverage off the Investec network
- maximise property performance and enhance income and capital appreciation through active asset management
- implement appropriate debt and equity funding strategies and adopt an appropriate interest rate hedging policy
- take on a manageable level of risk to extract additional value



**Retail
Properties**



**Office
Properties**



**Industrial
Properties**



Property portfolio review

During the year the Fund concluded AUD 49.2mn of acquisitions, bringing the total portfolio value to AUD 1 063mn. The Fund has built a valuable platform comprising 28 properties supported by strong underlying property fundamentals and an established track record of delivering on strategic objectives.

KPIs

	2019	2018
Number of properties	28	26
Asset value	AUD1 063mn	AUD987mn
GLA	290 281m²	270 511m ²
WALE (by revenue)	4.7 years	5.1 years
Weighted average annual escalations (by revenue)	3.3%	3.3%
Occupancy (by revenue)	99.4%	98.5%

Since listing in October 2013, the Fund has grown the property portfolio by over 8.2 times in a highly competitive market with significant domestic and offshore capital chasing a limited number of opportunities.

FOCUSED PROPERTY FUNDAMENTALS

(continued)

3

Property	Geography	GLA (m ²)	Acqui- sition date	Book value (AUD)	Weight- ing** (%)	Cap rate (%)	WALE** (years)	Value (AUD per m ²)	Occu- pancy** (%)
Industrial Portfolio		145 597		239 900 000		6.94			
47 Sawmill Circuit	Hume ACT	5 535	Dec-12	11 400 000	1.1	7.25	7.3	2 060	100.0
57 Sawmill Circuit	Hume ACT	7 079	Dec-12	10 350 000	1.0	7.75	2.3	1 462	100.0
24 Sawmill Circuit	Hume ACT	6 300	Dec-12	9 900 000	0.9	8.50	0.7	1 571	100.0
44 Sawmill Circuit	Hume ACT	4 639	Dec-12	11 300 000	1.1	7.50	3.5	2 436	100.0
2-8 Mirage Road	Direk SA	6 762	Dec-12	9 250 000	0.9	8.50	3.5	1 368	100.0
30-48 Kellar Street	Berrinba QLD	4 102	Oct-14	8 350 000	0.8	6.75	0.6	2 036	100.0
165 Newton Road	Wetherill Park NSW	12 529	Dec-14	23 450 000	2.2	6.00	11.8	1 872	100.0
24 Spit Island Close	Newcastle NSW	5 257	Dec-14	10 000 000	0.9	7.50	11.8	1 902	100.0
67 Calarco Drive	Derrimut VIC	7 150	Dec-14	9 700 000	0.9	6.50	3.6	1 357	100.0
66 Glendenning Road	Glendenning NSW	16 461	Apr-15	25 900 000	2.4	6.25	10.6	1 573	100.0
85 Radius Drive	Larapinta QLD	10 088	Aug-15	18 000 000	1.7	7.00	2.7	1 784	100.0
54 Miguel Road	Bibra Lake WA	22 358	Oct-15	29 500 000	2.8	7.25	8.5	1 319	100.0
24 Rodborough Road	Frenchs Forest NSW	7 198	Mar-17	21 000 000	2.0	8.00	5.1	2 917	100.0
6-8 and 11 Siddons Way	Hallam VIC	15 504	Jul-17	22 350 000	2.1	6.00	6.3	1 442	100.0
36-42 Hydrive Close	Dandenong South VIC	14 635	Apr-18	19 450 000	1.8	6.00	6.1	1 329	100.0
Office Portfolio		144 684		822 867 320		6.49			
449 Punt Road	Cremorne VIC	6 384	Oct-13	57 000 000	5.4	5.50	5.5	8 929	100.0
35-49 Elizabeth Street	Richmond VIC	11 917	Oct-13	93 000 000	8.7	5.50	1.5	7 804	100.0
2404 Logan Road	Eight Mile Plains QLD	3 637	Mar-14	20 000 000	1.9	8.00	2.0	5 499	100.0
186 Reed Street	Greenway ACT	5 407	May-14	28 200 000	2.7	7.00	3.9	5 215	100.0
757 Ann Street	Fortitude Valley QLD	9 422	Nov-14	85 000 000	8.0	6.25	5.0	9 021	100.0
21-23 Solent Circuit	Baulkham Hills NSW	10 818	Mar-15	59 000 000	5.5	7.00	2.9	5 454	95.7
266 King Street	Newcastle NSW	13 870	Feb-16	75 000 000	7.1	7.00	4.8	5 407	100.0
113 Wicks Road	Macquarie Park NSW	6 253	Jul-16	26 500 000	2.5	6.50	1.4	4 238	100.0
324 Queen Street	Brisbane QLD	19 364	Dec-16	75 500 000***	7.1	6.25	4.3	7 798	99.3
20 Rodborough Road	Frenchs Forest NSW	13 023	Mar-17	61 000 000	5.7	6.75	5.9	4 684	96.0
2 Richardson Place	North Ryde NSW	15 205	Mar-17	90 000 000	8.5	6.50	2.4	5 919	100.0
100 Willis Street	Wellington NZ	24 664	Dec-17	122 917 320*	11.6	7.00	6.0	4 984	99.6
24 Wormald Street	Symonston ACT	4 720	Mar-19	29 750 000	2.8	6.25	8.4	6 303	100.0
Total		290 281		1 062 767 320		6.59			

* Based on a spot rate of 1.04135.

** By revenue.

*** 50% ownership.

PROPERTY FEATURES

66 Glendenning Road Glendenning NSW

Major tenant | Hussmann



Increase in valuation

7.9%

	Mar 2019	Mar 2018
Occupancy	100%	100%
WALE	10.6 years	1.6 years
Cap rate	6.25%	6.50%
Valuation (AUD)	25 900 000	24 000 000

Long-term commitment to 2029

66 Glendenning Road is located approximately 35 kilometres north west of the Sydney CBD in one of Sydney's most established industrial precincts.

With an imminent lease expiry, management engaged with the tenant to

understand their long-term occupancy requirements. A number of options were tabled with the tenant, but ultimately it agreed to renew for a further 10 year term expiring in November 2029 over the whole of the property at increased rent. As a result, there has been a 7.9% increase in the valuation as at 31 March 2019.



PROPERTY FEATURES

(continued)

3

35-49 Elizabeth Street Richmond VIC

Major tenant | Department of Justice



Increase in valuation

12.4%

	Mar 2019	Mar 2018
Occupancy	100%	100%
WALE	1.5 years*	2.5 years
Cap rate	5.50%	5.75%
Valuation (AUD)	93 000 000	82 750 000

Strong valuation uplift

35-49 Elizabeth Street is located approximately two kilometres from the Melbourne CBD in the fringe office market of Richmond. The Richmond market has become increasingly popular with occupiers as an alternative to the CBD and St Kilda Road. As a result, vacancy rates are low and there has been net effective rental growth in the precinct.

Market strength, together with recent positive leasing outcomes where two key tenants (Fernwoods and Mercy Health) have entered into heads of agreement to extend their lease terms, has resulted in a 12.4% increase in the valuation as at 31 March 2019 to AUD 93 000 000.



* Excludes signed heads of agreement.

The portfolio has grown 8.2 times since listing, from eight assets valued at AUD 130mn to 28 assets valued at AUD 1 063mn. The Fund has focused on identifying acquisitions that are located in precincts supported by significant infrastructure and where management can utilise its in-house asset management skills to enhance yield and add value.

During the year the Fund acquired the following properties:

Property name	Geography	Effective date	Sector	Value* (000)	GLA (m ²)	Yield (%)	WALE (years by revenue)
36–42 Hydrive Close	Melbourne VIC	19/04/2018	Industrial	AUD19 450	14 635	6.3	7.1
24 Wormald Street	Canberra ACT	12/03/2019	Office	AUD29 750	4 720	6.9	8.5

* Excludes transaction costs.



36 – 42 Hydrive Close Dandenong South VIC

Tenant | Brickwood

Acquisition date
April 2018
Occupancy
100%

GLA
14 635m²
Purchase yield
6.3%



Purchase price
AUD 19 450 000



24 Wormald Street Symonston ACT

Tenant | Commonwealth of Australia

Acquisition date
March 2019
Occupancy
100%

GLA
4 720m²
Purchase yield
6.9%



Purchase price
AUD 29 750 000

The Fund has 0.6% vacancy by revenue and very manageable near term expiries, the majority of which are in New South Wales which is one of Australia's best performing economies and where there is positive net effective rental growth.

At the date of this report, the portfolio is 99.4% occupied by revenue, an improvement from 98.5% at 31 March 2018. The current vacancy largely comprises acquired vacancy at 20 Rodborough Road in Sydney, and a part floor at 21-23 Solent Circuit, also in Sydney.

Since 31 March 2018, the Fund has been actively engaging with tenants to understand their medium to long term occupancy requirements. This has resulted in approximately 12% of Fund's portfolio by GLA being contracted since 31 March 2018 (32 917m²). As at the date of this report only 1 417m² remains vacant.

A further 9 872m² is currently subject to signed heads of agreement which are expected to convert to signed leases. Of this space, 7 155m² relates to vacancy in FY20 and 2 717m² relates to vacancy in FY21. Management is committed to managing upcoming vacancy and is actively engaged with all of the Fund's tenants on a regular basis in this regard.

Since 31 March 2018 the Fund has completed the following leasing transactions:

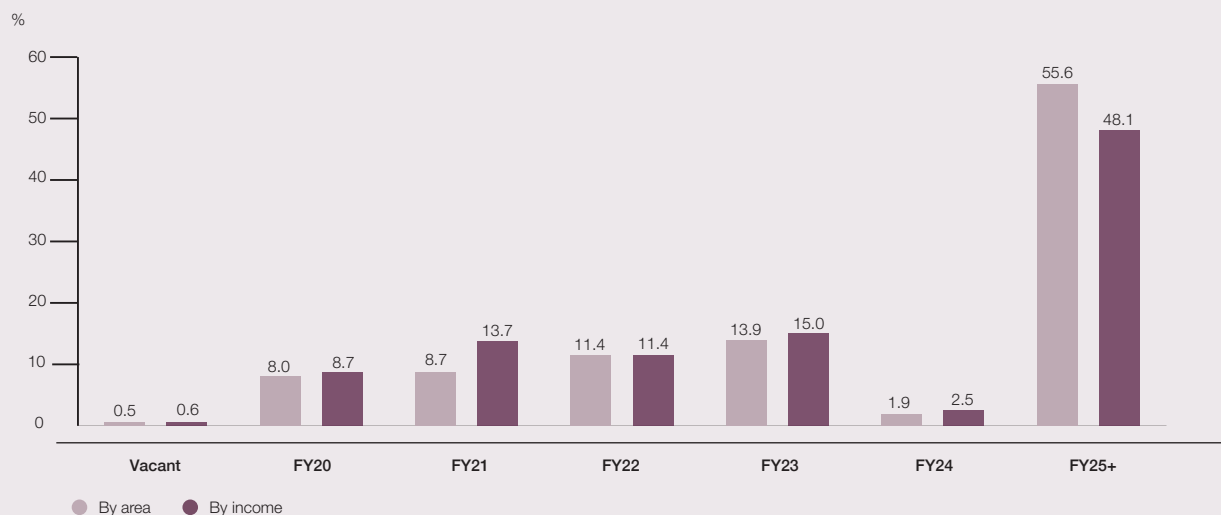
	GLA (m ²)	WALE (years by revenue)	Escalations (%)
Replacement leases/renewals			
Office	9 423	4.1	2.51
Industrial	20 563	8.4	3.04
Letting of acquired vacancy			
Office	2 930	5.9	3.55
Total signed leases	32 916	5.5	2.82

LEASING ACTIVITY

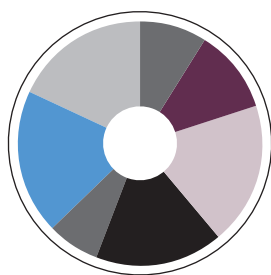
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The Fund's lease expiry profile remains very strong with a WALE of 4.7 years* with 48%* of leases expiring after five years. The lease expiry profile reflects the quality and sustainability of the Fund's net property income.

Expiry profile*



Tenant composition*



Rank	Tenant	% of portfolio
1	Commonwealth of Australia	9.0
2	Carsales.com	4.2
3	ABB Enterprise Software	4.1
4	Ricoh Australia	3.9
5	Honeywell	3.3
6	Horan Steel	2.9
7	State Government of Victoria	2.9
8	CTI Freight Systems	2.8
9	Pharmaxis	2.5
10	Toll Transport	2.4
Total		37.9
Other		62.1

* By revenue.

	31 March 2019	31 March 2018
Investments	AUD 1 063mn	AUD 987mn
Total debt	AUD 405mn	AUD 344mn
Gearing (%)	38.1	34.8
All in funding costs (%)	3.75	3.71
Hedge position (%)	77.5	91.4
Expiry profiles		
– Debt	3.6 years	3.2 years
– Swaps	7.2 years	6.2 years

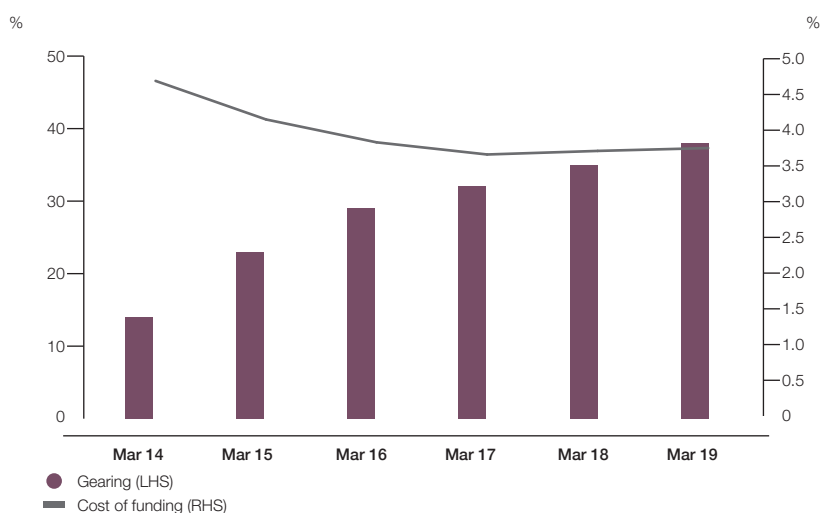
Highlights

Gearing	38.1%
All in funding costs	3.75%
Hedged for 7.2 years	77.5%

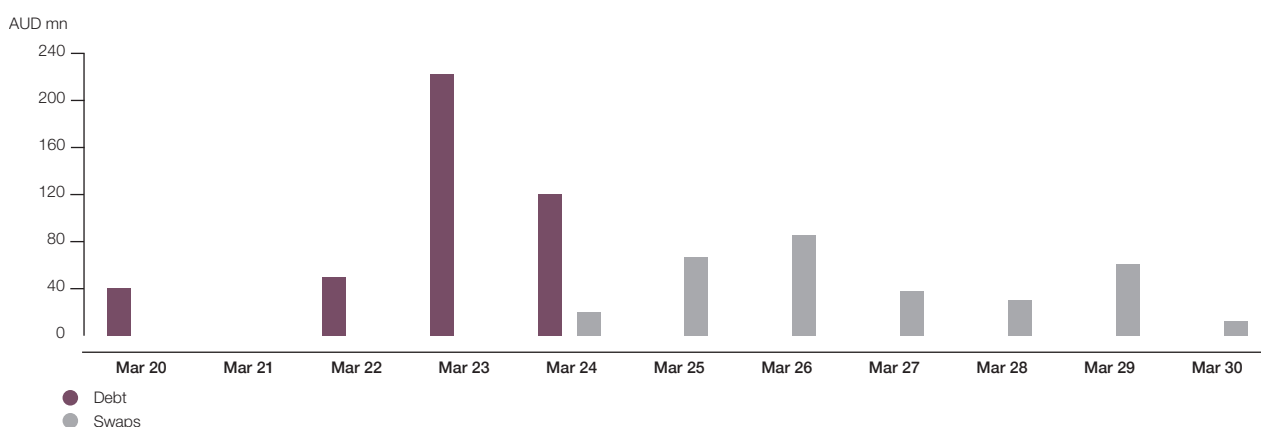
Balance sheet

During the year the Fund's debt and hedge books were restructured to extend the weighted expiries of each. The debt book was extended with existing financiers, extending the weighted debt maturity by one year. The hedge book weighted maturity was extended by two years, whilst maintaining existing pricing on the weighted average cost of hedges.

Gearing and cost of funding



Debt and swap maturity profile



The Fund is committed to driving improvements in the way buildings are leased, managed and occupied in an effect to improve the overall sustainability of the portfolio.

Objectives and initiatives

Our key objectives are to:

- provide energy-efficient buildings that reduce operating costs and increase customer profitability;
- meet and exceed recognised sustainable development standards to deliver projects that enable more efficient customer operations; and
- engage customers to reduce energy, water and waste in ways that enhance profitability and reduce our environmental footprint.

Sustainable initiatives that we initiated during the year include the following:

- New end of trip facilities comprising 6 showers and 40 lockers were constructed at 2 Richardson Place in Sydney. These are designated places that support cyclists, joggers and walkers in using alternative ways to travel to work other than driving or taking public transport. These types of facilities also benefit people who exercise during the day.
- At 324 Queen Street in Brisbane:
 - New end of trip facilities comprising 5 showers, 34 lockers and 20 bike racks have been constructed. These are designated places that support cyclists, joggers and walkers in using alternative ways to travel to work other than driving or taking public transport, as well as encouraging people to exercise during the day.
 - Lighting in the car park and fire corridors has been changed to energy efficient LEDs resulting in an overall energy reduction of 91%, which is the equivalent of having 29 cars off the road for a year.
- At 2 Richardson Place in Sydney:
 - New end of trip facilities comprising 6 showers and 40 lockers are due to be constructed. These are designated places that support cyclists, joggers and walkers in using alternative ways to travel to work other than driving or taking public transport, as well as encouraging people to exercise during the day.
 - Work has commenced to install a 99 kWp solar PV system on the roof of the building to supplement the base building electricity supply with the aim of reducing overall electricity consumption by 10%.
 - ‘Skycool’ paint is being applied to the roof which will reduce the absorption of heat into the building and will improve the overall interior comfort.

- At 20 Rodborough Road in Sydney:
 - New end of trip facilities comprising 8 showers and 62 lockers have been constructed. These are designated places that support cyclists, joggers and walkers in using alternative ways to travel to work other than driving or taking public transport, as well as encouraging people to exercise during the day.
- At 165 Newton Road in Sydney:
 - A 199.50 kWp solar system has been installed which will reduce the tenant’s overall electricity usage by 20%-30%.
- At 24 Spit Island Close in Newcastle:
 - A 70 kWp solar system has been installed which will reduce the tenant’s overall electricity usage by 20%-30%.
- At 67 Calarco Drive in Melbourne:
 - Lighting in the office and warehouse has been changed to energy efficient LEDs resulting in an overall energy reduction of 23%.
- At 35–49 Elizabeth Street in Melbourne:
 - The building management system has been upgraded which will assist in reducing carbon emissions and operating costs.
- At 100 Willis Street in Wellington:
 - A building-wide colour coded recycling system has been introduced that will significantly reduce the amount of waste sent to landfill. The building currently generates approximately 100 tonnes of waste per year with 59 tonnes per year being sent to landfill.
 - Ten electric vehicle charging stations have been installed.
- The Fund has appointed ERM to conduct an energy utilisation audit across the portfolio with the aim of:
 - Implementing consistent energy management services across the portfolio.
 - Creating a baseline portfolio energy view which will lead to effective operational changes to positively impact the Fund’s sustainability strategy.
 - Creating a cohesive system across the portfolio to allow for the implementation of an energy and water management system with standardised data views and overarching visibility for management.
 - Creating a major equipment inventory to actively manage capital expenditure and lifecycle management of major plant.
- The Fund participated in Earth Hour, a WWF global initiative raising awareness about climate change and reducing energy use. Earth Hour took place on Saturday, 30 March 2019 with over 7,000 cities and towns in 162 countries taking part, and is now the world’s largest community-driven campaign for the planet. Working with tenants, the Fund switched off all non-essential lighting in its buildings during Earth Hour.

NABERS

NABERS is a national rating system that measure the environmental performance of buildings, tenancies and homes. NABERS measures the energy efficiency, water usage, waste management and indoor air quality of a building or tenancy and its impact on the environment. It does this by using measured and verified performance information, such as utility bills, and converting them into an easy to understand star rating scale from one to six stars.

Nine of the 13 office buildings in the Fund's portfolio require a NABERS rating. The average NABERS rating across the portfolio is 4.1 star energy rating and 3.6 star water rating. The Fund's challenge is to identify energy and water saving opportunities that will ultimately benefit tenants by lowering their outgoings and improve sustainability across the portfolio.

Building	Energy rating	Water rating
35-49 Elizabeth Street, Richmond VIC	3.0	4.5
186 Reed Street, Greenway ACT	5.5	2.0
449 Punt Road, Cremorne VIC	4.0	4.5
21-23 Solent Circuit, Baulkham Hills NSW	4.5	3.5
757 Ann Street, Brisbane QLD	4.5	2.5
2 Richardson Place, North Ryde NSW	4.5	4.0
266 King Street, Newcastle NSW	5.0	4.5
324 Queen Street, Brisbane QLD	3.0	3.5
20 Rodborough Road, Frenchs Forest NSW	2.5	3.5
2404 Logan Road, Eight Mile Plains QLD	n/a	n/a
100 Willis Street, Wellington NZ	n/a	n/a
113 Wicks Road, Macquarie Park NSW	n/a	n/a
24 Wormald Street, Symonston ACT	n/a	n/a
Average rating	4.1	3.6

OUR COMMUNITY

As a highly trusted organisation, the Fund aims to create a meaningful social and economic impact to help sustain the communities we are part of.

The Fund has committed to support Cystic Fibrosis Australia by providing rent free accommodation at 2 Richardson Place in Sydney for their national head office. From this space Cystic Fibrosis Australia delivers a range of programs and services to individuals and families living with cystic fibrosis in Australia.

The Fund has made The Majestic Centre in Wellington available to host the Dean Gifford Stair Climb fundraising event. It is a timed race up 621 stairs, in either teams or singles. The event is a fundraiser for the Child Cancer Foundation, and the main

participants are the fire, police and ambulance staff of the Wellington community.

Within the wider Investec Group in Australia, the Corporate Social Investment committee focuses on a small number of ongoing philanthropic sponsorship and volunteering initiatives through partnerships with local entrepreneurial organisations.

The committee's work focuses on education, entrepreneurship and environmental activities which include internal and external initiatives working to improve the local communities' experience of their environment by minimising our impact on the environment as an organisation.



Investec Australia Property Fund
proudly supports
Cystic Fibrosis Australia



www.investec.com/en_au/property.html

Important Information:
Investec Property Limited ABN 93 071 514 246 AFS licence 290909 is the issuer of units in the Investec Australia Property Fund.
A copy of the minimum disclosure document can be found on the website.



4

CORPORATE
GOVERNANCE
AND RISK
MANAGEMENT

Code of corporate practice and conduct

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

The RE is fully committed to the principles of the Code of Corporate Practices and Conduct set out in the King IV report on corporate governance for South Africa, 2016, the JSE Listings Requirements and the Act.

In so doing, the Board recognises 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 oversees the implementation of the corporate governance policies provided below.

The formal steps taken by the directors are summarised below.

1. 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 IPL, which allows for a minimum of three directors. The Board currently consists of six directors, one executive and five non-executive, of whom three directors are considered independent. The chairperson (Richard Longes) is an independent non-executive director, and Sally Herman is the lead independent director. This achieves compliance with the King IV 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 judgement to Board deliberations and decisions. The Board ensures that there is an appropriate balance of power and authority, such that no one individual or block of individuals can dominate the Board's decision making.

The Board continually strives to give strategic direction to the Fund for the benefit of its unitholders and has set values and ethical standards to which it will adhere in all aspects of managing the business of the Fund. The Board ensures that each director adheres to the duties of a director and will act in the best interests of unitholders. The Board is ultimately responsible for the day-to-day management of the Fund's business, strategy and key policies. The executive director is an employee of IAL and, via IPL and Manager, is intimately involved in the day-to-day business activities of the Fund. The executive director is 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 Act, setting out its responsibilities for monitoring operational performance and management of the Fund, determination of policy and processes to ensure the integrity of IPL risk management and internal controls, communication policy and evaluation of personnel.

The Board has appointed a CEO (Graeme Katz) and has established a framework for delegation of authority and ensures that the CEO's performance is evaluated against specified criteria.

The positions of chairperson and CEO are separately held with a clear division of duties.

The information needs of the Board are reviewed annually and directors have unrestricted access to all 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 has been developed and in this regard steps have been taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to the Fund. In this context, the Board is afforded information in respect of key performance indicators, variance reports and industry trends.

The Board has established an orientation programme to familiarise incoming directors with the Fund's operations, senior management and its business environment, and to inform them of their fiduciary duties and responsibilities.

Directors have a working understanding of applicable laws. New directors with no or limited board experience will receive development and education to inform them of their duties, responsibilities, powers and potential liabilities. Per the Compliance Plan, performance review of all officers and employees of IPL is conducted annually.

The RE is appointed by unitholders. Members of the Board are appointed by the shareholder of IPL, being IAPHPL. Appointments to the Board occur by way of Board 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 time and attention they can devote to the role.

Directors hold office until they resign or are removed from office.

Directors may convene a meeting of the Board whenever a director thinks fit.

Board meetings are held at least quarterly with additional meetings convened when circumstances necessitate. The Board has established and delegated certain functions to an audit and risk committee, to give detailed attention to certain of its responsibilities which will operate within defined, written terms of reference.

External advisors and executive directors who are not members of specific committees attend committee meetings by invitation, if deemed appropriate by the relevant committees.

The Board and individual directors have their overall performance reviewed annually 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 is undertaken by the chairperson and, if so determined by the Board, an independent service provider.

The annual performance review has been carried out. One of the focus areas of the review was the adequacy of the Board's discussion on the macro economic environment and how this helped drive strategy. The chairperson and the Board were satisfied with the outcome of the review process. The performance review of the chairperson was carried out by the lead independent.

In respect of the directors that are only directors of IPL and not employed within the Investec Group, a director may be employed in any other capacity in the Fund or as a director or employee of

another entity that is controlled by a subsidiary of the Fund. In this event, their appointment and remuneration in respect of this other office will be determined by a disinterested quorum of directors. This does not apply to the executive directors who are employed by IAL as their remuneration is determined by the remuneration committee of IAL and not by the directors.

Board meetings

The Board meets at least four times annually. Four Board meetings were held during the reporting period.

The chairperson is responsible for setting the agenda for each meeting, in consultation with the CEO and the company secretary. Comprehensive information packs on matters to be considered by the Board are provided to directors in advance of meetings.

Directors		Independent	Board	Audit and risk committee
Richard Longes	Chairperson and independent non-executive director	Yes	4 (4)	4 (4)
Stephen Koseff	Non-executive director	No	4 (4)	–
Sam Leon	Non-executive director	No	4 (4)	–
Graeme Katz	Executive director	No	4 (4)	–
Sally Herman	Lead independent non-executive director	Yes	4 (4)	4 (4)
Hugh Martin	Independent non-executive director	Yes	4 (4)	4 (4)

2. Terms of employment of directors

The directors who are employees or directors of IAL or another entity within the Investec Group are not remunerated for their services as directors of the RE. A disinterested quorum of directors determine the remuneration of the independent, non-associated non-executive directors, which is limited to the reimbursement of reasonable expenses incurred by such person for purposes of attending Board meetings and the appropriate 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 engagement 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 IPL's memorandum and articles of association. Directors hold office until they are removed or resign.

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 of IPL

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

The company secretary together with the Fund's sponsor provide the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Fund. The company secretary provides a central source of guidance and advice to the Board, and within the Fund, on matters of ethics and good corporate governance and will assist with the appointment of directors. The

company secretary, together with the assistance of the Fund's sponsor, ensures that the Fund complies with applicable laws and JSE Listings Requirements. In addition, the company secretary, is 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 IPL and has an arm's length relationship with the board, who can also remove them from office.

4. Audit and risk committee

The audit and risk committee is comprised of three independent non-executive directors as set out below:

- Sally Herman, lead independent non-executive director (chairperson);
- Hugh Martin, 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 is to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors, to assist them in the discharge of their duties.

The audit and risk committee is required to provide satisfaction to the Board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified and are suitably managed, and that satisfactory standards of governance, reporting and compliance are in operation.

Furthermore, the audit and risk committee oversees and reports on the sustainability issues, reviews the integrated report to ensure that the information contained therein is reliable and does not contradict the financial aspects of the report. The audit and risk committee reviews the content of the Fund's results and engages external auditors to provide assurance on the summarised financial information.

Within this context, the Board is responsible for the Fund's systems of internal, financial and operational control. The executive director is charged with the responsibility of determining the adequacy, extent and operation of these systems.

CORPORATE GOVERNANCE

(continued)

Comprehensive reviews and testing of the effectiveness of the internal control systems in operation will be performed by external practitioners, whose work will be overseen by the Manager and reported to the audit and risk committee.

The audit and risk committee has considered and satisfied itself as to the appropriateness of the expertise and experience of the financial function being the CFO, Kristie Lenton.

The audit and risk committee has nominated the external auditor for appointment and has approved the terms of engagement and remuneration for the external audit engagement.

KPMG have been appointed as external auditors of the Fund.

As the Fund is a registered managed investment scheme under the Act it has Australian reporting obligations. The Fund is required to lodge audited financial statements with ASIC. KPMG Australia have been appointed to perform the audit over the Australian audited financial statements.

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

The audit and risk committee meets at least four times a year. Executives of the Manager with financial expertise are also in attendance.

The audit and risk committee also meets with the external auditors, KPMG, 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.

The audit and risk committee and members have their overall performance reviewed annually in order to identify areas for improvement of both individual members and the committee as a whole.

The audit and risk committee's key areas of focus for this year were:

- Continued implementation of King IV
- Continued commitment to the Fund's code of corporate practice and conduct
- Audit quality and auditor independence
- Workplace health and safety
- Internal audit of the risk register
- Continued focus on the adequacy of management processes

The key areas of focus for the coming year are:

- Continued commitment to the Fund's code of corporate practice
- Audit quality and auditor independence
- Workplace health and safety
- Implementation of new and updated obligations of the Compliance Plan

5. Remuneration committee

Given the Fund has no employees, the Responsible Entity has not established a remuneration committee. The remuneration of independent, non-associated, non-executive directors is determined by the Board. The remaining directors and senior management are employed or engaged by members of the Investec Group and not by the Fund. Accordingly, their remuneration is determined by the relevant employing entity within the Investec Group.

6. Investment committee

The Responsible Entity has established an investment committee to consider and approve investments for the Fund. Under the investment policy adopted by the Board, the investment committee comprises of all members of the Board and has the express delegated authority of the Board to consider and approve all investments for the Fund other than related party transactions which must be considered and approved in accordance with the related party policy.

When making investment decisions, the investment committee takes into account the strategy and objectives set out in the investment policy, including to invest in high quality commercial real estate assets in Australia and New Zealand, to grow and diversify the Fund's asset base and to offer Unitholder's sustainable income and capital growth.

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 strategic risk, operational risk, investment risk, liquidity risk and ethical 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 is 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 participates in management's process of setting risk tolerance levels, formulating and implementing the risk management plan and reports on the plan adopted by management to the Board.

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

To enable the Board to meet these responsibilities, the audit and risk committee has set standards and implemented, through the Manager, systems of internal control and an effective risk-based internal audit, comprising policies, procedures, operational systems and information to assist in:

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

The Board ensures that management considers and implements the appropriate risk responses and has established a risk register to actively monitor risks and the management thereof.

8. Directors' dealings and professional advice



The directors' report as set out on pages 38 to 41 contains details of units in the Fund held by directors of IPL

The Fund operates a policy incorporating the terms of the JSE Listings Requirements and the Act of prohibiting dealings by directors and employees of IPL and the Manager in periods preceding the announcement of its interim and year-end financial results and at any other time deemed necessary by the Board.

The Board has established a procedure for directors, in furtherance of their duties, to take independent professional advice, if necessary, at the Fund's expense.

All directors will have access to the advice and services of the company secretary.

9. Communication

The Fund maintains contact regularly with institutional unitholders, private investors and investment analysts, and provides presentations on the Fund and its performance.

The Board appreciates that unitholder perceptions affect the Fund's reputation and in this regard has established policies for the engagement of all the Fund's stakeholders, particularly in light of the Australian domiciled nature of the Fund. The Board encourages unitholders to attend annual general meetings.

10. Integrated reporting

The Fund reports to its unitholders at least annually by preparing an annual report that includes 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 is integrated with the Fund's financial reporting. The Board ensures the integrity of the Fund's integrated report.

11. Business rescue

The Board will consider business rescue proceedings or other turnaround mechanisms if the Fund becomes 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.

12. King IV



The majority of the principles of King IV are being applied and this is evidenced in the various sections of this report, including pages 80 to 82 where the Fund's compliance with the principles of King IV can be found.

RISK MANAGEMENT

Risk management

The Board is responsible for the entire risk management process and the systems of internal control. Senior management is responsible for identifying risks and implementing appropriate mitigation processes and controls.

The audit and risk committee, accountable to the Board, is responsible for establishing, reviewing and monitoring the process of risk management.

Philosophy and approach

IPL's comprehensive risk management process involves identifying, assessing, managing and mitigating the risks associated with the business. Risk awareness, control and compliance are embedded in IPL's day-to-day activities. Risk exposure is monitored and controlled through operational and risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping to pursue controlled growth across the business. Risk management objectives are to:

- ensure the business operates within the board stated risk appetite;
- support long-term sustainability by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk;
- set, approve and monitor adherence to risk parameters and limits and ensure they are implemented and adhered to consistently;
- aggregate and monitor exposure across risk classes;
- coordinate risk management activities across the business;
- give the Board reasonable assurance that the risks the business is exposed to are identified and, to the best extent possible, managed and controlled; and
- establish appropriate risk committees, as mandated by the Board.

The risks set out in the table below, which may result in reduction of earnings and/or loss of value should they materialise, are of primary importance:

Risk	Impact	Mitigation
<i>Strategic</i>		
<ul style="list-style-type: none">• Reputational• Fund tax status	<ul style="list-style-type: none">• Investor uncertainty• Customer uncertainty	<ul style="list-style-type: none">• Manager management meetings• Quarterly audit and risk committee and Board reporting• Budgeting and forecasting process• Crisis management control
<i>Governance</i>		
<ul style="list-style-type: none">• Fund governance• Investment• Negative tax implications to investors	<ul style="list-style-type: none">• Financial loss• Reputational damage• Investor detriment• Potential regulatory sanctions	<ul style="list-style-type: none">• Board comprising independent, external directors• Board sign-off of investments• External audit and biannual review• External tax review on biannual distributions• Related party disclosure• JSE disclosure requirements• Fund sponsor oversight
<i>Operational</i>		
<ul style="list-style-type: none">• Legal and regulatory• Technology• People• Outsourcing• Fraud• Conduct	<ul style="list-style-type: none">• Breach of regulation• ASIC sanctions/undertaking• Potential loss of licence• Financial loss• Reputational damage• Inefficient business processing• Internal and external fraud• Workplace health and safety	<ul style="list-style-type: none">• Quarterly audit and risk committee and Board reporting• External audit and biannual review• Investec internal audit reviews• Investec Group systems and IT support• SLAs for external technology providers• BCP/disaster recovery testing• Controls in place for payments and role segregation• Manager employee training• Manager policies

Risk	Impact	Mitigation
<i>Market/investment</i>		
<ul style="list-style-type: none"> Occupancy Valuations and pricing Product selection and oversight Counterparty risk 	<ul style="list-style-type: none"> Reduction in income Reduction in portfolio value Breach of covenants Loss of investors 	<ul style="list-style-type: none"> Lease documentation (contractual requirements) Due diligence on tenant financials Security under the leases (bank guarantees) Arrears reporting Biannual fair value assessment of portfolio against industry benchmarks Requirement for external valuations every 24 months
<i>Liquidity</i>		
	<ul style="list-style-type: none"> Failure to meet constitutional requirements Unable to pay debts when they fall due Default on loans Potential default under leases Inability to pay distributions 	<ul style="list-style-type: none"> Monthly cash flow forecasting Covenant reporting Adherence of board mandated gearing levels

Internal audit

The Investec Plc internal audit function is engaged to perform the internal assurance function for the Fund. A risk-based audit approach is followed and the audit and risk committee approves audit plans. The head of internal audit reports back to the audit and risk committee and the CFO. Internal audit conducts a formal risk assessment periodically to formulate a comprehensive risk-based audit plan.

The assessment and programme are approved by the Investec Plc audit and risk committee.

Internal audit conducted a review of the Fund in May 2018 and concluded that there were no material findings, and is scheduled to complete another review of the Fund in May 2019. This review will include the internal audit of the risk register.

Internal audit also liaises with the external auditors and other assurance providers to enhance efficiencies in terms of combined assurance. The audit plan is reviewed to ensure it remains relevant and responsive, given changes in the operating environment.

External audit

KPMG are the external auditors of the Fund.

The independence of the external auditor is reviewed by the audit and risk committee each year. The audit and risk committee meets with the external auditors to review the scope of the external audit, budgets, the extent of non-audit services rendered and all other audit matters. The external auditors are invited to attend audit and risk committee meetings and have access to the chairperson of the audit and risk committee.

Compliance

The Fund endeavours to comply with the highest professional standards of integrity and behaviour, always keeping the interests of our tenants and unitholders at the forefront of the corporate agenda. We also seek to establish high standards of compliance practice to build trust and promote the quality of service to our colleagues and clients.

Compliance risk is managed through internal policies and procedures, which include legal, regulatory and operational requirements relevant to the business. In addition to monitoring compliance with the provisions prescribed by the respective regulatory authorities, the Fund has a compliance plan which outlines its obligations as a registered management scheme established in accordance with the requirements of the Act. This plan is audited annually. The IAL compliance function is engaged to provide independent oversight of the Manager's adherence to its regulatory obligations.

The key areas of focus for the year were:

- Regulatory change
- Ongoing training and competency
- Ongoing conduct and culture
- Ongoing cyber security and resilience

The key areas of focus for the next year are:

- Conduct and culture
- Cyber security and resilience
- Training and competency

Diversity

The Board and the Manager are committed to a workplace culture that builds respect, fosters inclusiveness, promotes diversity and embraces the unique skills of all staff and directors. The Diversity Policy has been implemented to comply with the JSE Listings Requirements and King IV acknowledging the unique nature of the Fund in a South African context.

Under this policy the Board's composition will be reviewed annually to ensure alignment to the strategic needs of the business and the environment in which it operates, as well as all aspects of diversity, specifically its gender balance, without compromising the calibre of the directors. The Board maintains that appointments to the Board should be based on merit as well as complementing the skills, knowledge and experience of the Board as a whole.

OUR STAKEHOLDERS

Communication, public disclosure obligations and stakeholder relations

The Board recognises that effective communication is integral to building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders.

The aim is to enable stakeholders to make meaningful assessments and informed investment decisions about the Fund.

The Fund endeavours to present a balanced and understandable assessment of its position by addressing material matters of significant interest and concern. The Fund seeks to highlight the key risks to which it considers itself exposed and responses to minimise the impact of these risks. Another objective is to show a balance between the positive and negative aspects of the Fund's activities in order to achieve a comprehensive and fair account of its performance.

The Fund complies with the disclosure obligations contained in the JSE Listings Requirements and with any public disclosure obligations required by the relevant regulators. The Fund also complies with disclosure requirements under the Act.

The key stakeholders in the Fund include:

- Unitholders
- Government
- Regulatory bodies in South Africa and Australia
- Tenants
- Suppliers
- Media
- Communities
- Industry equity and debt analysts

Goal	Processes to ensure compliance with public disclosure		
<i>To comply with the disclosure obligations contained in the applicable JSE Listings Requirements</i>	<ul style="list-style-type: none">• Significant announcements are released directly to the market primarily via the services offered by the JSE. Documents are also published on the Fund's website.• Maintenance of a comprehensive investor relations component to the Fund's website.• Executive management meet with the key unitholders at least twice a year, after the release of interim and year-end results.	<ul style="list-style-type: none">• Unitholders are encouraged to attend the annual general meeting and to raise issues and participate in discussions.• The chairperson of the audit and risk committee as well as the chairperson of the Board, attend the annual general meeting to respond to relevant questions.• All valid proxy appointments are recorded and counted and, at general meetings, a schedule of the proxy votes cast is available to all unitholders.	<ul style="list-style-type: none">• Separate resolutions are posed on each substantially separate issue and resolutions are not bundled together inappropriately.• The chairperson of the Board and the non-executive directors are committed to communicating with unitholder representative bodies, to help develop a balanced understanding of their issues and concerns.

ANNUAL
FINANCIAL
STATEMENTS

5



DIRECTORS' RESPONSIBILITY STATEMENT



The directors of IPL are responsible for the preparation and fair presentation of the consolidated annual financial statements of IAPF (also referred to as the **Fund** or **Group**).

The consolidated annual financial statements comprise the:

- Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019
- Consolidated statement of financial position at 31 March 2019
- Consolidated statement of changes in equity for the year ended 31 March 2019
- Consolidated statement of cash flows for the year ended 31 March 2019
- Notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes
- Directors' report

in accordance with IFRS, the constitution of the Fund, the JSE Listings Requirements and the requirements of the Act.

The directors of IPL are also responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors of IPL have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The external auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the Fund's consolidated annual financial statements

The consolidated annual financial statements of the Fund, as identified in the first paragraph, were approved under authority of the board of IPL on 3 May 2019 and are signed on their behalf by:

RA Longes
Chairman

Dated at Sydney
3 May 2019

GA Katz
Chief executive officer

Dated at Sydney
3 May 2019



The audit and risk committee has pleasure in submitting this report to unitholders as recommended by King IV.



The activities of the audit and risk committee (the committee), which comprises three independent non-executive directors, are determined by its charter and mandate as set out on page 29.

The committee is satisfied that it has considered and discharged its responsibilities in terms of its mandate and charter, King IV and the Act.

As the Fund is a registered managed investment scheme under the Act it has Australian reporting obligations. The Fund is required to lodge audited financial statements with the ASIC. This is in addition to the Fund's reporting obligations in South Africa. The committee is satisfied that the Fund has discharged all of its reporting obligations in Australia and South Africa.

The committee carried out its duties by inter alia, reviewing the following:

- financial management reports;
- external audit reports;
- management's risk assessment; and
- compliance reports.

Significant matters the committee has considered this year in relation to the financial statements are:

- audit quality;
- audit independence;
- valuation of investment properties;
- related party transactions;
- borrowing classifications, derivatives and debt covenants; and
- going concern.

The abovementioned information, together with interaction with the external and internal auditors, management and other invitees attending meetings in an *ex officio* capacity, enabled the committee to conclude that the risk management process and systems of internal financial control have been designed and were operating effectively during the financial period.

The committee is satisfied:

- its members have the requisite financial skills and experience to contribute to its deliberations;
- with the independence and effectiveness of the external auditor, including the provision on non-audit services and compliance with the Fund's policy in this regard;
- IPL as RE of the Fund has complied with the JSE Listings Requirements and the principles of King IV applicable to the Fund;
- it considered and approved that audit fee payable to the external auditors in respect of the audit for the year ended 31 March 2019 as well as their terms of engagement and scope of the audit;
- that the appointment of the external auditor is in compliance with the Act and the JSE Listings Requirements;
- with the effectiveness of the internal audit function and that the system of internal financial control in all key material aspects is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements; and
- with the expertise and experience of the chief financial officer and the overall adequacy and appropriateness of the finance function.

The committee, having fulfilled the oversight role regarding the reporting process and the integrated report, recommends for approval by the board of directors of IPL, the integrated report and the annual financial statements for the year ended 31 March 2019.

Sally Herman
Chairperson
Audit and risk committee

Sydney
3 May 2019

DIRECTORS' REPORT



The directors of IPL, the RE of the Fund, present their report together with the consolidated financial statements of the Group comprising the Fund and its controlled entities, for the year ended 31 March 2019 and the auditor's report thereon.

The Fund is an Australian-domiciled REIT which is registered as a managed investment scheme in Australia under the Act and is subject to regulatory oversight by ASIC.

The Fund was listed on the JSE on 23 October 2013 under the 'Real Estate Holdings and Development' sector of the JSE under share code: IAP and ISIN: AU60INL0018.

Perpetual Corporate Trust Limited is the custodian of the Fund.

Issued unit capital

The unit capital of the Fund is 478 802 454 ordinary units. The Fund's ordinary units are listed on the JSE. Details of the unit capital are set out in note 13 to the financial statements.

Responsible entity

The registered office and principal place of business of IPL and the Fund is Level 23, Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

The directors of IPL during or since the end of the financial period are set out in the table below:

Full name	Capacity
Richard Anthony Longes (Australian)	Chairperson and independent non-executive director
Stephen Koseff (South African)	Non-executive director
Samuel Ronald Leon (South African)	Non-executive director
Graeme Anthony Katz (Australian)	Executive director
Sally Herman (Australian)	Lead independent non-executive director
Hugh Martin (Australian)	Independent non-executive director



Details on directors' experience is set out in the Directorate section of this report. Details of Board meetings are set out in the Corporate Governance section of this report.

Principal activities

The principal activities of the Fund are to invest in high quality commercial real estate assets to derive rental income and capital growth.

The Fund did not have any employees during the year.

Review of operations

A detailed review of operations is included in the CEO report.

Results

The net profit of the Fund is presented in the statement of profit or loss and other comprehensive income. The net profit for the year ended 31 March 2019 is AUD 53 099 283.

The net assets of the Fund are AUD 621 477 206 at 31 March 2019. This equates to a net asset value of AUD 1.30 per unit.

Distributions

Unitholders were given notice of a final distribution declaration number 11 of:

- 5.18 AUD cents per unit pre-withholding tax
- 4.75 AUD cents per unit post-withholding tax

for the six months ended 31 March 2019. Withholding tax of 0.42528 AUD cents per unit will be withheld from the distribution paid to non-Australian unitholders. This is regarded as a foreign distribution for South African unitholders.

Unitholders were given notice of a special distribution declaration number 12 of:

- 1.59 AUD cents per unit pre-withholding tax

- 1.46 AUD cents per unit post-withholding tax for the period 1 April 2019 to 27 May 2019

Withholding tax of 0.13452 AUD cents per unit will be withheld from the distribution paid to non-Australian unitholders. This is regarded as a foreign distribution for South African unitholders.

Refer to section 6 of this report for further details on distributions.

Performance

The full year distribution growth is 2.0% pre-withholding tax and 1.2% post-withholding tax.

The effective tax rate for the year is 8.10834% compared to 7.95895% for the prior year which has impacted the lower growth rate in the post-WHT distribution.

The effective tax rate has been impacted by a reduction in the depreciation shield, from 39% in FY18 to 34% in FY19 along with an antecedent distribution in FY18 not subject to tax not recurring in FY19.

The performance of the Fund is a result of the successful implementation of the Fund's strategy, namely:

- delivering stable income growth;
- engaging in active property management; and
- efficiently managing the balance sheet and interest rates.



Interests of IPL

IPL has delegated the management of the Fund to IPML. IPL was not paid any fees during the period. The following fees were paid to IPML during the period:

AUD	2019	2018
Asset management fee	5 761 459	5 119 830
Property management fee*	1 305 528	1 281 754

* IPML has been contracted to perform property management services. IPML has sub-contracted certain of these services to third party property managers who receive a fee from IPML.

Significant changes in the state of affairs

There have been no significant changes in the nature of the Fund's activities during the period.

Likely developments

The Fund will continue to pursue its strategy of investing in high quality commercial real estate assets that are well located in major metropolitan cities or established commercial precincts in Australia. In pursuing this strategy IPL intends to fulfil the objectives of the fund being:

- 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 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, IPL 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 IPL'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.

Directors' interests in units



The directors' interest in units is set out in note 17 of the financial report on page 63.

Directors' remuneration

No fees are paid by the Fund to the directors or officers of IPML.

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

DIRECTORS' REPORT

(continued)



Accordingly, directors' remuneration for the year to 31 March 2019 was as follows:

For the period to 31 March 2019 AUD'000	Salary (including emoluments paid by IAL)	Directors' fees	Fees for other services	Provident pension fund and medical aid contributions	Bonuses	Total
Directors						
Richard Longes ¹	–	37	–	–	–	37
Stephen Koseff ²	–	13	–	–	–	13
Sam Leon ²	–	19	–	–	–	19
Graeme Katz ³	155	–	–	–	–	155
Sally Herman ⁴	–	56	–	–	–	56
Hugh Martin ⁴	–	45	–	–	–	45
Total	155	170	–	–	–	325

¹ Apportionment of directors' fees paid by IAL that are attributable to the Fund. Richard Longes is not separately remunerated for his services as a director of IPL as he is remunerated by IAL for his services as a director of IAL. An estimate of attributable fees has been provided based on market related non-executive director and chairperson fees and proportion of time allocated to IAPF. Mr Longes is not remunerated out of the Fund.

² Stephen Koseff and Sam Leon receive fees for their services to the Investec Group and are not separately remunerated for their services as directors of IPL. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to the Fund, however these directors are not remunerated out of the Fund.

³ Graeme Katz is not separately remunerated for his services as chief executive officer and director of IPL as he is remunerated by IAL. The amount disclosed represents an allocation of his remuneration commensurate with his role as an executive director of IPL but is not a cost to the Fund.

⁴ Sally Herman and Hugh Martin are independent, non-associated and non-executive directors of IPL and their remuneration is apportioned between all funds managed by IPL based on gross asset value. Ms. Herman is also remunerated for her role as chairperson of the audit and risk committee.

Directors' remuneration for the year to 31 March 2018 was as follows:

For the period to 31 March 2018 AUD'000	Salary (including emoluments paid by IAL)	Directors' fees	Fees for other services	Provident pension fund and medical aid contributions	Bonuses	Total
Directors						
Richard Longes ¹	–	37	–	–	–	37
Stephen Koseff ²	–	13	–	–	–	13
Sam Leon ²	–	19	–	–	–	19
Graeme Katz ³	155	–	–	–	–	155
Sally Herman ⁴	–	56	–	–	–	56
Hugh Martin ⁴	–	45	–	–	–	45
Total	155	170	–	–	–	325

¹ Apportionment of directors' fees paid by IAL that are attributable to the Fund. Richard Longes is not separately remunerated for his services as a director of IPL as he is remunerated by IAL for his services as a director of IAL. An estimate of attributable fees has been provided based on market related non-executive director and chairperson fees and proportion of time allocated to IAPF. Mr Longes is not remunerated out of the Fund.

² Stephen Koseff and Sam Leon receive salaries as employees of Investec Group subsidiaries and are not separately remunerated for their services as directors of IPL. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to the Fund, however these directors are not remunerated out of the Fund.

³ Graeme Katz is not separately remunerated for his services as chief executive officer and director of IPL as he is remunerated by IAL. The amount disclosed represents an allocation of his remuneration commensurate with his role as an executive director of IPL but is not a cost to the Fund.

⁴ Sally Herman and Hugh Martin are independent, non-associated and non-executive directors of IPL and their remuneration is apportioned between all funds managed by IPL based on gross asset value. Ms. Herman is also remunerated for her role as chairperson of the audit and risk committee.



Corporate governance

The Fund's corporate governance statement and governance framework are set out on page 28 of this report.

Audit and risk committee

The audit and risk committee comprising independent non-executive directors meets regularly with the senior management of IPML and the external auditors to consider the nature and scope of the assurance activities and the effectiveness of the risk and control systems.



Further details on the role and responsibility of the audit and risk committee are set out on page 29 of this report.

Auditors

KPMG have been appointed by IPL as auditors of the Fund.

Contracts

The Fund does not have any contracts with directors of IPL.

Subsidiaries

The Fund has a number of wholly owned trusts which hold the Fund's property assets. Details of subsidiaries are set out in note 18 of the financial statements.

Major unitholders

The largest unitholders of the Fund are set out on page 78.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable Australian law and IFRS.



These policies are set out in note 1 of the financial report on page 50 of this report.

Financial instruments



Detailed information on the Fund's risk management process and policy can be found in the risk management report on page 32 of this report.



Information on the Fund's use of derivatives can be found in note 22 of the financial report on page 65 of this report.

Management and administration

The Fund is managed by IPML which is a wholly owned subsidiary of IAPHPL. IPML provides fund management services and property management services to the Fund under the terms of a management agreement. IPML has in turn outsourced certain of the property management services to property management companies, namely Knight Frank Australia Pty Ltd, MaxiServ Pty Limited, Norwest Commercial and Industrial Real Estate Pty Limited, Honeywell Limited, Kiwi Property, Abacus Property Group and MMJ Real Estate.

Environmental regulation

The Fund's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation.

Events subsequent to reporting date

During the year the Fund received unitholder approval to pursue an ASX listing and associated capital raising. A product disclosure statement dated on or around the same date as this report will be issued in relation to ASX listing and associated capital raise.

There is no other item, transaction or event of a material and unusual nature likely, in the opinion of IPL, to affect significantly the operations of the Fund, the results of these operations, or the state of affairs of the Fund, in future financial years.

Indemnities and insurance premiums for officers or auditors

Indemnification

Under the Fund's constitution IPL, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Fund has not indemnified any auditor of the Fund.

Insurance premiums

No insurance premiums are paid out of the Fund's assets in relation to insurance cover for IPL, its officers and employees or the auditors of the Fund.

Rounding off

The Fund is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that ASIC Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors of IPL.

RA Longes

Sydney
3 May 2019

GA Katz

Sydney
3 May 2019

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF INVESTEC AUSTRALIA PROPERTY FUND



Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Investec Australia Property Fund (the Group) set out on pages 42 to 72, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, segmental analysis and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Investec Australia Property Fund as at 31 March 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial pronouncements as issued by Financial Reporting Standards Council.

The key audit matter

Valuation of investment property

Refer to accounting policy note 1.10 and notes 10 and 22.3 of the financial statements.

The Group has investment property amounting to AUD1 063 million included in the Consolidated statement of financial position at year end, which represents a significant asset for the Group.

Valuation of the investment property is an area of significant judgement. Independent valuations are required to be obtained at least once every 24 months, and were obtained in the current year from external independent valuers. The directors perform valuations for those properties where an external independent valuation has not been obtained.

The fair value calculations on the directors' valuations are prepared by considering the aggregate of the net annual rent receivable from the properties and, where relevant, associated costs, using the discounted cash flow (DCF) method and the income capitalisation method. Under the DCF method a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream.

Due to the significant judgement and assumptions applied by the directors, the involvement of external experts, the significance of the balance and the work effort from the audit team, the valuation of investment property was considered a key audit matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Responsibility Statement, Report of the Audit and Risk Committee and the Directors' Report that is reflected in the annual financial statements, and the rest of the Annual report. Other information does not include the consolidated financial statements and our auditor's report thereon.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

How the matter was addressed in our audit

We obtained the external valuations for all investment properties as at 30 September 2018, and our audit procedures included the following:

- We selected a sample of properties which either were new acquisitions, showed significant valuation movement or were identified through discussions with management. For the properties selected, we challenged the key judgements and assumptions included in the external independent valuers reports by comparing and corroborating the key assumptions to external market data, individual property performance, historical trends of the valuations of these properties and consistency of these based on our knowledge of the market.
- We evaluated the consistency of the valuation methodology applied and the appropriateness thereof to the relevant accounting standards and group policy.
- Based on the above sample, the data inputs used in the valuation model by the external valuer were verified by tracing them to supporting documents.
- We evaluated the appropriateness of the capitalisation rate method used by the valuers in the context of the current market.
- We evaluated the competence, independence and experience of all of the external independent valuers.

For the valuation of investment property performed by the directors' at 31 March 2019, our audit procedures included the following:

- We reperformed the discounted cash flow calculations performed by the directors to verify their accuracy.
- We assessed the assumptions such as the discount rate, terminal value for reasonability against market trends and based on our knowledge of the business.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF INVESTEC AUSTRALIA PROPERTY FUND

(continued)



Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial pronouncements as issued by Financial Reporting Standards Council, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the

going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Investec Australia Property Fund for six years.

KPMG Inc.

KPMG Inc.

Per Tracey Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director

3 May 2019

KPMG Crescent

85 Empire Road
Parktown
Johannesburg

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



For the year ended 31 March AUD'000		Notes	2019	2018
Revenue, excluding straight-line rental revenue adjustment			88 539	75 451
Straight-line rental revenue adjustment			930	2 146
Revenue	2		89 469	77 597
Property expenses	3		(18 226)	(13 897)
Net property income			71 243	63 700
Other operating expenses	4		(6 951)	(6 177)
Operating profit			64 292	57 523
Fair value adjustments	5		3 184	61 225
Finance costs	6		(14 636)	(10 700)
Finance income	7		94	117
Other income			165	40
Total comprehensive income attributable to unitholders			53 099	108 205
Basic and diluted earnings per unit (cents)	9		11.09	24.04



The Notes on pages 50 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



As at 31 March AUD'000	Notes	2019	2018
Assets			
Non-current assets		1 069 211	987 663
Investment property	10	1 062 767	986 696
Financial instruments held at fair value	22	6 444	967
Current assets		14 200	10 976
Cash and cash equivalents	12	7 792	7 218
Trade and other receivables	11	6 408	3 758
Total assets		1 083 411	998 639
EQUITY AND LIABILITIES			
Equity		621 477	617 363
Contributed equity	13	515 203	515 203
Retained earnings		106 274	102 160
Non-current liabilities		401 614	350 614
Long-term borrowings	14	375 163	342 431
Trade and other payables	15	5 265	6 187
Financial instruments held at fair value	22	21 186	1 996
Current liabilities		60 320	30 662
Borrowings	14	28 635	–
Trade and other payables	15	6 898	6 335
Distribution payable	8	24 787	24 327
Total equity and liabilities		1 083 411	998 639
Number of units in issue ('000)		478 802	478 802
Net asset value per unit (AUD)*		1.30	1.29

* Net asset value per unit is calculated by dividing net asset by the number of unit in issue.



The Notes on pages 50 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



For the year ended 31 March 2019 AUD'000	Contributed equity	Retained earnings	Total unitholders' interest
Balance at 1 April 2017	466 879	38 789	505 668
Total comprehensive income attributable to unitholders	–	108 205	108 205
Issue of ordinary units	51 540	–	51 540
Distributions paid/payable to ordinary unitholders	(3 216)	(44 834)	(48 050)
Balance at 31 March 2018	515 203	102 160	617 363
Total comprehensive income attributable to unitholders		53 099	53 099
Issue of ordinary units		–	–
Distributions paid/payable to ordinary unitholders		(48 985)	(48 985)
Balance at 31 March 2019	515 203	106 274	621 477

The adjustment made to retained earnings on the impact of applying IFRS 9 and IFRS 15 is NIL



The Notes on pages 50 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS



For the year ended 31 March AUD'000	Notes	2019	2018
Cash flows from operating activities			
Rental income received		87 349	73 395
Property expenses		(17 241)	(14 166)
Fund expenses		(9 836)	(6 177)
Security deposits received/(refunded)		763	(798)
Cash generated from operations		61 035	52 254
Finance income received		95	117
Finance costs paid		(15 064)	(10 443)
Distribution paid to unitholders		(48 186)	(45 179)
Net cash (used in)/from operating activities	16	(2 120)	(3 251)
Cash flows from/(used in) investing activities			
Investment property acquired		(54 394)	(134 920)
Acquisition costs and capital expenditure		(4 706)	(4 379)
Net cash outflow used in investing activities		(59 100)	(139 299)
Cash flows from financing activities			
Borrowings raised		78 294	109 313
Repayment of loans		(16 500)	(15 200)
Proceeds from issue of units		–	52 054
Payment related to capital raising		–	(515)
Net cash inflow from financing activities		61 794	145 652
Net increase in cash and cash equivalents		574	3 103
Cash and cash equivalents at beginning of the period		7 218	4 116
Cash and cash equivalents at end of the period	12	7 792	7 218



The Notes on pages 50 to 72 are an integral part of these consolidated financial statements.

SEGMENTAL ANALYSIS



The Fund has determined the reportable segments to be on two separate segments, as follows:

1. The Fund's investment properties are made up of office and industrial assets. This is the first segment basis determined to be relevant to report and is consistent with the sectoral
2. The Fund's investment properties are geographically spread over the states of Australia and New Zealand. This is the second segment basis

spread disclosure of the portfolio in the Fund's property landscape (refer to Section 1 of the annual report – Overview of Investec Australia Property Fund).

determined to be relevant to report and is consistent with the geographical spread disclosure of the portfolio in the Fund's property landscape (refer to Section 1 of the annual report – Overview of Investec Australia Property Fund).

For the year ended 31 March 2019 AUD'000	Office	Industrial	Total
Statement of profit or loss and other comprehensive income 2019			
Revenue from external customers, excluding straight-line rental revenue adjustment	67 680	20 859	88 539
Straight-line rental revenue adjustment	295	635	930
Revenue	67 975	21 494	89 469
Property expenses	(15 698)	(2 528)	(18 226)
Net property income	52 277	18 966	71 243
Statement of financial position extracts at 31 March 2019			
Investment property balance 1 April 2018	770 922	215 774	986 696
Acquisitions	29 750	19 450	49 200
Foreign currency revaluation on property	2 515	–	2 515
Acquisition costs and capital expenditure	7 004	1 186	8 190
Straight-line rental revenue receivable	375	635	1 010
Fair value adjustments	12 301	2 855	15 156
Investment property at 31 March 2019	822 867	239 900	1 062 767
Other assets not managed on a segmental basis			20 644
Total assets as at 31 March 2019			1 083 411

For the year ended 31 March 2019 AUD'000	Victoria	Queens- land	South Australia	Western Australia	New South Wales	Austra- lian Capital Territory	New Zealand	Total
Statement of profit or loss and other comprehensive income 2019								
Revenue from external customers, excluding straight-line rental revenue adjustment	14 306	17 952	1 034	2 566	33 807	7 094	11 780	88 539
Straight-line rental revenue adjustment	21	307	(26)	221	704	(47)	(250)	930
Revenue	14 327	18 259	1 008	2 787	34 511	7 047	11 530	89 469
Property expenses	(2 491)	(3 649)	(70)	(335)	(6 916)	(1 061)	(3 704)	(18 226)
Net property income	11 836	14 610	938	2 452	27 595	5 986	7 826	71 243
Statement of financial position extracts at 31 March 2019								
Investment property balance 1 April 2018	167 700	203 150	9 401	29 000	388 351	69 623	119 471	986 696
Acquisitions	19 450	–	–	–	–	29 750	–	49 200
Acquisition costs and capital expenditure	1 554	908	10	17	3 922	1 520	259	8 190
Foreign currency revaluation on property	–	–	–	–	–	–	2 515	2 515
Straight-line rental revenue receivable	21	307	(26)	221	704	(47)	(170)	1 010
Fair value adjustments	12 775	2 485	(134)	262	(1 126)	52	842	15 156
Investment property at 31 March 2019	201 500	206 850	9 251	29 500	391 851	100 898	122 917	1 062 767
Other assets not managed on a segmental basis								20 644
Total assets as at 31 March 2019								1 083 411

SEGMENTAL ANALYSIS

(continued)



For the year ended 31 March 2018 AUD'000	Office	Industrial	Total
Statement of profit or loss and other comprehensive income 2018			
Revenue from external customers, excluding straight-line rental revenue adjustment	57 453	17 998	75 451
Straight-line rental revenue adjustment	2 279	(133)	2 146
Revenue	59 732	17 865	77 597
Property expenses	(11 814)	(2 083)	(13 897)
Net property income	47 918	15 782	63 700
Statement of financial position extracts at 31 March 2018			
Investment property balance 1 April 2017	597 151	182 199	779 350
Acquisitions	112 137	22 000	134 137
Foreign currency revaluation on purchase	3 745	–	3 745
Acquisition costs and capital expenditure	4 420	1 629	6 049
Straight-line rental revenue receivable	2 279	(133)	2 146
Fair value adjustments	51 190	10 079	61 269
Investment property at 31 March 2018	770 922	215 774	986 696
Other assets not managed on a segmental basis			11 943
Total assets as at 31 March 2018			998 639

For the year ended 31 March 2018 AUD'000	Victoria	Queens- land	South Australia	Western Australia	New South Wales	Austra- lian Capital Territory	New Zealand	Total
Statement of profit or loss and other comprehensive income 2016								
Revenue from external customers, excluding straight-line rental revenue adjustment	11 741	17 580	996	2 398	32 519	6 708	3 509	75 451
Straight-line rental revenue adjustment	51	702	8	286	1 162	(219)	156	2 146
Revenue	11 792	18 282	1 004	2 684	33 681	6 489	3 665	77 597
Property expenses	(2 140)	(3 674)	(66)	(264)	(5 818)	(975)	(960)	(13 897)
Segment results	9 652	14 608	938	2 420	27 863	5 514	2 705	63 700
Statement of financial position extracts at 31 March 2018								
Investment property balance 1 April 2017	128 500	195 150	9 601	27 300	349 501	69 298	–	779 350
Acquisitions	22 000	–	–	–	–	–	112 137	134 137
Foreign currency revaluation on purchase	–	–	–	–	–	–	3 745	3 745
Acquisition costs and capital expenditure	2 527	2 116	–	44	1 047	–	315	6 049
Straight-line rental revenue receivable	51	702	8	286	1 162	(219)	156	2 146
Fair value adjustments	14 622	5 182	(208)	1 370	36 641	544	3 118	61 269
Investment property at 31 March 2018	167 700	203 150	9 401	29 000	388 351	69 623	119 471	986 696
Other assets not managed on a segmental basis								11 943
Total assets as at 31 March 2018								998 639



The Notes on pages 50 to 72 are an integral part of these consolidated financial statements.



Corporate information

The financial report of IAPF for the year ended 31 March 2019 was authorised for issue in accordance with a resolution of the directors of IPL (the RE) on 3 May 2019.

IAPF is domiciled in Australia. IPL is incorporated and domiciled in Australia.

The nature of the operations and principal activities of IAPF are described in the Director's Report.

The registered office of IPL is located at:
Level 23
The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Reporting entity

IAPF is an Australian registered managed investment scheme under the Act. IAPF is a for profit entity. The consolidated financial statements of the Fund as at and for the year ended 31 March 2019 comprise the Fund and its subsidiaries (together referred to as 'the Group').

Working capital management

The Fund utilises its monthly cash flows to pay down its debt facility whilst maintaining the facility limit. The Fund will draw this cash back from the debt facility in order to pay its final distribution and special distribution in May 2019. This results in the most efficient use of the Fund's strong cash flows. The current undrawn facility limit is AUD 26.3mn and the Fund has the ability to draw on this unconditionally.

Going concern

The Fund is in a net current liability position of AUD 46mn as at 31 March 2019. The net current liability position is principally due to the final distribution declared and borrowings which are due for repayment on 12 March 2020. It is anticipated that these will be paid from proceeds from the capital raising outlined in Note 21 and Section 1 of this report. Under an alternative proposal, the Fund will extend the term of the current borrowings. Management has prepared two separate cashflow forecasts, based on these two scenarios, which reflect that the Fund will be able to meet its commitments as they become due. Management has therefore prepared the financial statements on a going concern basis.

1. Accounting policies

1.1 Basis of preparation

1.1.1 Statement of compliance

The annual financial statements are prepared in accordance with and compliance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial pronouncements as issued by Financial Reporting Standards Council.

1.1.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value; and
- investment property is measured at fair value.

The financial statements are prepared on the going concern basis and the accounting policies set out below have been applied consistently by the Fund.

1.1.3 Functional and presentation currency

These consolidated financial statements are presented in AUD, which is IAPF's functional currency.

IAPF is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that ASIC Class Order, all financial information presented in AUD has been rounded to the nearest thousand unless otherwise stated.

1.1.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

The key area in which estimates are applied relates to the valuation of investment properties. Refer to note 10 for information on best estimates used in the valuation of investment properties.

1.2 Basis of consolidation

1.2.1 Controlled entities

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

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

1.2.2 Transactions eliminated on consolidation

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



1.3 Segmental reporting

Determination and presentation of operating segments

The Group has the following operating segments:

- office properties; and
- industrial properties.

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

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period on investment property in each segment.

1.4 Revenue recognition

Revenue consists of rental income measured at the fair value of consideration received or receivable.

Revenue is recognised when it can be reliably measured and it is probable that the economic benefits will flow to the Group.

Revenue from investment property in terms of leases comprises gross rental income and recoveries of operating costs, net of GST. Rental income is recognised in profit or loss on a straight-line basis over the term of the rental agreement where the revenue under the lease terms is fixed and determinable. For leases where revenue is determined with reference to market reviews, inflationary measures or other variables, revenue is not straight-lined and is recognised in accordance with lease terms applicable for the period.

The Group recovers the costs associated with general building and tenancy operation from lessees in accordance with lease agreements. These are invoiced monthly based on an annual estimates basis. The consideration is due 30 days from the invoiced date. Recoverable outgoings revenue is recognised over time, based on the annual estimates, with the estimates reconciled at least annually.

1.5 Lease incentives and commissions

Any lease incentives provided to a tenant under the terms of a lease such as fit-outs or rent free periods are recognised as an expense or reduction in revenue on a straight-line basis over the term of the lease.

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

1.6 Finance income

Finance income includes:

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

1.7 Finance costs

Finance costs include:

- interest expense and other borrowing costs which are recognised in the profit or loss on an accrual basis using the effective interest method; and
- net gain and losses on financial instruments measured at fair value through profit or loss.

1.8 Earnings per unit

Basic earnings per unit is determined by dividing the profit or loss of the group by the weighted average number of units outstanding during the financial year.

There are no instruments in issue that could potentially result in a dilution in earnings per unit in the future.

Headline earnings is profit for the period adjusted for certain remeasurements such as investment property fair value adjustments. As required by the JSE Listings Requirements headline earnings per unit is calculated using Circular 4/2018.

1.9 Financial instruments

The Fund recognises financial instruments when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at their fair value plus, for financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. All other transaction costs are recognised in profit or loss immediately.

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

The 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 Fund is recognised as a separate asset or liability. The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

1.9.1 Trade and other receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)



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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL, including:

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

Debts that are known to be uncollectable are written off when identified.

1.9.2 Cash and cash equivalents

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

1.9.3 Trade and other payables

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

1.9.4 Derivative financial instruments

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

1.9.5 Borrowings

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

1.10 Investment property

Properties held by the Group which are held for rental income are classified as investment properties. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently measured at fair value, with fair value gains and losses recognised in profit or loss. Investment property consists of land and buildings, installed equipment that is an

integral part of the building and land held to earn rental income. The fair value of investment property also includes components relating to lease incentives and straight-line rental receivables. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits will flow to the Group those costs can be reliably measured.

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

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

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

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

The directors value the remaining properties that have not been independently valued annually on an open market basis. Directors' valuations are prepared by considering the aggregate of the net annual rental receivable from the properties and where relevant, associated costs, using the discounted cash flow method and the capitalisation method. The directors are confident that their valuations accurately represent the fair value.

Gains or losses on subsequent measurement or disposals of investment properties are recognised in profit or loss. Such gains or losses are excluded from the calculation and determination of distributable earnings.

1.11 Rental agreements

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

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

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

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



1.12 Provisions, contingent liabilities and contingent assets

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

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

1.13 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.

Furthermore, the Fund and management arrangements are structured to meet the required criteria to be classified as an Attribution Managed Investment Trust for Australian tax purposes. As an Attribution Managed Investment Trust, the Fund 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.

As an Attribution Managed Investment Trust IPL as RE of the Fund will be required to withhold tax in Australia at 10% on Australian sourced interest income and 15% on other Australian sourced income to investors in South Africa.

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

1.14 Unit capital

1.14.1 Ordinary unit capital

Units are classified as equity when the units are redeemable only at IPL's option, and any distributions 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.

1.15 New accounting standards adopted by the Group

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

IFRS 9

accounting standards adopted by the Group

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IFRS 139 Financial Instruments: Recognition and Measurement.

(a) Classification – Financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the existing IFRS 139 categories of held to maturity, loans and receivables and available for sale. Loans and receivables are classified and measured at amortised cost. The Group holds these assets in order to collect contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal outstanding.

The standard requires all financial liabilities to be subsequently classified at amortised cost, except in certain circumstances, of which none apply to the Group. Accordingly, there is no change in the classification of the Group's payables and borrowings on adoption of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

(continued)



IFRS 15

IFRS 15 applies to all contracts with customers to deliver goods or services as part of the entity's ordinary course of business excluding insurance contracts, financial instruments and leases, which are addressed by other standards. It replaces existing revenue recognition guidance, including IFRS 18 Revenue and IAS 11 Construction Contracts and contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based give-step analysis of transactions to determine whether, how much and when revenue is recognised.

(a) Classification and measurement of revenue

Revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits as the entity performs;
- The customer controls the asset as the entity creates or enhances it; or
- The seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for the performance to date.

Where the above criteria are not met, revenue is recognised at a point in time.

In the notes to the financial statements, the Group has disaggregated income for the current and comparative financial period to disclose recoveries revenue. Based on the Group's assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing to the previous accounting policy, other than the change in terminology. Under IFRS 15, recoveries revenue will be recognised over time.

(b) Transition

Changes in the accounting policies resulting from the adoption of IFRS 15 have been applied retrospectively. There has been no impact on the Group's previously reported financial position as a result of the adoption of IFRS 15.

1.16 Accounting standards applicable to the Group not yet effective

This standard introduces a single, on-balance sheet accounting model for leases and is effective for annual reporting periods on or after 1 January 2019. A lessee recognises a right-of-use asset representing its obligation to make lease payments.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. At the Group operations involve leasing of investment properties, as a lessor, it is expected that the changes will have minimal impact to the Group.

1.17 Changes in accounting policy

The Group has consistently applied the accounting policies set out in note 1 to all periods presented in these consolidated financial statements.

There is no new standards and amendments to standards, including any consequential amendments to other standards has been adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

(continued)



For the period ended 31 March AUD'000	2019	2018
2. Revenue		
Contracted rental income	77 474	65 665
Recoverable outgoings	11 065	9 786
Revenue, excluding straight-line rental revenue adjustment	88 539	75 451
Straight-line rental revenue adjustment	930	2 146
	89 469	77 597

For the period ended 31 March AUD'000	2019	2018
3. Property expenses		
Statutory expenses	(5 876)	(3 405)
Electricity	(1 694)	(1 771)
Insurance	(1 142)	(549)
Cleaning	(1 264)	(1 005)
Building management	(2 277)	(1 979)
Repairs and maintenance	(1 019)	(733)
Amortisation of fitout expenses	(957)	(922)
Tenant rechargeable expenditure	(724)	(815)
Air-conditioning	(814)	(626)
Fire protection	(432)	(401)
Lift and escalators	(444)	(358)
Leasing fee	(330)	(345)
Other property expenses	(1 253)	(988)
	(18 226)	(13 897)

For the period ended 31 March AUD'000	2019	2018
4. Other operating expenses		
Asset management fee	(5 761)	(5 120)
Fund operating costs		
Auditors' remuneration*	(331)	(303)
Audit fee	(203)	(210)
Tax compliance fees	(128)	(93)
Directors' fees	(101)	(101)
Legal and consulting fees	(244)	(180)
Other fund expenses	(514)	(473)
	(6 951)	(6 177)

* All audit and tax services were provided by KPMG.

NOTES TO THE FINANCIAL STATEMENTS

(continued)



For the period ended 31 March AUD'000	2019	2018
5. Fair value adjustments		
Fair value adjustments – investment property	15 178	61 269
Fair value adjustments – interest rate swaps	(13 714)	(2 305)
Fair value adjustments – foreign currency revaluation	1 720	2 261
Total fair value adjustment	3 184	61 225
For the period ended 31 March AUD'000	2019	2018
6. Finance costs		
Interest paid on borrowings	(14 636)	(10 700)
Total finance costs	(14 636)	(10 700)
Refer to note 14 for details on borrowings		
For the period ended 31 March AUD'000	2019	2018
7. Finance income		
Interest received from banks	94	117
Total finance income	94	117
For the period ended 31 March AUD'000	2019	2018
8. Distribution per unit		
Profit for the period	53 099	108 205
Less: Straight-line rental revenue adjustment	(930)	(2 146)
Fair value adjustments	(3 184)	(61 225)
Antecedent distribution	–	3 216
Distributable earnings	48 985	48 050
Reconciliation of distribution per unit		
Final distribution for the year to 31 March		
Distributable earnings	48 985	48 050
Less: interim distribution paid	24 198	23 723
Final distribution (pre withholding tax)	24 787	24 327
Withholding tax paid/payable to the Australian Taxation Office	(2 036)	(1 705)
Income tax paid/payable to the New Zealand Inland Revenue Office	–	(366)
Final distribution (post withholding tax)	22 751	22 256
Units in issue at 31 March ('000)	478 802	478 802
Final distribution per unit (cents) (pre withholding tax)	5.18	5.08
Interim distribution per unit (cents) (pre withholding tax)	5.05	4.95
Total distribution per unit (cents) (pre withholding tax)	10.23	10.03
Final distribution per unit (cents) (post withholding tax)	4.75	4.65
Interim distribution per unit (cents) (post withholding tax)	4.65	4.64
Total distribution per unit (cents) (post withholding tax)	9.40	9.29

Withholding tax

The blended withholding tax rate for the total distribution is 8.10834%.

NOTES TO THE FINANCIAL STATEMENTS

(continued)



For the period ended 31 March AUD'000	2019	2018
9. Earnings per unit		
Reconciliation of basic earnings to headline earnings		
Profit for the period	53 099	108 205
Less: Net fair value adjustment – investment property	(15 178)	(61 269)
Headline earnings attributable to unitholders	37 921	46 936
	Cents	Cents
Basic and diluted earnings per unit	11.09	24.04
Basic and diluted headline earnings per unit	7.92	10.43
Units in issue at the end of the year ('000)	478 802	478 802
Weighted average number of units in issue ('000)	478 802	450 084
Reconciliation of weighted average number of units in issue:		
Units at the beginning of the year	478 802	435 588
Share buy back ('000)	–	(2 124)
Rights offer ('000)	–	16 620

Headline earnings is profit for the period adjusted for fair value adjustments on investment property. Headline earnings are a measure of the Fund's earnings based solely on operational activities and in the case of the Fund will exclude fair value adjustments and profits or losses on sale of properties. As required by the JSE Listings Requirements headline earnings per unit is calculated using Circular 4/2018.

For the period ended 31 March AUD'000	2019	2018
10. Investment property		
Cost	941 582	881 779
Accumulated fair value adjustment	110 516	95 256
Investment properties	1 052 098	977 035
Straight-line rental revenue receivable	10 669	9 661
Carrying value	1 062 767	986 696
Movement in investment properties		
Balance at beginning of year	986 696	779 350
Acquisitions	49 200	134 137
Foreign currency revaluation on property	2 515	3 745
Acquisition costs and capital expenditure	8 190	6 049
Fair value adjustment on revaluation of investment properties	15 156	61 269
Straight-line rental revenue adjustment	1 010	2 146
Carrying value at end of the year	1 062 767	986 696

Property to the value of AUD 1 062.8mn is held as security under the syndicated debt facility currently drawn down to a value of AUD 405.4 mn.

All of the investment properties located in New South Wales, Victoria, Western Australia, New Zealand, South Australia and Queensland are held under freehold interests. All of the properties located in the Australian Capital Territory are held under leasehold interests terminating in 2101. These are classified as operating leases.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to AUD 15.2 mn and are presented in profit and loss in the line item 'fair value adjustment'.

Refer to Note 22.3 for further disclosure regarding the fair value of investment property.

NOTES TO THE FINANCIAL STATEMENTS

(continued)



		Latest external valuation	Consolidated carrying value
Property Portfolio AUD'000	Date	Valuation	2019
10. Investment property (continued)			
Industrial Portfolio			
47 Sawmill Circuit, Hume ACT	30 September 2018	11 400	11 400
57 Sawmill Circuit, Hume ACT	30 September 2018	10 350	10 350
24 Sawmill Circuit, Hume ACT	30 September 2018	9 900	9 900
44 Sawmill Circuit, Hume ACT	30 September 2018	11 300	11 300
2-8 Mirage Road, Direk SA	30 September 2018	9 250	9 250
30-48 Kellar Street, Berrinba QLD	30 September 2018	8 350	8 350
165 Newton Road, Wetherill Park NSW	30 September 2018	23 450	23 450
24 Spit Island Close, Newcastle NSW	30 September 2018	10 000	10 000
67 Calarco Drive, Derrimut VIC	30 September 2018	9 700	9 700
66 Glendenning Road, Glendenning NSW	30 September 2018	25 600	25 900
85 Radius Drive, Larapinta QLD	30 September 2018	18 000	18 000
54 Miguel Road, Bibra Lake WA	30 September 2018	29 500	29 500
24 Rodborough Road, Frenchs Forest NSW	30 September 2018	21 000	21 000
6-8 and 10 Siddons Way, Hallam VIC	30 September 2018	22 350	22 350
36-42 Hydrive Close, Dandenong South VIC	30 September 2018	19 450	19 450
Office Portfolio			
449 Punt Road, Cremorne VIC	31 March 2019	57 000	57 000
35-49 Elizabeth Street, Richmond VIC	31 March 2019	93 000	93 000
2404 Logan Road, Eight Mile Plains QLD	30 September 2018	20 000	20 000
186 Reed Street, Greenway ACT	30 September 2018	28 200	28 200
757 Ann Street, Fortitude Valley QLD	30 September 2018	85 000	85 000
21-23 Solent Circuit, Baulkham Hills NSW	30 September 2018	59 000	59 000
266 King Street, Newcastle NSW	30 September 2018	75 000	75 000
113 Wicks Road, Macquarie Park NSW	30 September 2018	26 500	26 500
324 Queen Street, Brisbane QLD	30 September 2018	75 500	75 500
20 Rodborough Road, Frenchs Forest NSW	30 September 2018	61 000	61 000
2 Richardson Place, North Ryde NSW	30 September 2018	90 000	90 000
100 Willis Street, Wellington NZ*	30 September 2018	123 397	122 917
24 Wormald Street, Symonston ACT	8 February 2019	29 750	29 750
Total Investment Properties			1 062 767

* Converted at spot rate of 1.04135 at 31 March 2019.

Refer to property selection and property portfolio disclosed on pages 16 to 20 of this report for further details of investment properties held.

(A) Valuation basis

The basis of the valuation of investment properties is fair value. The fair values are based on market values, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

External valuations were conducted for all of the properties in the portfolio during the year. External valuations were conducted by Colliers International, Urbis, Savills, Knight Frank, Janes Lang LaSalle, LandMark White and CBRE who are all registered as Certified Practising Valuers with the Australian Property Institute.

The Fund determines a property's value within a range of reasonable fair value estimates and in making this assessment, considers information from a variety of sources including:

- Current prices for comparable investment properties;
- Discounted cash flows based on estimates of future cash flows; and
- Capitalised income projections based on estimated net market income, and a capitalisation rate based on market analysis.

**10. Investment property** (continued)

The key assumptions used are as follows:

	2019	2018
Capitalisation rate	6.59%	6.70%
Discount rate	7.50%	7.62%
Rental growth rate	3.32%	3.18%

The above are weighted average rates based on fair value.

(B) Uncertainty around property valuations

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimate of fair value as at the balance sheet date, future changes in key assumptions may mean that if investment property is sold in the future the prices achieved may be higher or lower than the most recent valuations.

(C) Contractual obligations/capital commitments

At 31 March 2019 there were no significant contractual obligations or capital commitments relating to investment property (31 March 2018: Nil).

(D) Leasing arrangements

AUD'000	2019	2018
The Fund leases office and industrial properties under operating leases.		
Contractual amounts due in terms of operating lease agreements		
Less than 1 year	85 224	82 399
Between 1 and 5 years	241 271	240 112
More than 5 years	102 763	79 281
	429 258	401 792

Investment property comprises a number of commercial properties and industrial that are leased to third parties. All leases are subject to with annual rent reviews that are fixed or indexed to consumer prices (CPI). Subsequent renewals are negotiated with the lessee and historically, the average renewal period is 5 years. No contingent rents are charged.

(E) Direct operating expenses

During the year, all direct operating expenses related to income generating properties.

For the period ended 31 March AUD'000	2019	2018
11. Trade and other receivables		
Prepaid expenses	2 384	2 176
Capitalised incentives	132	212
Sundry debtors	3 892	1 371
	6 408	3 758

For the period ended 31 March AUD'000	2019	2018
12. Cash and cash equivalents		
Cash held on call account	7 792	7 218
Total cash and cash equivalents	7 792	7 218

NOTES TO THE FINANCIAL STATEMENTS

(continued)



For the period ended 31 March AUD'000	2019	2018
13. Contributed equity		
Issued		
On establishment – 22 000 000 fully paid ordinary units; par value \$1.00	22 000	22 000
On listing – 112 685 000 fully paid ordinary units; par value \$1.00	112 685	112 685
On completion of renounceable rights offer Oct 2014 – 111 896 298 fully paid ordinary units; par value \$1.09	121 501	121 501
On completion of renounceable rights offer Feb 2016 – 59 566 747 fully paid ordinary units; par value \$1.01	59 964	59 964
On completion of renounceable rights offer Mar 2017 – 108 004 819 fully paid ordinary units; par value \$1.33	143 462	143 462
Distribution re-investment plan Nov 2015 – 6 393 331 fully paid ordinary units; par value \$1.07	6 815	6 815
Distribution re-investment plan Jun 2016 – 9 818 121 fully paid ordinary units; par value \$1.22	12 008	12 008
Distribution re-investment plan Dec 2016 – 5 223 526 fully paid ordinary units; par value \$1.36	7 111	7 111
Share buy back – 6 330 842 fully paid ordinary units; par value \$1.26	(8 000)	(8 000)
On completion unit placement offer Nov 2017 – 49 545 454 fully paid ordinary units; par value \$1.21	60 055	60 055
Fund establishment costs capitalised to contributed equity	(7 211)	(7 211)
Antecedent distributions paid	(15 187)	(15 187)
In issue at year end	515 203	515 203

Refer to unitholder analysis included on pages 78 and 79 of this report for further details on unitholders.

For the period ended 31 March AUD'000	Tranche expiry date	Interest rate	2019	2018
14. Borrowings				
Loans – secured – bank debt				
Westpac Facility – Tranche A – Restructured	10 December 2019	BBSY + 1.275%*	–	48 240
Westpac Facility – Tranche B – Restructured	31 March 2020	BBSY + 1.275%*	–	45 000
Westpac Facility – Tranche C – Restructured	29 April 2020	BBSY + 1.275%*	–	15 000
Westpac Facility – Tranche D – Restructured	20 August 2020	BBSY + 1.275%*	–	15 500
Westpac Facility – Tranche E – Restructured	16 October 2020	BBSY + 1.275%*	–	28 000
ANZ Facility – Tranche G	30 June 2022	BBSY + 1.3500%*	20 000	20 000
ANZ Facility – Tranche H	01 December 2022	BBSY + 1.3500%*	75 000	75 000
ANZ Facility – Tranche I	07 March 2023	BBSY + 1.4500%*	19 000	21 000
ANZ and Westpac Facility – Tranche J – Restructured	18 October 2022	BBSY + 1.4500%*	–	30 000
ANZ and Westpac Facility – Tranche K – Restructured	07 December 2022	BBSY + 1.5000%*	–	45 880
Westpac Facility – Tranche M	28 September 2021	BBSY + 1.4500%*	50 000	–
Westpac Facility – Tranche N	28 March 2023	BBSY + 1.5500%*	101 740	–
ANZ and Westpac Facility – Tranche O	28 September 2023	BBSY + 1.6000%*	111 039	–
ANZ Facility – Tranche P	12 March 2020	BBSY + 1.1000%*	28 635	–
Total long-term borrowings – secured			405 414	343 620
Capitalised loan establishment costs			(1 616)	(1 189)
Total value of interest-bearing borrowings			403 798	342 431
Movement in borrowings				
Balance at beginning of year			343 620	249 007
Interest charged			14 636	10 700
Interest paid			(14 636)	(10 700)
Additional borrowing acquired			61 794	94 613
Closing balance at the end of the year			405 414	343 620

* Varies based on gearing levels.

**14. Borrowings** (continued)

The Fund's LVR was 38.14% as at 31 March 2019 (31 March 2018: 34.83%).

At 31 March 2019 the approved facility limit of the loan facility was AUD 431.74mn with AUD 26.33mn undrawn.

The Fund's policy is to hedge at least 75% of interest rate risk. At year end, 77.5% of borrowings were hedged using interest rate swaps, locking in a blended rate (including margin and line fees) of 3.75% for a weighted average 3.6 year term.

For the period ended 31 March AUD'000	2019	2018
15. Trade and other payables		
Security deposits	757	640
Income received in advance	2 389	3 514
Other payables	2 119	2 034
Trade and other payables – non current	5 265	6 187
Accrued expenses	2 228	1 750
Trade creditors	460	554
Income received in advance	2 040	1 080
GST payable	1 551	1 407
Other payables	619	1 544
Trade and other payables – current	6 898	6 335
For the period ended 31 March AUD'000	2019	2018
16. Reconciliation of cash flows from operating activities		
Profit for the period	53 099	108 205
Adjusted for:		
Fair value adjustments – investment property	(15 178)	(61 269)
Fair value adjustments – derivatives	13 714	2 305
Fair value adjustments – foreign currency revaluation	(1 720)	(2 261)
Straight-line rental revenue adjustment	(930)	(2 146)
Working capital movement		
Change in trade and other receivables	(1 935)	(1 268)
Change in trade and other payables	(984)	(1 638)
Distributions paid	(48 186)	(45 179)
Net cash from operating activities	(2 120)	(3 251)

NOTES TO THE FINANCIAL STATEMENTS

(continued)



17. Related party transactions

Responsible entity (RE)

The RE of the Fund is IPL. IPL is a wholly owned subsidiary of IAPHPL.

Manager

The Manager of the Fund is IPML. IPML is a wholly owned subsidiary of IAPHPL. IPML provides fund management services and property management services to the Fund.

IPL's and IPML's ultimate Australian parent entity is IAPHPL. Its ultimate parent is Investec Plc, incorporated in the United Kingdom.

Investec Plc and Investec Limited and their subsidiary companies together comprise the Investec group of companies (Referred to as the **Investec Group**).

From time to time, the Fund enters into transactions or arrangements with Investec Group. These transactions are described below. These are entered into on normal commercial terms.

Transactions with related parties

For the period ended 31 March AUD'000	2019	2018
Payments to Investec Group and its subsidiaries:		
Investec Property Management Pty Limited – subsidiary		
Asset management fee**	5 761	5 120
Property management fee*	1 306	1 282
Leasing fee	–	494
Investec Bank Limited – parent company		
Sponsor fee	24	29
Capital raising fees and listing costs	63	473
Investec Bank plc – parent company		
Interest on swaps	–	896
Investec Australia Limited – subsidiary		
Interest on swaps	828	393
Amounts owing to related parties		
Investec Property Management Pty Limited – subsidiary		
Asset management fee payable	547	433

* IPML has been contracted to perform property management services. IPML has sub-contracted this to third party property managers who receive this fee from IPML.

** Asset management fee is billed monthly and payable within 30 days. Outstanding balances with related parties are to be settled within one month of the reporting date. No security has been given.



17. Related party transactions *(continued)*

Key management personnel (KMP)

IAPF does not employ any personnel in its own right. However it is required to have an incorporated RE to manage its activities. The RE is considered the KMP of the Fund. Furthermore IPL as RE of the Fund has sub-contracted the management of IAPF to the Manager which is also considered KMP. The directors of IPL are Richard Longes (Chairperson), Sam Leon, Stephen Koseff, Graeme Katz, Sally Herman and Hugh Martin. The directors of the Manager are Graeme Katz, Zach McHerron and Kristie Lenton.

KMP compensation

Directors of IPL who are employees or directors of entities within the Investec Group are not remunerated for their services as directors of IPL. The remuneration of any independent, non-associated and non-executive director appointed to the Board is 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 IPL determines otherwise. In respect of the independent, non-associated and non-executive directors, fees and expenses are reimbursed out of the Fund.

Individual directors' compensation disclosures

Information regarding individual directors' compensation disclosure is provided in the Directors' Report.

Movements in securities

The movement during the reporting period in the number of ordinary units in IAPF held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 31 Mar 2018	Purchases	Sales	Held at 31 Mar 2019
Directors				
Sam Leon	4 000 000	–	–	4 000 000
Graeme Katz	229 296	–	–	229 296

There have been no changes in these holdings since the end of the reporting period.

18. Group entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1.2.

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

IAPF enters into transactions with its wholly owned trusts. These transactions mainly involve the payment of distributions between trusts and lending of funds between the trusts. Intertrust loans are repayable upon demand, unsecured and non-interest bearing.

Name of entity	Country of incorporation	Class of units	Equity holding
Investec Australia Hold Trust No. 1	Australia	Ordinary	100%
Investec Australia Sub Trust No. 1	Australia	Ordinary	100%
Investec Australia Sub Trust No. 2	Australia	Ordinary	100%
Investec Australia Sub Trust No. 3	Australia	Ordinary	100%
Investec Australia Sub Trust No. 4	Australia	Ordinary	100%
Investec Australia Sub Trust No. 5	Australia	Ordinary	100%
Investec Australia Sub Trust No. 6	Australia	Ordinary	100%
Investec Australia Sub Trust No. 7	Australia	Ordinary	100%
Investec Australia Sub Trust No. 8	Australia	Ordinary	100%
Investec Australia Sub Trust No. 9	Australia	Ordinary	100%
Investec Australia Sub Trust No. 10	Australia	Ordinary	100%
Investec Australia Sub Trust No. 11	Australia	Ordinary	100%
Investec Australia Sub Trust No. 12	Australia	Ordinary	100%
Investec Australia Sub Trust No. 13	Australia	Ordinary	100%
Investec Australia Sub Trust No. 14	Australia	Ordinary	100%
Investec Australia Sub Trust No. 15	Australia	Ordinary	100%
Investec Australia Sub Trust No. 16	Australia	Ordinary	100%
Investec Australia Sub Trust No. 17	Australia	Ordinary	100%
Investec Australia Sub Trust No. 18	Australia	Ordinary	100%
Investec Australia Sub Trust No. 19	Australia	Ordinary	100%
Investec Australia Sub Trust No. 20	Australia	Ordinary	100%
Investec Australia Sub Trust No. 21	Australia	Ordinary	100%

NOTES TO THE FINANCIAL STATEMENTS

(continued)



For the period ended 31 March AUD'000	2019	2018
19. Parent entity disclosures		
As at, and throughout the period ending 31 March 2019 the parent of the Group was Investec Australia Property Fund.		
Result of parent entity		
Profit for the period	54 378	49 660
Total comprehensive income for the period	54 378	49 660
Financial position of parent entity at period end		
Current assets	4 415	918
Total assets	596 459	589 516
Current liabilities	6 205	1 485
Total liabilities	77 175	71 009
Net assets	519 284	518 507
Total equity of parent entity comprising of:		
Contributed equity	515 203	515 203
Retained earnings	4 081	3 304
Total equity	519 284	518 507

NOTES TO THE FINANCIAL STATEMENTS

(continued)



For the period ended 31 March AUD'000	2019	2018
20. Net asset value		
Units in issue at end of year	478 802	478 802
Net asset value per unit (AUD)	1.30	1.29

Net asset value per unit is calculated by dividing the net asset value (being total assets minus total liabilities) by the units in issue at year end.

21. Subsequent events

During the year the Fund received unitholder approval to pursue an ASX listing and associated capital raising. A product disclosure statement dated on or around the same date as this report will be issued in relation to ASX listing and associated capital raising.

There is no other item, transaction or event of a material and unusual nature likely, in the opinion of IPL, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

As at 31 March 2019 AUD'000	Measured at fair value	Non- financial instruments	Amortised cost	Total
22. Financial risk and capital management				
22.1 Total financial and non-financial assets and liabilities				
The table below sets out the Fund's accounting classification of each class of financial and non-financial asset and liability and their fair values at 31 March 2019				
ASSETS				
Non-current assets				
Investment property	–	1 062 767	–	1 062 767
Financial instrument held at fair value	6 444	–	–	6 444
Current assets				
Cash and cash equivalents	–	–	7 792	7 792
Trade and other receivables	–	–	6 408	6 408
Total assets	6 444	1 062 767	14 200	1 083 411
LIABILITIES				
Non-current liabilities				
Long-term borrowings	–	–	375 163	375 163
Financial instruments held at fair value	21 186	–	–	21 186
Trade and other payables	–	–	5 265	5 265
Current liabilities				
Borrowings	–	–	28 635	28 635
Trade and other payables	–	–	6 898	6 898
Unitholders for distributions	–	–	24 787	24 787
Total liabilities	21 186	–	440 748	461 934

NOTES TO THE FINANCIAL STATEMENTS

(continued)



As at 31 March 2018 AUD'000	Measured at fair value	Non- financial instruments	Amortised cost	Total
22. Financial risk and capital management (continued)				
22.1 Total financial and non-financial assets and liabilities (continued)				
The table below sets out the Fund's accounting classification of each class of financial and non-financial asset and liability and their fair values at 31 March 2018				
ASSETS				
Non-current assets				
Investment property	–	986 696	–	986 696
Financial instrument held at fair value	967	–	–	967
Current assets				
Cash and cash equivalents	–	–	7 218	7 218
Trade and other receivables	–	–	3 758	3 758
Total assets	967	986 696	10 976	998 639
LIABILITIES				
Non-current liabilities				
Long-term borrowings	–	–	342 431	342 431
Financial instruments held at fair value	1 996	–	–	1 996
Trade and other payables	–	–	6 187	6 187
Current liabilities				
Trade and other payables	–	–	6 335	6 335
Unitholders for distributions	–	–	24 327	24 327
Total liabilities	1 996	–	379 280	381 276

1. In all cases the amortised cost approximates fair value on the basis that:

- the amortised cost reflects known credit risk; or
- credit risk is not significant and the financial assets and financial liabilities are either short term or subject to market based variable interest.

22.2 Fair value hierarchy – financial instruments

In the case of financial instruments whose carrying amount is not the same as their fair value. The fair value has been calculated as follows:

- The fair value of “long term borrowings at amortised cost” has been estimated by discounting effective interest rate at each year end.

For financial instruments whose carrying amount is equivalent to their fair value, the measurement processes used are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).



22. Financial risk and capital management (continued)

		Fair value			
Fair value and carrying amount AUD'000	Carrying amount	Level 1	Level 2	Level 3	Total
For the year ended 31 March 2019					
Financial assets not measured at fair value					
Cash and cash equivalents	7 792	–	–	–	–
Trade and other receivables	6 408	–	–	–	–
	14 200	–	–	–	–
Financial assets not measured at fair value					
Interest rate swaps	6 444	–	6 444	–	6 444
Financial instruments held at fair value	6 444	–	6 444	–	6 444
Financial liabilities not measured at fair value					
Trade and other payables	36 950	–	–	–	–
Long-term borrowings	403 798	–	378 989	–	378 989
	440 748	–	378 989	–	378 989
Financial liabilities measured at fair value					
Interest rate swaps	21 186	–	21 186	–	21 186
	21 186	–	21 186	–	21 186
For the year ended 31 March 2018					
Financial assets not measured at fair value					
Cash and cash equivalents	7 218	–	–	–	–
Trade and other receivables	3 758	–	–	–	–
	10 976	–	–	–	–
Financial assets not measured at fair value					
Interest rate swaps	967	–	967	–	967
	967	–	967	–	967
Trade and other payables	36 849	–	–	–	–
Long-term borrowings	342 431	–	327 983	–	327 983
	379 280	–	327 983	–	327 983
Financial liabilities measured at fair value					
Interest rate swaps	1 996	–	1 996	–	1 996
	1 996	–	1 996	–	1 996

b. Details of changes in valuation techniques

There have been no significant changes in valuation techniques during the year under review.

c. Significant transfers between level 1, level 2 and level 3

There have been no significant transfers between level 1, level 2 and level 3 during the period.

Derivative financial instruments consist of interest rate hedging instruments. Interest rate hedging instruments are valued based on broker quotes and are tested for reasonableness by discounting future cash flows using an observable market interest rate curve at the dates when the cash flows will take place.

NOTES TO THE FINANCIAL STATEMENTS

(continued)



22. Financial risk and capital management (continued)

22.3 Fair value hierarchy – investment property

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Properties are valued under the income capitalisation method and DCF method.

Under the income capitalisation method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate.

Under the DCF method a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream.

Valuation techniques used to derive level 3 fair values

For all classes of investment property the significant unobservable inputs listed below are used in the income capitalisation method to determine the fair value measurement at the end of the reporting period.

Significant unobservable inputs	Relationship between unobservable inputs and fair value measurement
Net passing rent	Increases/(decreases) in net passing rent would increase/(decrease) estimated fair value
Gross market rent	Increases/(decreases) in gross market rent would increase/(decrease) estimated fair value
Net market rent	Increases/(decreases) in net market rent would increase/(decrease) estimated fair value
Capitalisation rate	Increases/(decreases) in the capitalisation rate would (decrease)/increase estimated fair value
Discount rate	Increases/(decreases) in the discount rate would (decrease)/increase estimated fair value
Terminal yield	Increases/(decreases) in the terminal yield would result in (decreases)/increases in the estimated fair value

The table above includes the following descriptions and definitions relating to key unobservable inputs made in determining fair value:

Net passing rent	The contracted amount for which a property or space within a property is leased at the time of the valuation. In a net rent, the owner recovers outgoings from the tenant on a <i>pro rata</i> basis (where applicable).
Gross market rent	The gross rent at which space could be let in the market conditions prevailing at the date of valuation.
Net market rent	The net rent at which space could be let in the market conditions prevailing at the date of valuation. In a net rent, the owner recovers outgoings from the tenant on a <i>pro-rata</i> basis (where applicable).
Capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence.
Discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence.
Terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to market evidence.

The following significant unobservable inputs have been considered to determine the fair value of measurement at the end of the reporting year.

- Expected market rental growth weighted average 3.32%.
- Void periods average six months after the end of each lease.
- Void periods average six months after the end of each lease.
- Weighted average cap rate of 6.59%.



22. Financial risk and capital management (continued)

22.3 Fair value hierarchy – investment property (continued)

Generally, a change in the assumption made for the capitalisation rate is accompanied by a directionally similar change in the terminal yield. The capitalisation rate forms part of the income capitalisation approach and the terminal yield forms part of the DCF approach.

When calculating the income capitalisation approach, the net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value.

When assessing a DCF, the discount rate and terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate in which the terminal value is discounted to the present value.

Measured at fair value				Total gain or (loss) in the period in profit or loss
For the year ended 31 March 2019 AUD'000	Level 1	Level 2	Level 3	
Total assets				
Investment property				
Office	–	–	822 867	12 301
Industrial	–	–	239 900	2 855
Total non-financial assets	–	–	1 062 767	15 156

Measured at fair value				Total gain or (loss) in the period in profit or loss
For the year ended 31 March 2018 AUD'000	Level 1	Level 2	Level 3	
Total assets				
Investment property				
Office	–	–	770 922	51 190
Industrial	–	–	215 774	10 079
Total non-financial assets	–	–	986 696	61 269

a. Details of changes in valuation techniques

There have been no significant changes in valuation techniques during the year under review.

b. Significant transfers between level 1, level 2 and level 3

There have been no transfers between hierarchy levels.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Refer to the reconciliation of investment property provided under note 10 which facilitates full IFRS 13 compliance in combination with the disclosure in this note.

NOTES TO THE FINANCIAL STATEMENTS

(continued)



22. Financial risk and capital management (continued)

22.4 Other financial risk management considerations

The financial instruments of the Fund consist mainly of cash and cash equivalents, including deposits with banks, borrowings, derivative instruments, trade and other receivables and trade and other payables. The Fund purchases or issues financial instruments in order to finance operations and to manage the interest rate risks that arise from these operations and the source of funding.

The Fund has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board has established the audit and risk committee, which is responsible for developing and monitoring the Fund's risk management policies. The audit and risk committee reports regularly to the Board on its activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit and risk committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit and risk committee is assisted in its oversight role by Investec Internal Audit, which undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk committee.

22.5 Credit risk

Credit risk is the risk of financial loss to the Fund if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, as well as trade and other receivables. There is no significant concentration of credit risk as exposure is spread over a large number of counterparties.

a. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The Fund applies the lifetime ECL model to manage the credit risk of financial assets carried at amortised cost in accordance with the accounting policy described in Note 1.9.1.

22.6 Market risk

a. Interest rate risk

The Fund is exposed to interest rate risk and adopts a policy of ensuring that at least 75% of its exposure to changes in interest rates on borrowings is on a fixed basis. This is achieved by entering into variable for fixed rate swap instruments. All such transactions are carried out within the guidelines set by the audit and risk committee. As a consequence, the Fund is exposed to fair value interest rate risk in respect of the fair value of its interest rate financial instruments, which will not have an impact on distributions. Short-term receivables and payables and investments are not directly exposed to interest rate risk.

At 31 March 2019, 77.5% of the Fund's interest rate exposure was hedged. Therefore, for the year ended 31 March 2019, a 1% increase/decrease in interest rates on the variable rate borrowings would have an immaterial impact on the Fund's profit, assuming all other variables remain constant.

22. Financial risk and capital management (continued)*b. Liquidity risk*

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's policy is to seek to minimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect the Fund seeks to borrow for as long as possible at the lowest acceptable cost. The Fund regularly reviews the maturity profile of its financial liabilities and will seek to avoid concentration of maturities through the regular replacement of facilities, and by using a selection of maturity dates.

The tables below set out the maturity analysis of the Fund's financial liabilities based on the undiscounted contractual cash flows.

For the year ended 31 March 2019 AUD'000	Within 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total	Carrying value
Long-term borrowings ¹	42 144	12 697	398 448	–	453 289	403 798
Trade and other payables	6 898	1 740	893	2 631	12 162	12 162
Distributions payable	24 787	–	–	–	24 787	24 787
Total liabilities	73 829	14 437	399 341	2 631	490 238	440 747

For the year ended 31 March 2018 AUD'000	Within 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total	Carrying value
Long-term borrowings ¹	11 103	103 880	264 408	–	379 391	342 431
Trade and other payables	6 335	2 148	1 773	2 266	12 522	12 522
Distributions payable	24 327	–	–	–	24 327	24 327
Total liabilities	41 765	106 028	266 181	2 266	416 240	379 280

¹ Cash flows in relation to long-term borrowings take into account interest payments and the effect of interest rate swaps.

Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet the funding requirements of the Fund. Subsequent to year end in terms of covenants with its lenders, the nominal value of interest-bearing borrowings may not exceed 50% of the value of investment property (including investment property reclassified as held for sale):

For the year ended 31 March AUD'000	2019	2018
Value of investment property	1 062 767	986 696
Carrying value of interest bearing borrowing	405 414	343 620
Current ratio of interest bearing borrowings to value of investment property (%)	38.14	34.83

NOTES TO THE FINANCIAL STATEMENTS

(continued)

22. Financial risk and capital management (continued)

22.7 Derivatives

Derivative instruments are used to hedge the Fund's exposure to any increases in interest rates on variable rate loans. Interest rate swap contracts are entered into whereby the Fund hedges out its variable rate obligation to provide a maximum fixed rate obligation. Details of the interest rate fixed for variable swap instruments are as follows:

Financial institution	Amount AUD'000	Start date	End date	Fixed rate %
31 March 2019				
Investec Bank plc	30 435	25 June 2016	25 February 2024	2.44%
Investec Bank plc	60 870	25 June 2016	25 February 2026	2.57%
Investec Bank plc	30 435	25 June 2016	25 February 2025	2.51%
Investec Bank plc	55 000	01 December 2016	25 December 2023	2.18%
Westpac Banking Corporation	20 000	01 March 2017	01 March 2022	2.35%
Australia and New Zealand Banking Group	25 000	20 October 2017	20 October 2024	2.46%
Australia and New Zealand Banking Group	12 500	20 October 2017	20 October 2025	2.54%
Australia and New Zealand Banking Group	12 500	20 October 2017	20 October 2027	2.68%
Westpac Banking Corporation	67 303	11 December 2017	12 December 2024	2.30%
Westpac Banking Corporation	55 000	14 March 2019	25 December 2023	2.38%
Westpac Banking Corporation	30 435	14 March 2019	25 February 2024	2.41%
Westpac Banking Corporation	30 435	14 March 2019	25 February 2025	2.53%
Westpac Banking Corporation	60 870	14 March 2019	25 February 2026	2.66%
Westpac Banking Corporation	20 000	14 March 2019	01 March 2022	2.00%
Westpac Banking Corporation	12 500	14 March 2019	20 October 2025	2.61%
Westpac Banking Corporation	25 000	14 March 2019	20 October 2024	2.49%
Westpac Banking Corporation	12 500	14 March 2019	20 October 2027	2.81%

22.8 Capital management

In terms of its constitution, the Group's gearing ratio must not exceed 60%. The Fund is funded partly by unit capital and partly by external borrowings.

In terms of its covenants entered into during the year, the Group is committed to a maximum value of external borrowings of 50% of the value of investment property and investment assets. In practice, the Group aims to keep gearing levels between 30% and 40% over the long term. At 31 March 2019, the nominal value of borrowings was equal to 38.1% of the value of investment property.

The Board's policy is to maintain a strong capital base, comprising its unitholders' interest, so as to promote investor, creditor and market confidence and to sustain future development of the business. It is the Fund's stated purpose to deliver medium to long-term sustainable growth in distributions per unit. Distributable income is distributed on a six monthly basis. The Board monitors the level of distributions to unitholders. There were no changes in the Fund's approach to capital management during the year. The Fund is not subject to externally imposed capital requirements.

DISTRIBUTION
ANNOUNCEMENT

6



DISTRIBUTION ANNOUNCEMENT

Final distribution

Notice is hereby given of a final distribution declaration number 11 of:

- 5.17708 AUD cents per unit pre-WHT
- 4.75180 AUD cents per unit post-WHT

for the six months ended 31 March 2019. Tax of 0.42528 AUD cents or 8.21465% per unit will be withheld from the distribution paid to non-Australian unitholders.

The salient dates relating to the distribution are as follows:

	2019
Exchange rate to convert the distribution to ZAR and announced on SENS ¹ by 11h00	Monday, 13 May
Last day to trade cum distribution	Tuesday, 21 May
Units to trade ex distribution	Wednesday, 22 May
Distribution amount transferred to South Africa	Friday, 24 May
Record date	Friday, 24 May
Distribution posted/paid to certificated unitholders	Monday, 27 May

¹ Exchange rate calculated on Monday, 13 May 2019.

Units may not be dematerialised or rematerialised between commencement of trade Wednesday, 22 May 2019 and close of trade on Friday, 24 May 2019, both dates inclusive.

This distribution includes a "Fund Payment" amount of 2.87611 AUD cents per unit, pursuant to Subdivision 12-H of Schedule 1 of the Taxation Administration Act 1953 and relates to the period ending 31 March 2019.

The Fund declares that it is an Attribution Managed Investment Trust for the purposes of 12-H of Schedule 1 of the Taxation Administration Act 1953, in respect of the income year ended 31 March 2019.

	Total distribution
Fund payment (subject to fund payment withholding)	2.87611
Interest income (subject to other non-resident withholding)	0.13138
Foreign income (subject to New Zealand corporate tax)	0.96321
Tax deferred	1.20638
Total cash distribution	5.17708

The above information has been included in the notice solely to assist other entities with Australian withholding tax obligations that may arise in respect of any amounts distributed to non-Australian residents.

DISTRIBUTION ANNOUNCEMENT

(continued)



Special distribution

Notice is hereby given of a special distribution declaration number 12 of:

- 1.59380 AUD cents per unit pre-WHT
- 1.45928 AUD cents per unit post-WHT

for the period from 1 April 2019 to 27 May 2019. Tax of 0.13452 AUD cents or 8.43980% per unit will be withheld from the distribution paid to non-Australian unitholders. The special distribution relates to the period from 1 April 2019 to 27 May 2019 being the period prior to the proposed ASX listing and allotment of new units under the associated capital raise. For further information on the ASX listing and where to obtain a product disclosure statement in connection with the capital raising, please see page 88 of this report.

The salient dates relating to the distribution are as follows:

	2019
Exchange rate to convert the distribution to ZAR and announced on SENS ¹ by 11h00	Monday, 13 May
Last day to trade cum distribution	Tuesday, 21 May
Units to trade ex distribution	Wednesday, 22 May
Distribution amount transferred to South Africa	Friday, 24 May
Record date	Friday, 24 May
Distribution posted/paid to certificated unitholders	Monday, 27 May

¹ Exchange rate calculated on Monday, 13 May 2019

Units may not be dematerialised or rematerialised between commencement of trade Wednesday, 22 May 2019 and close of trade on Friday, 24 May 2019, both dates inclusive.

This distribution includes a "Fund Payment" amount of 1.08026 AUD cents per unit, pursuant to Subdivision 12-H of Schedule 1 of the Taxation Administration Act 1953 and relates to the period ending 31 March 2020.

The Fund declares that it is an Attribution Managed Investment Trust for the purposes of 12-H of Schedule 1 of the Taxation Administration Act 1953, in respect of the income year ended 31 March 2020.

	Total distribution
Fund payment (subject to fund payment withholding)	1.08026
Interest income (subject to other non-resident withholding)	0.00000
Foreign income (subject to New Zealand corporate tax)	0.00015
Tax deferred	0.51339
Total cash distribution	1.59380

The above information has been included in the notice solely to assist other entities with Australian withholding tax obligations that may arise in respect of any amounts distributed to non-Australian residents.

DISTRIBUTION ANNOUNCEMENT

(continued)

General unitholder tax information

The Fund and its management arrangements are structured to meet the required criteria to be classified as an Attribution Managed Investment Trust for Australian tax purposes. As an Attribution Managed Investment Trust, IPL as RE of the Fund will be required to withhold tax on Australian sourced income at a concessional rate of 15% on distributions to individual and institutional unitholders in South Africa.

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

The effect of these taxes on the Fund's distribution for the period from 1 October 2018 to 31 March 2019 has been reduced to 8.21465%, equivalent to 0.42528 AUD cents per unit, through certain deductions such as depreciation. Thus, tax of 0.42528 AUD cents per unit will be withheld from the distribution accruing to unitholder and will be paid to the Australian Taxation Office for Australian sourced income and the New Zealand Inland Revenue Office for New Zealand sourced income.

The effect of these taxes on the Fund's distribution for the period from 1 April 2019 to 27 May 2019 has been reduced to 8.43980%, equivalent to 0.13452 AUD cents per unit, through certain deductions such as depreciation. Thus, tax of 0.13452 AUD cents per unit will be withheld from the distribution accruing to unitholder and will be paid to the Australian Taxation Office for Australian sourced income and the New Zealand Inland Revenue Office for New Zealand sourced income.

South African unitholder tax implications

The distributions are regarded as a foreign distribution for South African unitholders.

The distributions comprise gross income, and are to be taxed as such, in the hands of South African investors. The pre tax distributions are to be included in an investors' taxable income and subject to normal tax in full. Tax paying unitholders will be able to claim a rebate equivalent to 8.21465% per unit for the distribution for the period 1 October 2018 to 31 March 2019 and 8.43980% per unit for the distribution for the period 1 April 2019 to 27 May 2019 against tax paid in Australia and New Zealand. Non-tax paying unitholders will not be entitled to claim a rebate.

By order of the Board

Investec Property Limited

Company Secretary
3 May 2019

Sponsor

Investec Bank Limited

UNITHOLDER
INFORMATION

7



UNITHOLDER INFORMATION

As at 31 March 2019 the Fund had 478 802 454 units in issue (2018: 435 587 842 million).

Spread of unitholders as at 31 March 2019

Holdings	Number of unitholders	% of total unitholders	Number of units in issue	% of issued capital
1 – 10 000	2 581	60	10 485 349	2
10 001 – 50 000	1 112	26	25 386 477	5
50 001 – 100 000	246	5	18 211 501	4
100 001 units and over	373	9	424 719 127	89
Total	4 312	100	478 802 454	100

Top 10 unitholders as at 31 March 2019

	Number of units held	% holding
Investec Property Fund Limited	100 147 030	21
Investec Bank Limited	72 172 172	15
STANLIB	18 706 692	4
Sanlam	15 879 494	3
Old Mutual	14 329 399	3
Investec Asset Management	12 964 054	3
NPV Holdings (Pty) Ltd	12 911 928	3
Coronation Fund Managers	11 797 280	2
Prescient	11 614 891	2
Rezco Asset Management	9 267 891	2
Total	279 790 831	58

Directors' interests in units

	Balance at 31 March 2019	Balance at 31 March 2018
Executive director		
Graeme Anthony Katz	229 296	229 296
Non-executive director		
Samuel Ronald Leon	4 000 000	4 000 000
Total	4 229 296	4 229 296

Unitholder classification as at 31 March 2019

Public/non-public unitholders	Number of unitholdings	%	Number of units	%
Non-public shareholders	4	0.09	176 548 498	37
Director holdings	2	0.04	4 229 296	1
Holding 10% or more	2	0.05	172 319 202	36
Public Unitholders	4 880	99.91	302 253 956	63
Total	4 884	100.00	478 802 454	100

UNITHOLDER INFORMATION

(continued)



Unit statistics

	2019	2018
Closing market price (ZAR)		
– Year-end	12.70	10.50
– High	13.50	14.00
– Low	10.36	10.00
Market capitalisation (million)	6 080.79	5 027.43
Daily average volume of units traded	246 981	193 687
Units in issue (million)	478.80	478.80

Unitholder diary

Financial year-end	31 March 2019
Publication of financial results	3 May 2019
Final distribution paid to unitholders	27 May 2019
Annual report posted to unitholders	3 May 2019
Annual general meeting	15 August 2019

Distributions

Unitholders were given notice of a final distribution declaration number 11 of:

- 5.17708 AUD cents per unit pre-WHT; and
- 4.75180 AUD cents per unit post-WHT,

for the six months ended 31 March 2019. Tax of 0.42528 AUD cents or 8.21465% per unit will be withheld from the distribution paid to non-Australian unitholders.

Unitholders were given notice of a special distribution declaration number 12 of:

- 1.59380 AUD cents per unit pre-WHT; and
- 1.45928 AUD cents per unit post-WHT,

for the period 1 April 2019 to 27 May 2019. Tax of 0.13452 AUD cents or 8.43980% per unit will be withheld from the distribution paid to non-Australian unitholders.

Refer to section 6 of this annual report for further information on distributions.

King IV principles

Introduction

The Board is committed to the continued application and monitoring of the principles prescribed by King IV and recognises it sets the tone for the management of the Fund through transparent and ethical leadership. The principles are applied to the extent applicable, whilst acknowledging the unique nature of the Fund in a South African context. The Board will continue to analyse the Fund's practices to further support and apply the various principles and outcomes in terms of King IV.

The below table sets out the 16 applicable principles of King IV and explains the application of these principles to the Fund.

Leadership, Ethics and Corporate Citizenship

PRINCIPLE 1:

The governing body should lead ethically and effectively.

PRINCIPLE 2:

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

PRINCIPLE 3:

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board is committed to cultivating a strong ethical culture. This is applied through the Fund and the wider Investec codes of ethics and conduct, which guide and hold management and the directors responsible for their conduct.

The Board Charter also sets the tone for the Board in terms of ethical leadership with the following key objectives noted:

- approve the strategy of IPL and the Fund;
- act as a focal point for, and custodian of, corporate governance;
- provide effective and ethical leadership;
- ensure IPL and the Fund are responsible corporate citizens;
- be responsible for the high-level review of risk, including that of information and technology; and
- ensure that IPL and the Fund comply with all the applicable laws and adhere to non-binding rules and standards.

The Board has a standing agenda item at board meetings at least bi-annually to address ethics, social impact and good corporate citizenship in the conduct of its business. These matters are also part of the Charter of the audit and risk committee.

Strategy, Performance and Reporting

PRINCIPLE 4:

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

PRINCIPLE 5:

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

The Board and management set the strategy of the Fund through a focused annual strategy session and continued dialogue and review of success throughout the year.

The Board ensures that there are robust processes in place to make sure that meaningful and timely reporting is provided to investors, enabling informed assessment and investment decisions based on accurate and transparent information provided.

The Fund's annual report goes through a thorough review process by the Board and its audit and risk committee before being published.

Governing Structures and Delegation

PRINCIPLE 6:

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

PRINCIPLE 7:

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

PRINCIPLE 8:

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

PRINCIPLE 9:

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

PRINCIPLE 10:

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The Board's commitment to good corporate governance is applied through its Board Charter which adheres to the principles set out in King IV, the JSE Listings Requirements and the Act. The Board Charter does this by setting the tone for conduct, details the Board's role and objectives along with clear description of the delegation framework.

The composition of the Board of directors and its audit and risk committee reflects a wide range of expertise and knowledge, the composition of both is contemplated in more detail in the Corporate Governance section of this report. Both the Board and the audit and risk committee are committed to adherence of their responsibilities as set out in their respective charters.

The performance of the Board, its audit and risk committee and that of the company secretary are reviewed annually to ensure continued effectiveness and in the case of the company secretary that they continue to have an at arm's length relationship with the Board.

KING IV PRINCIPLES

(continued)

Governance Functional Areas

PRINCIPLE 11:

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

PRINCIPLE 12:

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

PRINCIPLE 13:

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

PRINCIPLE 14:

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

PRINCIPLE 15:

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Board is responsible for the overall governance of risk. This is delegated to the audit and risk committee and management who have in place mitigation processes and controls and a comprehensive risk register which is reviewed quarterly. The audit and risk committee reports quarterly to the Board on the risk status of the Fund.

The management of information and technology is outsourced to the external manager and utilises the wider Investec IT framework and policies.

The IT focus during the year and for the year coming is:

- IT risk and cyber security; and
- business continuity.

There were no material or repeated regulatory penalties, sanctions or fines for contravention of, or non-compliance with, statutory obligations imposed on the Board or the Fund.

The Fund has no employees. Accordingly, matters of remuneration in respect of directors of IPL or senior management are managed by the remuneration committee of the Investec Group or the relevant employing entity within the Investec Group. The remuneration of the independent, non-associated, non-executive directors is determined by the Board of IPL.

Representation from external audit, management and compliance at the audit and risk committee enables an effective internal control environment to support the integrity of information used for internal decision-making and support the integrity of external reports. A combined assurance framework includes both coverage of significant risks and reporting of any issues raised relating to these risks.

Stakeholder Relations

PRINCIPLE 16:

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Board is committed to providing meaningful and transparent communication to stakeholder. Areas of focus in the coming year will be:

- active tenant engagement;
- ongoing community engagement and support; and
- continued social and ethical engagement in the communities we are a part of.

See the sustainability and our community section for more details.

Investec Australia Property Fund

Incorporated and registered in Australia in terms of ASIC (ARSN 162 067 736)
Registered as a foreign collective investment scheme in terms of the Collective Investment Schemes Control Act No. 45 of 2003
Operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909)
(the Responsible Entity)
Share code: IAP/ISIN: AU60INL00018
(the Fund)



Directors of the Responsible Entity

Richard Longes (independent non-executive chairperson)
Graeme Katz (chief executive officer)
Sally Herman (lead independent non-executive)
Hugh Martin (independent non-executive)
Sam Leon (non-executive)
Stephen Koseff (non-executive)

Notice is given that the annual general meeting of unitholders of the Fund (the **Meeting**) will be held at:

Time: 17:00 (Sydney)/09:00 (Johannesburg)

Date: Thursday, 15 August 2019

Place:

- Boardroom, Level 23, Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia; and
- Investec meeting room W2H3, 100 Grayston Drive, Sandown, Sandton 2196, South Africa.

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

Business of the Meeting

Ordinary Business

Item 1 Directors' report and financial statements

To receive and consider the annual financial report, directors' report, the report of the audit and risk committee and the auditor's report in relation to the Fund for the period from 1 April 2018 to 31 March 2019.

Item 2 Resolutions

Resolution 1 Special Resolution No. 1: On-market repurchase or buy-back of units

To consider and, if thought fit, pass the following resolution as a special resolution of the Fund:

RESOLVED THAT the Responsible Entity is authorised by way of a general authority to repurchase or buy-back units in the Fund (Units) from any person at any time before the anniversary of the passing of this resolution, upon such terms and conditions and in such number as the Responsible Entity determines, where such repurchase or buy-back is permitted under, and undertaken in compliance with, the constitution of the Fund (Constitution), the Corporations Act 2001 (Cth) Cth Australia (Act) (including as modified by ASIC Instrument 13-0380), and other applicable requirements and the Listings Requirements of the JSE Limited (JSE Listings Requirements). Any such repurchase or buy-back of Units will not in aggregate before the anniversary of the passing of this resolution exceed 20% (twenty percent) of the Fund's issued unit capital of that class in any 1 (one) financial year.

The Responsible Entity considers it beneficial to obtain the authority to enable the Fund to take advantage of any business opportunity that may arise in future. Unitholders should note that the current authorisation under which the Fund is able to buy back units, will expire on 19 August 2019. If the Fund becomes ASX listed, the Fund will continue to be authorised to buy back Units in the ordinary course of trading on the JSE in accordance with the Act as modified by ASIC Instrument 13-0380. In addition, it will be able to conduct on-market buybacks on

ASX in accordance with the general class order (ASIC Instrument 2016/155) which applies to ASX listed registered managed investment schemes.

This resolution is a special resolution. To be passed, it must be approved by at least 75% (seventy-five percent) of the votes cast by unitholders entitled to vote on the resolution (including unitholders who are voting by proxy).

Recommendation

The board of the Responsible Entity has duly considered the implications of the resolution and is satisfied that it is in the best interests of unitholders as a whole and recommends that unitholders vote in favour of the resolution.

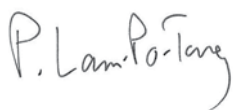
By order of the board of Investec Property Limited as responsible entity of the Investec Australia Property Fund.

ASX Listing Proposal

On 5 September 2018, unitholders approved a number of resolutions to facilitate an ASX listing of the Fund and associated capital raising within 12 months of the date of those resolutions (**ASX Listing Proposal**). In accordance with those approvals, the Responsible Entity has decided to pursue a primary listing of the Fund on the Australian Securities Exchange and an associated offer of approximately 76.9 million new units (**Offer**). The Responsible Entity intends to lodge a product disclosure statement in connection with the Offer with the Australian Securities and Investment Commission shortly after the release of this report.

For further information on the ASX Listing Proposal and where to obtain a product disclosure statement in connection with the capital raising, please see page 88 of this report.

If the ASX Listing Proposal proceeds, the Fund will become dual listed on the ASX and JSE prior to the date of the Meeting. Information relating to the implementation of the Offer and the listing of the Fund on ASX will be announced by the Responsible Entity on the JSE at the relevant time.



PKY Lam-Po-Tang

Company secretary

Sydney

3 May 2019

Voting entitlement

The board of the Responsible Entity has determined that for the purposes of determining voting entitlements at the Meeting, Units will be taken to be held by persons who are registered as unitholders on Thursday, 1 August 2019 at 17:00 (Sydney time)/09:00 (Johannesburg time).

If the Fund becomes ASX listed before the date of the Meeting, the time at which voting entitlements will be determined will differ. See page 88 for further information.

In accordance with section 253E of the Corporations Act 2001 (Cth), if the Responsible Entity or its associates have an interest in the resolutions other than as unitholder, the Responsible Entity and its associates may not vote on the resolution.

How do you exercise your right to vote?

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

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

In a resolution of the Fund determined by poll, each unitholder present in person or by proxy has one vote for every dollar of the total interest they have. The value of a unitholder's total interest in the Fund will be calculated by reference to the last sale price of the Units on the Johannesburg Stock Exchange on Thursday, 1 August 2019.

If the Fund becomes ASX listed before the date of the Meeting, the method of calculation of a unitholder's total interest in the Fund will differ. See page 88 for further information.

Voting as a proxy

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

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

Jointly held Units

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

Attorney

Where a unitholder appoints an attorney to act on his or her behalf at the Meeting, such appointment must be made by a duly executed power of attorney. The power of attorney must be received by the Responsible Entity at its registered office by 17:00 (Sydney time) on Tuesday, 13 August 2019 or by Computershare Investor Services Proprietary Limited by 09:00 (Johannesburg time) on Tuesday, 13 August 2019, being 48 hours before the Meeting.

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

Corporations

Where a corporation that is a unitholder appoints a person to act as its representative, the appointment must comply with section 253B (for the meeting of the Fund) of the Act. The appointment must be received by the Responsible Entity by 17:00 (Sydney time) on Tuesday, 13 August 2019 or by Computershare Investor Services Proprietary Limited by 09:00 (Johannesburg time) on Tuesday, 13 August 2019, being 48 hours before the Meeting. Alternatively, the representative must bring to the Meeting satisfactory evidence of his or her appointment, including any authority under which it was signed.

Voting by proxy

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

A proxy form must be signed by the unitholder or their attorney or, in the case of a corporation, executed in under its common seal, by any two (2) directors or a director and secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director, or signed by an authorised officer or attorney. If the proxy form is signed by an attorney or by an authorised officer of a corporation, the original or a notarised copy of the power of attorney or other authority (document of appointment) must accompany the proxy form unless it has previously been provided to the Responsible Entity.

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

- it appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 253B of the Act; and
- the instrument appointing the corporate representative is received by the Responsible Entity at its registered office by 17:00 (Sydney time) on Tuesday, 13 August 2019 or by Computershare Investor Services Proprietary Limited by 09:00 (Johannesburg time) on Tuesday, 13 August 2019, being 48 hours before the Meeting.

A body corporate may appoint an individual as a representative to exercise all or any of its powers at a meeting of a registered scheme's members. The appointment may be a standing one.

The appointment must set out what the representative is appointed to do and may set out restrictions on the representative's powers. If the appointment is to be by reference to a position held, the appointment must identify the position.

A body corporate may appoint more than one (1) representative but only one (1) representative may exercise the body's powers at any one time.

Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a resolution.

Proxy forms along with any document of appointment should be completed and returned by no later than 17:00 (Sydney time) on Tuesday, 13 August 2019 or 09:00 (Johannesburg time) on Tuesday, 13 August 2019, being 48 hours before the Meeting.

To ensure that all unitholders can exercise their right to vote on the resolutions, a proxy form is enclosed together with a reply paid envelope. You can lodge the proxy form by sending it in the reply paid envelope or otherwise posting, delivering to:

Investec Property Ltd as responsible entity of Investec Australia Property Fund

C/-Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank Johannesburg 2196

PO Box 61051
Marshalltown 2107
South Africa

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

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

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

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

If you have any questions or would like a copy of the Constitution, please contact Investor Relations by e-mail (investorrelations@investec.com).

Notes relating to voting if Fund becomes ASX listed before the date of Meeting

The following Notes relating to voting are amended as follows if the Fund becomes ASX listed before the date of the Meeting:

- (a) the first paragraph under the heading "Voting entitlement" on page 84 is deleted and replaced in its entirety with the following:

The board of the Responsible Entity has determined that for the purposes of determining voting entitlements at the Meeting, Units will be taken to be held by persons who are registered as unitholders on Tuesday, 13 August 2019 19:00 pm (Sydney time)/ 11:00 (Johannesburg time).

- (b) the final paragraph under the heading "How do you exercise your right to vote?" on page 84 is deleted and replaced in its entirety with the following:

In a resolution of the Fund determined by poll, each unitholder present in person or by proxy has one vote for every dollar of the total interest they have. The value of a unitholder's total interest in the Fund will be calculated by reference to the last sale price of the Units on the Australian Securities Exchange on Wednesday, 14 August 2019.

PROXY FORM

Investec Australia Property Fund

ARSN 162 067 736



I/We (full name in BLOCK LETTERS)

of (full address)

being **a unitholder/unitholders** of Investec Australia Property Fund ARSN 162 067 736 (the Fund) and entitled to attend and vote, appoint

(full name in BLOCK LETTERS)

of (full address)

(or, in his/her absence, or if no person is named, the chair of the meeting) as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Fund to be held on Thursday, 15 August 2019 and at any adjournment of the meeting and to demand a poll.

If two (2) proxies are appointed, the proportion or number of votes this proxy is appointed to represent is:

Proportion of votes

or Number of votes

 %

(see note 2 overleaf).

If you wish to instruct your proxy how to vote, please tick or otherwise mark the appropriate box opposite each item. Unless instructed to the contrary, the Chair intends to vote proxies in favour of each item of business.

		For	Against	Abstain
1.	On-market repurchase or buy-back of Units			

PLEASE SIGN

Individual or Member 1

Member 2

Member 3

Sign here ➤

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

Director

Company Secretary/Director
(delete whichever does not apply)

Date

Please read the notes that follow.

1. Any instrument appointing a proxy in which the name of the appointee is not filled is regarded as given in favour of the chairperson.
2. A unitholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote instead of the unitholder. An additional proxy form will be supplied by the Fund on request. Where two (2) proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes.
3. A proxy need not be a unitholder of the Fund.
4. Proxy forms must be signed by a unitholder or the unitholder's attorney or, if the unitholder is a corporation, must be under its common seal, or if it does not have one, by two (2) directors or by a director and a secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the proxy form is signed by a person who is not the registered holder of units in the Fund, then the relevant authority must be enclosed with the proxy form unless it has previously been provided to the Fund.
5. The proxy form and authority (if any) under which it is signed must be deposited at:

Investec Property Ltd as responsible entity of Investec Australia Property Fund

C/- Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196

PO Box 61051
Marshalltown 2107
South Africa

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

Investec Australia Property Fund

Registered in Australia in terms of ASIC
(ARSN 162 067 736)
Registered in terms of
the Collective Investment Schemes Control
Act No. 45 of 2003
Share code: IAP
ISIN: AU601NL00018

Internet address

www.iapf.com.au

Directors of the Responsible Entity

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

Directors of the Manager

Graeme Katz (Executive)
Zach McHerron (Executive)
Kristie Lenton (Executive)

Company Secretary of the Responsible Entity

Paul Lam-Po-Tang (BCom, LLB)

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

Australia:

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

Local representative office:

2nd Floor
100 Grayston Drive
Sandown
Sandton
2196

Established on 12 December 2012 in
Sydney, Australia. Registered as a Managed
Investment Scheme with ASIC under the
Corporations Act 2001 on 6 February
2013. On 23 August 2013 the Registrar of

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

Responsible Entity

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

Manager

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

Transfer secretaries

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196
(PO Box 61051 Marshalltown 2107)
South Africa

Sponsor

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

Custodian

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

Investor relations

Telephone +27 11 286 7070
E-mail: investorrelations@investec.com
Internet address: [www.investec.com/
en_za/#home/investor_relations.html](http://www.investec.com/en_za/#home/investor_relations.html)

Preparer

This integrated annual report and financial
statements have been prepared under the
supervision of the chief financial officer
Kristie Lenton CA.

ASX Listing Proposal

This annual report includes references
to the proposed offer of approximately
76.9 million new units in the Fund ("**Units**")
in connection with the Fund's proposed
listing on the Australian Securities
Exchange ("**Offer**").

The issuer of new Units under the Offer is
Investec Property Limited as responsible
entity of the Investec Australia Property
Fund. A product disclosure statement in
respect of the proposed Offer ("**PDS**") will be
lodged with the Australian Securities and
Investment Commission and made available
when the new Units are offered. The PDS is
expected to be made available on the Fund's
website at www.iapf.com.au shortly after the
release of this report. Unitholders should
consider the PDS in deciding whether to
acquire new Units.

Act	Corporations Act 2001 (Cth)
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Proposal	Has the meaning given to it on page 8 of this report
AUD	Australian dollars
Board	The board of directors of IPL
DCF	Discounted cash flow
GLA	Gross lettable area
GST	Goods and services tax
IAL	Investec Australia Limited
IAPF or Fund	Investec Australia Property Fund
IAPHPL	Investec Australia Property Holdings Pty Limited
IFRS	International Financial Reporting Standards
IPL	Investec Property Limited
IPML or Manager	Investec Property Management Pty Limited
JSE	Johannesburg Stock Exchange
King IV	King IV Report on Corporate Governance for South Africa 2016
KPI	Key performance indicators
NABERS	National Australia Building Environment Ratings System
Offer	Has the meaning given to it on page 8 of this report
RE	Responsible entity
REIT	Real estate investment trust
WALE	Weighted average lease expiry
WHT	Withholding tax
ZAR	South African Rand

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is a red vertical margin line on the left side, creating a narrow left margin. The paper appears to be from a notebook or a set of legal pads.

NOTES

