

Out of the Ordinary®



**Investec**

Australia Property Fund

**PRODUCT  
DISCLOSURE  
STATEMENT**

**Investec Australia  
Property Fund**

**Issued by:**

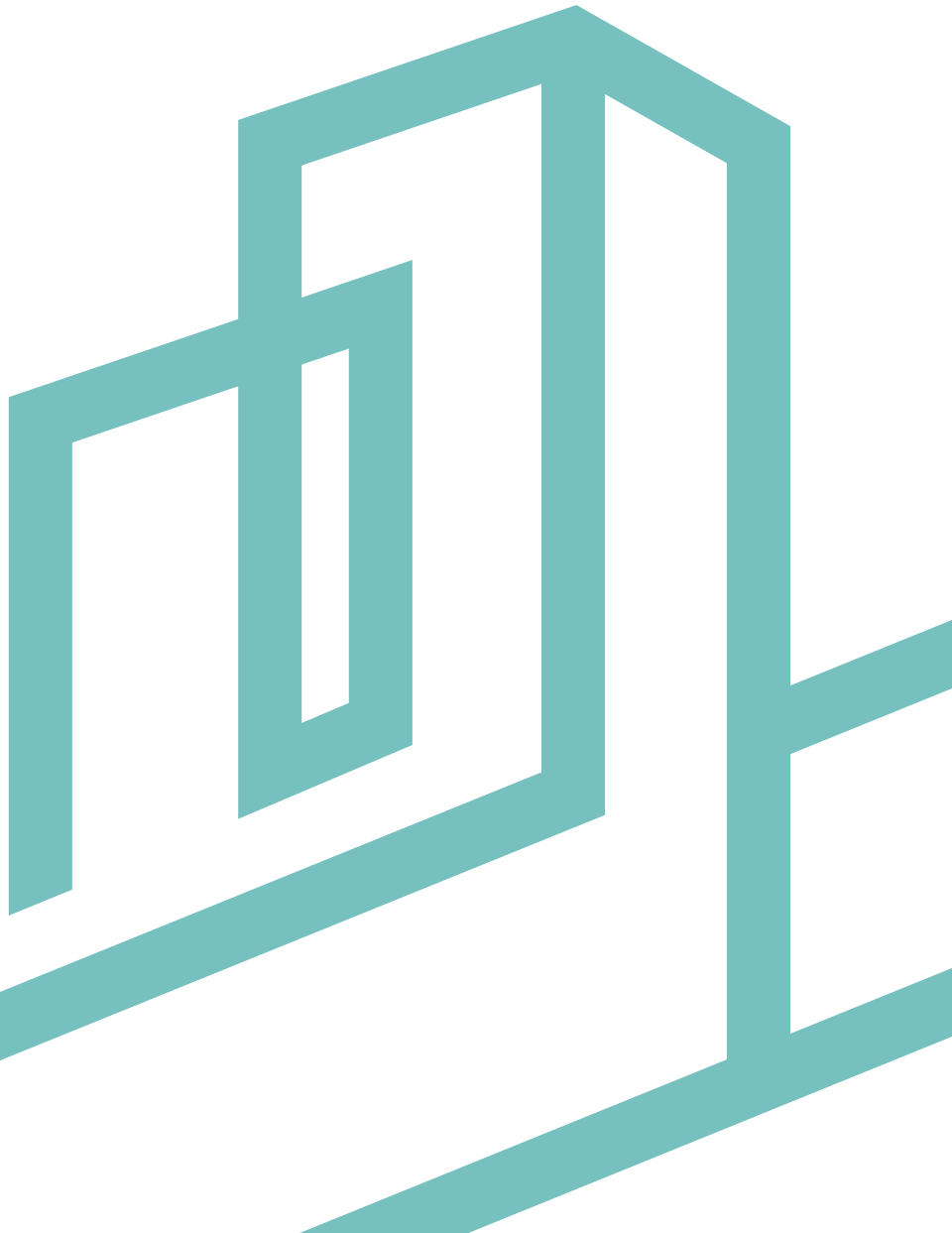
Investec Property Limited  
(ABN 93 071 514 246)

as responsible entity of

Investec Australia Property Fund  
(ARSN 162 067 736)



*In relation to an offer  
of 76.9 million units  
in Investec Australia  
Property Fund*



# Important Information and Disclaimer

## Offer

This product disclosure statement (“PDS”) contains an offer (“Offer”) by Investec Property Limited (ABN 93 071 514 246, Australian Financial Services Licence Number 290 909) (“Responsible Entity”) as responsible entity of Investec Australia Property Fund (ARSN 162 067 736) (“Fund”) of fully paid units in the Fund (“Units”).

This PDS has been prepared by the Responsible Entity. This PDS is a product disclosure statement for the purposes of Part 7.9 of the *Corporations Act 2001* (Cth) (“Corporations Act”). The Responsible Entity takes full responsibility for this PDS.

## Lodgement and ASX Listing

This PDS is dated 3 May 2019 (“PDS Date”) and a copy was lodged with the Australian Securities and Investments Commission (“ASIC”) on that day (“PDS Lodgement”).

The Responsible Entity will apply to ASX Limited (“ASX”) within seven days after the PDS Date for admission of the Fund to the official list of ASX (“Official List”) and quotation of the Units on the ASX. None of ASIC, the ASX or their officers take any responsibility for the content of this PDS or for the merits of the investment to which this PDS relates. The fact that the ASX may admit the Fund to the Official List and quote the Units is not to be taken in any way as an indication of the merits of the Fund.

The Responsible Entity disclaims all liability, whether in negligence or otherwise, to persons who trade Units before receiving their holding statement.

## Not investment advice

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

It is important that you read this PDS carefully and in its entirety before deciding whether to invest in the Fund.

In particular, you should consider the risk factors that could affect the performance of the Fund. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance

from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Fund. Some of the key risks that should be considered by prospective investors are set out in Section 7 of this PDS. There may be risks in addition to these that should be considered in light of your personal circumstances.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this PDS. Any information not so contained may not be relied upon as having been authorised by the Responsible Entity, J.P. Morgan Securities Australia Limited (ACN 003 245 234) (“J.P. Morgan”) and Macquarie Capital (Australia) Limited (ACN 123 199 548) (“Macquarie”) (“Joint Lead Managers”) or any other person in connection with the Offer. You should rely only on information in this PDS.

## Rights and liabilities attached to the Units

All Units will rank equally in all respects from the date the Units under the Offer are issued.

Details of the rights and liabilities attached to each Unit are set out in Section 12.1 of this PDS and in the constitution of the Fund (“Constitution”), copies of which will be made available free of charge for inspection at the registered office of the Responsible Entity within normal trading hours.

## Financial information presentation

The pro forma historical consolidated statement of financial position as at 31 March 2019 (“Pro Forma Balance Sheet”) included in this PDS has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (“AAS”), except where otherwise stated.

The forecast financial information prepared by the Responsible Entity including the statutory forecast consolidated statements of comprehensive income for the financial year ending 31 March 2020, and the pro forma forecast consolidated statement of comprehensive income for the financial year ending 31 March 2020 (“Forecast Financial Information”) included in this PDS is unaudited and is based on the best estimate assumptions of the directors of the Responsible Entity (“Directors”). The

basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Pro Forma Balance Sheet. The Forecast Financial Information and the Pro Forma Balance Sheet contained in this PDS should be read in conjunction with, and are qualified by reference to, the information contained in Section 6 of this PDS.

## Forward looking statements

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

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

Any forward looking statements are subject to various risks that could cause the Fund’s actual results to differ materially from the results expressed, implied or anticipated in these statements. The Forecast Financial Information and other forward looking statements should be read in conjunction with, and are qualified by reference to, the risks set out in Section 7 of this PDS, the general and specific assumptions set out in Sections 6.5.1 and 6.5.2 of this PDS, the sensitivity analysis set out in Section 6.6 of this PDS and other information in this PDS.

This PDS contains market data, industry forecasts and projections. The Fund has obtained portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts or projections contained in the reports, surveys and research of third parties which are referred to in this PDS will be achieved. The Fund has not independently verified this information.

Estimates, forecasts and projections involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risks set out in Section 7 of this PDS.

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

#### No offering where offering would not be lawful

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units or the Offer, or to otherwise permit a public offering of the Units in any jurisdiction outside Australia and New Zealand.

The Offer is not being extended to any investor outside Australia and New Zealand, other than to certain persons to whom offers and issues of Units may lawfully be made without the need for disclosure under Part 7.9 of the Corporations Act or without any other lodgement, registration or approval with or by a government agency (“**Institutional Investors**”) in Hong Kong, Singapore and South Africa (“**Approved Jurisdictions**”). In particular, this PDS may not be distributed to any person, and the Units may not be offered or sold, in any country outside Australia and New Zealand except to certain Institutional Investors resident in the Approved Jurisdictions as described in Section 8.16 of this PDS.

The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

For details of selling restrictions that apply to the Units in the Approved Jurisdictions, please refer to Section 8.16 of this PDS.

The Offer in South Africa does not constitute an offer to the South African public, and no prospectus will be registered with the South African Companies and Intellectual Property Commission. In South Africa, the new Units to be issued pursuant to the Offer (“**Subscription Units**”) may only be offered to persons who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act No. 71 of 2008, as amended from time to time (“**South African Companies Act**”) and/or selected persons who subscribe for Subscription Units at a total contemplated acquisition cost equal to or greater than ZAR1,000,000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the South African Companies Act).

Unless otherwise agreed with the Responsible Entity, any person subscribing for the Subscription Units shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS, and are not acting for the account or benefit of a person within such jurisdiction.

None of the Fund, the Responsible Entity, the Joint Lead Managers, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

#### Not for release to US wire services or distribution in the United States

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

#### Exposure Period

The Corporations Act prohibits the Fund from processing an application for the Subscription Units under the Offer (“**Application**”) in the seven day period after the PDS Date (“**Exposure Period**”). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this PDS to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period and will not receive any preference.

#### Obtaining a copy of this PDS

A paper copy of this PDS is available free of charge to any person in Australia by calling the offer information line on 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays) (“**Offer Information Line**”).

This PDS is also available to Australian and New Zealand resident investors in electronic form at the Fund’s website, [www.iapf.com.au](http://www.iapf.com.au). If you access this PDS electronically, please ensure that you download and read this PDS in its entirety. The Offer constituted by this PDS in electronic form is available only to Australian and New Zealand residents accessing the website from Australia and New Zealand. It is not available to persons in any other jurisdiction (including the United States).

The Offer will be open between 13 May 2019 and 20 May 2019 (“**Offer Period**”). The Responsible Entity, with the consent of the Joint Lead Managers, reserves the right to extend the Offer, close the Offer Period early or withdraw the Offer, in each case without notice.

#### Applications

Applications may only be made during the Offer Period. Applicants can apply by submitting the relevant form attached to, or accompanying this PDS in paper copy form, or in its electronic form which must be downloaded in its entirety from the Fund’s website at [www.iapf.com.au](http://www.iapf.com.au) (“**Application Form**”). By making an Application, you represent and warrant that you were given access to this PDS,

# Important Information and Disclaimer Continued

together with an Application Form. The Corporations Act prohibits any person from passing the Application Form onto another person unless it is attached to, or accompanied by, this PDS in its paper copy form or the complete and unaltered electronic version of this PDS.

## No cooling off rights

Cooling off rights do not apply to an investment in the Fund under this PDS. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## Defined terms and abbreviations

Defined terms and abbreviations used in this PDS are explained in the Glossary in Section 15 of this PDS. Unless otherwise stated or implied, references to times in this PDS are to Sydney time and references to dates or years are calendar year references. All financial amounts contained in this PDS are expressed in Australian dollars (“AUD”) unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this PDS are due to rounding.

## Photographs and diagrams

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

## Privacy

By completing an Application Form, and otherwise communicating with Computershare Investor Services Pty Limited (ABN 48 078 279 277) and Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07) (“Registry”), you are providing personal information to the Responsible Entity and the Registry, which is contracted by the Responsible Entity to manage Applications. The Responsible Entity, and the Registry on its behalf, collect, hold and use that personal information to process your Application, service your needs as a holder of Units, provide facilities and services that you request and carry out appropriate

administration. If you do not provide the information requested in the Application Form, the Responsible Entity and the Registry may not be able to process or accept your Application.

Once you become a holder of Units (“Unitholder”), the Corporations Act and Australian taxation legislation requires information about you (including your name, address and details of the Units you hold) to be included in the register of Unitholders maintained by, or on behalf of, the Responsible Entity (“Register”). The information must continue to be included in the Register if you cease to be a Unitholder.

The Responsible Entity and the Registry may disclose your personal information for purposes related to your investment to their related entities, agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (“Privacy Act”):

- > The Registry for ongoing administration of the Register;
- > The Joint Lead Managers in order to assess your Application;
- > A regulatory agency in compliance or purported compliance with regulatory obligations;
- > Printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- > Market research companies for the purpose of analysing the Unitholder base and for product development and planning; and
- > Legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Units and for associated actions.

The related entities, agents and service providers of the Responsible Entity may be located outside Australia where your personal information may not receive the same level of protection as that afforded under the Privacy Act and you may not be able to seek redress under the Privacy Act.

You may request access to your personal information held by or on behalf of the Fund. You can request access to your

personal information or obtain further information about the Fund’s privacy practices by contacting the Registry. You may be required to pay a reasonable charge to the Registry in order to access your personal information. The Responsible Entity will aim to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Register will be accessible by members of the public.

Please contact us by calling the Offer Information Line on 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays) if you do not consent to the Responsible Entity using or disclosing your personal information in these ways. It is important that you contact the Responsible Entity because, by investing in the Subscription Units, you will be taken to have consented to these uses and disclosures.

## Up to date information

Information regarding the Offer may need to be updated from time to time. Any updated information about the Offer that is not considered materially adverse will be made available on the Fund’s website at [www.iapf.com.au](http://www.iapf.com.au). The Fund will provide a copy of the updated information free of charge to any recipient of this PDS or Applicant who requests a copy by contacting their stockbroker or the Offer Information Line on 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays). In accordance with the obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

## Offer management

J.P. Morgan and Macquarie have been appointed by the Fund as Joint Lead Managers to the Offer, subject to certain terms and conditions stipulated within

the offer management agreement dated 3 May 2019 in connection with the Offer (“Offer Management Agreement”).

The Offer Management Agreement sets out a number of circumstances where the Joint Lead Managers may terminate their obligations. For further information on the terms and conditions of the Offer Management Agreement please refer to Section 12.8.1 of this PDS.

Investec Bank Limited (“IBL”) has also been appointed by the Fund as Bookrunner to the Offer in South Africa, subject to certain terms and conditions described in Section 12.8.2 of this PDS.

#### Disclaimer

This PDS is important and should be read in its entirety.

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

Any information or representation that is not in this PDS may not be relied on as having been authorised by the Responsible Entity in connection with the Offer. Except as required by law, and only to the extent so required, neither the Responsible Entity, nor any other person, warrants or guarantees the future performance of the Fund, the repayment of capital, or any return on any investment made pursuant to this information. An investment in Units should be considered a medium-term to long term investment. The value of the Units may go down as well as up, and therefore neither the Fund nor the Responsible Entity makes any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. The Fund can engage in borrowing and scrip lending.

The Joint Lead Managers have not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this PDS and do not make or purport to make any statement in this PDS and there is no statement in this PDS which is based on any statement by the Joint Lead Managers. The Joint Lead Managers and their affiliates, officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no

representations regarding, and take no responsibility for, any part of this PDS and make no representation or warranty as to the currency, accuracy, reliability or completeness of this PDS.

#### Important Information for New Zealand Investors

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down

according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

A copy of this PDS, other documents relating to the Offer and a copy of the Constitution have been, or will be, lodged with the New Zealand Companies Office and are, or will be, available at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (offer number, OFR12585). While the Offer is being extended to New Zealand investors under the New Zealand Mutual Recognition Regime, no application for listing and quotation is being made to NZX Limited.





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# Key Offer information

## Key Offer statistics

|   |                                    |
|---|------------------------------------|
| Indicative Price Range per Subscription Unit <sup>1</sup>                         | \$1.30 to \$1.35                   |
| Number of Subscription Units to be issued under the Offer                         | 76,923,077                         |
| Total number of Units on issue on Completion                                      | 555.7 million                      |
| Indicative market capitalisation on Completion <sup>2</sup>                       | \$722.4 million to \$750.2 million |
| Indicative Price Range per Subscription Unit premium to NAV <sup>3</sup> per Unit | 0.0% to 3.8%                       |
| Forecast FY20 annualised FFO Yield per Unit <sup>4</sup>                          | 7.1% to 7.4%                       |
| Forecast FY20 annualised Distribution Yield per Unit <sup>5</sup>                 | 6.5% to 6.8%                       |
| Pro forma NAV per Unit on Completion <sup>6</sup>                                 | \$1.29                             |
| Gearing on Completion <sup>7</sup>  | 31%                                |

## Key Portfolio metrics on Completion

|  |                 |
|--|-----------------|
| Number of Properties   | 28              |
| Independent valuation  | \$1,063 million |
| Weighted Average Capitalisation Rate ("WACR") <sup>8</sup>                   | 6.59%           |
| Occupancy <sup>9</sup>   | 99.4%           |
| Weighted Average Lease Expiry ("WALE") <sup>9</sup>                          | 4.7 years       |
| Proportion of Gross Property Income subject to fixed annual rental increases | 98.6%           |
| Weighted Average Rental Review ("WARR") <sup>9</sup>                         | 3.3% p.a.       |

- 1 The Indicative Price Range is the indicative price range for subscription for the Subscription Units. The lower end of the Indicative Price Range is the Minimum Subscription Price, which represents the Fund's NAV as at 31 March 2019 as reported in the Fund's 2019 annual report. The Final Subscription Price may be within or above the Indicative Price Range.
- 2 Calculated as the total number of Units on issue following Completion multiplied by the Indicative Price Range. If the Units trade below the lower end of the Indicative Price Range after Completion, the market capitalisation will be lower than the bottom end of the range stated here.
- 3 This represents the Fund's NAV as at 31 March 2019 as reported in the Fund's 2019 annual report.
- 4 Forecast FFO per Unit for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price (at the upper and lower ends of the Indicative Price Range respectively).
- 5 Forecast Distribution per Unit for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price (at the upper and lower ends of the Indicative Price Range respectively).
- 6 Based on the total number of Units on issue following Completion and assuming the Final Subscription Price is set within the Indicative Price Range.
- 7 Assumes that the Final Subscription Price is set within the Indicative Price Range. Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of the Group's investment properties. 31% gearing is post the forecast debt drawdown to pay the Pre-Allotment Distributions which are expected to be paid to existing Unitholders on or about 27 May 2019 (for further details, refer to Section 6.4 of this PDS).
- 8 By Property value.
- 9 Weighted by Gross Property Income.



## Key Offer information Continued

| Important dates  | Sydney time<br>(unless other specified)                            |
|--|--|
| PDS Date   | Friday, 3 May 2019   |
| Broker Firm Offer Opening Date   | Monday, 13 May 2019  |
| Broker Firm Offer Closing Date   | Monday, 20 May 2019  |
| Institutional Offer and bookbuild conducted  | Monday, 20 May 2019 (4.00 pm)<br>to Tuesday, 21 May 2019 (5.00 pm) |
| Final Subscription Price and allocation announced on SENS  | Tuesday, 21 May 2019<br>(Johannesburg time)                        |
| Settlement of Subscription Units on Australian Register  | Monday, 27 May 2019  |
| Settlement and issue and Allotment of Subscription Units on South African Register, which commence trading on the JSE (on a normal settlement (T+3) basis) | Monday, 27 May 2019<br>(Johannesburg time)                         |
| Issue and Allotment of Subscription Units on Australian Register, which commence trading on the ASX (on a deferred settlement basis)                       | Tuesday, 28 May 2019   |
| Despatch of holding statements   | Wednesday, 29 May 2019   |
| Subscription Units commence trading on the ASX (on a normal settlement basis (T+2)) and continue trading on the JSE (on a normal settlement basis (T+3))   | Thursday, 30 May 2019  |

The timetable above is indicative only and may change without notice. The Responsible Entity, with the consent of the Joint Lead Managers, reserves the right to amend any or all of these dates and times subject to the Listings Requirements, the Corporations Act and other applicable laws, including closing the Offer early, extending the Offer or accepting late Applications or bids, either generally or in particular cases, without notification.

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

### How to invest

Applicants under the Broker Firm Offer may apply for the Subscription Units by completing and lodging a valid Application Form attached to or accompanying this PDS with the Broker who invited them to participate in the Offer.

Under the Institutional Offer, Institutional Investors will be invited to commit to the Joint Lead Managers to acquire the Subscription Units, as described in Section 8 of this PDS. The allocation of the Subscription Units under the Institutional Offer will be determined by the Joint Lead Managers and the Responsible Entity.

Further instructions on how to apply for the Subscription Units are set out in Section 8 of this PDS and on the back of the Application Form.

If you require a replacement Application Form please contact the Offer Information Line on 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period.

To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

### Potential IPF Sale to satisfy oversubscriptions

It is not intended that the size of the Offer will be increased by the issue of further Subscription Units. However, Investec Property Fund Limited, the largest unitholder of the Fund, may sell up to 45 million Units it currently holds for the purposes of satisfying oversubscriptions from certain Institutional Investors under the Offer. See Section 8 of this PDS for further details of the Offer and the IPF Sale. The transfer of any such Units under the IPF Sale (if it proceeds) is expected to occur on or about the Allotment Date, being Tuesday, 28 May 2019.

# Chairperson's letter

Dear Investor

## Opportunity to invest in Investec Australia Property Fund ("IAPF" or "Fund")

On behalf of the board of the responsible entity of the Fund ("Responsible Entity"), I am pleased to present you with an opportunity to invest in the Fund.

The Fund is an Australian registered Managed Investment Scheme which invests in real estate assets in Australia and New Zealand. The Fund has been continuously listed on the main board of the Johannesburg Stock Exchange ("JSE") since 23 October 2013<sup>10</sup>. On 5 September 2018, the Fund's unitholders approved a proposal to list the Fund on the ASX ("ASX Listing") and to issue units in the Fund in connection with the ASX Listing ("Units").

The Responsible Entity now wishes to implement the proposal approved by Unitholders and is seeking an additional primary listing of the Fund on the ASX and to raise approximately \$100 million<sup>11</sup> of new equity capital mainly from the Australian capital markets ("Offer"). The Offer will involve the issue of 76,923,077 new Units ("Subscription Units") at a subscription price which is expected to be between \$1.30<sup>12</sup> and \$1.35 per Unit ("Indicative Price Range"). It is not intended that the size of the Offer will be increased by the issue of further Subscription Units. However, Investec Property Fund Limited ("IPF"), the largest unitholder of the Fund, may sell up to 45 million Units it currently holds for the purposes of satisfying oversubscriptions from certain Institutional Investors under the Offer ("IPF Sale").<sup>13</sup> See Section 8 of this product disclosure statement ("PDS") for further details of the Offer and the IPF Sale.

Following the ASX Listing, the Fund will be dual primary listed on the ASX and the JSE. A dual listing on the ASX and the JSE will provide the Fund with direct access to both the South African and Australian capital markets. Access to a more diversified pool of capital is expected to provide the Fund with greater financial flexibility to grow and diversify its Portfolio and make further real estate asset acquisitions in line with its current investment strategy, subject to its current borrowing policy.

The objective of the Fund is to deliver capital and income returns over time to Unitholders. The Responsible Entity also seeks to grow and diversify the Fund's asset base by investing in good quality income-producing properties in Australia and New Zealand in the office, industrial and retail sectors. The Responsible Entity remains confident that quality properties can continue to be acquired in accordance with the Fund's stated investment strategy.

The Fund's property portfolio has grown in value by 8.2 times since the Fund's listing on the JSE and is currently independently valued at AUD 1,063million. The portfolio consists of 28 properties geographically diversified across Australia and New Zealand, with the majority of the properties located in New South Wales, Queensland and Victoria<sup>14</sup>. As at the date of this PDS, the Fund's Gross Property Income<sup>15</sup> is underpinned by a weighted average lease expiry of 4.7 years<sup>16</sup>, a weighted average rental review of 3.3% p.a.<sup>16</sup> and approximately 49%<sup>16</sup> of leases expiring beyond five years.

10 The Fund also has a secondary listing on the Bermuda Stock Exchange. It is expected that the Fund will delist from the Bermuda Stock Exchange following the ASX Listing.

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

12 The lower end of the Indicative Price Range represents the Fund's net asset value per Unit as at 31 March 2019 as reported in the Fund's 2019 annual report, being the minimum subscription price for the Offer calculated in accordance with the Fund's Constitution.

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

14 Representing 75% of the Portfolio by asset value.

15 Gross Property Income means all rents, licence or other fees, or contributions towards or reimbursement of outgoings received or receivable in respect of Fund's properties.

16 Weighted by Gross Property Income.

# Chairperson's letter Continued

The Responsible Entity is forecasting:

- > 7.1% to 7.4% annualised FFO Yield<sup>17</sup> (based on the upper and lower ends of the Indicative Price Range respectively) for the financial year ending 31 March 2020; and
- > 6.5% to 6.8% annualised Distribution Yield<sup>18</sup> (based on the upper and lower ends of the Indicative Price Range respectively) for the financial year ending 31 March 2020.

Following the ASX Listing, the Responsible Entity will target distributions between 80% and 100% of the Fund's funds from operations<sup>19</sup> in order to more closely align its distribution policy with those of other ASX listed property funds. Distributions will continue to be paid on a half yearly basis in respect of the periods ending 31 March and 30 September. The Fund's gearing on Completion is expected to be 31%<sup>20</sup>, with a target gearing range of between 30% and 40%<sup>21</sup>.

The benefits associated with an investment in the Fund are set out in Section 2.5 of this PDS and the risks associated with an investment in the Fund are set out in Section 7 of this PDS.

The Fund is externally managed by a member of the Investec Group. The Investec Group is a specialist bank and asset manager that has been operating since 1974 and has a presence in 44 cities across five continents. Members of the Investec Group have been investors in, and have supported the growth of the Fund since its inception, with Investec Bank Limited ("IBL") and IPF being the Fund's two largest unitholders.

Following the ASX Listing, the Investec Group's interests will continue to be strongly aligned with the Fund.<sup>22</sup> IBL's property fund management strategy involves it investing directly into its platforms alongside investors to ensure alignment of interests. In line with this strategy, IBL confirms it will hold a meaningful interest in the Fund. IPF has confirmed that it has no current intention to reduce its unitholding in the Fund following Completion (irrespective of whether the IPF Sale proceeds, or the number of Units sold under the IPF Sale).

This PDS contains important information regarding the Offer. I encourage you to read it carefully and in its entirety, including Sections 7, 8 and 11 of this PDS which set out the key risks associated with an investment in the Fund, details of the Offer and fees and other costs associated with investing in the Fund.

If you have any questions, you should consult your accountant, stockbroker, lawyer or other professional adviser before making an investment decision.

On behalf of the board of the Responsible Entity, I look forward to welcoming you as an investor in the Fund.

Yours faithfully



**Richard Longes**  
Chairperson and independent non-executive Director  
Investec Property Limited



- 17 FFO Yield represents the pro forma FFO per Unit for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price (assuming the Final Subscription Price is set within the Indicative Price Range). The Forecast Financial Information is based on the assumptions and accounting policies set out in Section 6 of this PDS, and is subject to the risks set out in Section 7 of this PDS. There is no guarantee that the forecasts will be achieved.
- 18 Distribution Yield represents the pro forma forecast Distribution per Unit for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price (assuming the Final Subscription Price is set within the Indicative Price Range). The forecast financial information is based on the assumptions and accounting policies set out in Section 6 of this PDS, and is subject to the risks set out in Section 7 of this PDS. There is no guarantee that the forecasts will be achieved.
- 19 Funds from operations is calculated in accordance with the Property Council of Australia's guidelines by adjusting statutory net profit for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gain/loss on sale of investment properties, straight-line rental revenue adjustments, non-FFO tax expenses/benefits and other unrealised one-off items.
- 20 See footnote 44 in Section 1 of this PDS.
- 21 The Fund has the ability to exceed the top end of the range provided gearing will be reduced to below 40% within a reasonable period of time.
- 22 It is expected that IBL and IPF, will together hold 31.01% of Units in issue following the ASX Listing (assuming no Units are sold under the IPF Sale), or 22.91% (assuming 45 million Units held by IPF are sold under the IPF Sale).

# 1

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## Investment overview



| Topic  | Summary   | Reference                |
|--|---|--------------------------|
| <b>1.1. Introduction</b>   |   |                          |
| <b>What is Investec Australia Property Fund?</b>                   | <p>The Fund is an Australian REIT registered as a Managed Investment Scheme. The Fund has been continuously listed on the main board of the JSE since 23 October 2013 under the “Real Estate Holdings and Development” sector with the unit code “IAP”<sup>23</sup>. There are currently 478,802,454 Units on issue with market capitalisation of approximately \$638 million<sup>24</sup>.</p> <p>The Fund is also a foreign Collective Investment Scheme and is authorised to solicit investments in the Fund from members of the public in South Africa in terms of section 65 of the CIS Act.</p> <p>As at the PDS Date, the Portfolio consists of 28 Properties in Australia and New Zealand valued at \$1,063million with Gross Property Income underpinned by a WALE of 4.7 years<sup>25</sup> and a WARR of 3.3% p.a.<sup>25</sup>.</p> | Sections 2.1 and 2.2     |
| <b>Who are the responsible entity and the manager of the Fund?</b> | <p>The Fund is externally managed. The responsible entity of the Fund is Investec Property Limited (AFSL 290909) and the manager of the Fund is Investec Property Management Pty Limited.</p> <p>The Responsible Entity and the Manager are members of the Investec Group. The Investec Group is a specialist bank and asset manager that has been operating since 1974 and has a presence in 44 cities across five continents.</p> <p>The Responsible Entity is the issuer of the Subscription Units under the Offer and this PDS. The Responsible Entity is a registered Collective Investment Schemes manager in terms of the CIS Act.</p>   | Sections 5.1.1 and 5.1.2 |
| <b>Who are the Fund’s existing Unitholders?</b>                    | <p>The Fund is currently owned by various retail and institutional investors, including certain Investec Group Entities.</p> <p>The two largest Unitholders of the Fund since its listing on the JSE have been IBL and IPF. IBL is the main operating entity of the Investec Group in South Africa. IPF is a JSE listed REIT with total assets of approximately ZAR 20.98 billion,<sup>26</sup> that invests predominantly in South African property and is managed by the Investec Group in South Africa.</p> <p>As at the PDS Date, IBL holds 15.07% of Existing Units, and IPF holds 20.92% of Existing Units.</p>   | Section 2.1              |

<sup>23</sup> The Fund also has a secondary listing on the BSX.

<sup>24</sup> Based on the ZAR:AUD exchange rate as at 26 April 2019 as published by Bloomberg.

<sup>25</sup> Weighted by Gross Property Income.

<sup>26</sup> As at 30 September 2018.

# 1

## Investment overview Continued

| Topic   | Summary   | Reference   |
|---|---|-------------|
| <b>1.1. Introduction</b>  |   |             |
| <b>What is the rationale for the ASX Listing and the Offer?</b> | <p>A dual listing on the ASX and the JSE will provide the Fund with direct access to both the South African and Australian capital markets. Access to a more diversified pool of capital is expected to provide the Fund with greater financial flexibility to grow and diversify its Portfolio and make further real estate asset acquisitions in line with its current investment strategy, subject to its current borrowing policy.</p> <p>On 5 September 2018, the Unitholders approved a resolution for the issue and allotment of up to a maximum of 180 million new Units to Qualifying Investors at the subscription price determined under a bookbuild, subject to the minimum subscription price for the Subscription Units calculated in accordance with the Constitution, in conjunction with the ASX Listing within 12 months after the date on which the resolution was passed. The Unitholders also approved amendments to the Constitution and the Management Agreement to facilitate the ASX Listing.</p> <p>The Responsible Entity is seeking to implement the proposal approved by Unitholders in connection with the ASX Listing and the Specific Issue of Units for Cash.</p> <p>The Offer proceeds will be used to repay debt and to pay the costs associated with the Offer.</p> | Section 2.3 |
| <b>What is the Offer?</b>                                       | <p>The Offer is an offering of 76,923,077 Subscription Units at the Final Subscription Price, which is expected to be within the Indicative Price Range of \$1.30<sup>27</sup> to \$1.35 per Unit (although it may be higher), and is expected to raise approximately \$100 million.<sup>28</sup> The Final Subscription Price will be determined through the institutional bookbuild process described in Section 8.10 of this PDS.</p> <p>The Subscription Units will rank equally in all respects with the Existing Units that are currently traded on the JSE, including the entitlement to Distributions with a record date after the Allotment Date. Following Completion, the Fund's first Distribution is expected to be for the period from 28 May 2019 to 30 September 2019.</p>  | Section 8.1 |

<sup>27</sup> The lower end of the Indicative Price Range is the Minimum Subscription Price, which represents the Fund's NAV per Unit as at 31 March 2019 as reported in the Fund's annual report.

<sup>28</sup> Assuming 76,923,077 Subscription Units are issued under the Offer at the Minimum Subscription Price.

| Topic   | Summary  | Reference                      |
|---|--|--------------------------------|
| <b>1.1. Introduction</b>                                      |  |                                |
| <p><b>What is the IPF Sale?</b></p>                           | <p>It is not intended that the size of the Offer will be increased by the issue of further Units in excess of 76,923,077 Subscription Units.</p> <p>However, if the Offer is oversubscribed, additional Units may, with the consent of the Responsible Entity, be made available for allocation to certain Institutional Investors<sup>29</sup> through the sale of up to 45 million Units currently held by IPF, at the Final Subscription Price. If the Offer is not oversubscribed, no Units will be transferred under the IPF Sale.</p> <p>The Responsible Entity is supportive of the IPF Sale as a means of satisfying excess demand under the Offer, and reducing the concentration of the Fund's Register in order to facilitate broader investor engagement in Australia and improved aftermarket liquidity.</p> <p>IPF has confirmed that it has no current intention to reduce its unitholding in the Fund following Completion (irrespective of whether the IPF Sale proceeds, or the number of Units sold under the IPF Sale).</p> <p>If the IPF Sale proceeds (and there is no guarantee that it will), the transfer of any Units under the IPF Sale is expected to occur on or about the Allotment Date, being Tuesday, 28 May 2019.</p> <p>The IPF Sale will be managed by the Joint Lead Managers. Any transaction costs in connection with the IPF Sale (including legal costs and fees payable to the Joint Lead Managers in relation to the IPF Sale) will be paid by IPF. Further, no other benefits in connection with the IPF Sale will be provided to IPF by the Responsible Entity in its personal capacity or out of the Fund.</p> | <p>Section 8.4</p>             |
| <p><b>Will the Fund be listed on the ASX and the JSE?</b></p> | <p>Currently, IAPF has a primary listing on the JSE and a secondary listing on the BSX. Following Completion, it is intended that the Fund will be dual primary listed on the ASX and the JSE<sup>30</sup>. The Units will be quoted both on the ASX and the JSE and can be moved between the Australian Register and the South African Register. Unitholders will have the ability to elect where their Units are traded by holding their Units on either the South African Register or the Australian Register.</p>  | <p>Sections 2.1 and 8.13.4</p> |
| <p><b>What are the impacts of the ASX Listing?</b></p>        | <p>Following the ASX Listing, the Fund will continue to be an Australian REIT registered as a Managed Investment Scheme. Similar to other ASX listed Australian REITs, following the ASX Listing:</p> <ul style="list-style-type: none"> <li>&gt; The Fund will comply with the ASX Listing Rules (and continue to comply with the JSE Listings Requirements);</li> <li>&gt; The Fund will comply with the ASX Guidelines released by the ASX Corporate Governance Council;</li> <li>&gt; The Fund will be subject to regular reporting and disclosure obligations as a disclosing entity;</li> <li>&gt; The provisions of the Corporations Act which apply to a listed Managed Investment Scheme will apply to the Fund (e.g. Chapter 6 of the Corporations Act); and</li> <li>&gt; The new Distribution policy described in Section 2.8 of this PDS will apply in relation to the Distributions.</li> </ul>  | <p>Sections 2.8 and 13</p>     |

<sup>29</sup> These investors comprise Institutional Investors in Australia, New Zealand, Singapore and Hong Kong.

<sup>30</sup> Following the ASX Listing, the Fund will delist from the BSX.

| Topic  | Summary   | Reference                   |
|--|---|-----------------------------|
| <b>1.2. Benefits and risks</b>   |   |                             |
| <p><b>What are the benefits associated with an investment in the Fund?</b></p> | <p><b>Portfolio of geographically diversified assets</b></p> <p>The Portfolio comprises 28 Properties sectorially and geographically diversified and currently valued at \$1,063 million, including:</p> <ul style="list-style-type: none"> <li>&gt; Industrial properties that typically provide longer term sustainable Gross Property Income;</li> <li>&gt; Suburban office properties located in close proximity to key infrastructure; and</li> <li>&gt; CBD office properties in select markets with the opportunity to enhance Gross Property Income and/or capital value through active asset management.</li> </ul> <p><b>Gross Property Income supported by long leases, good quality tenants and contracted revenue growth</b></p> <ul style="list-style-type: none"> <li>&gt; The Portfolio is currently 99.4%<sup>31</sup> occupied and has a WALE of 4.7<sup>31</sup> years with 49%<sup>31</sup> of leases lasting more than five years and 3.3%<sup>31</sup> average rental escalation across the Portfolio.</li> </ul> <p><b>Financial metrics</b></p> <ul style="list-style-type: none"> <li>&gt; On Completion (based on the total number of Units on issue following Completion): <ul style="list-style-type: none"> <li>– Forecast FY20 annualised FFO Yield<sup>32</sup> is 7.1% to 7.4% (based on the upper and lower ends of the Indicative Price Range respectively); and</li> <li>– Forecast FY20 annualised Distribution Yield<sup>33</sup> is 6.5% to 6.8% (based on the upper and lower ends of the Indicative Price Range respectively);</li> </ul> </li> <li>&gt; The Indicative Price Range of \$1.30 to \$1.35 per Unit represents a premium to the Fund's NAV per Unit (as at 31 March 2019) of 0.0% to 3.8%; and</li> <li>&gt; Gearing of 31% post the ASX Listing,<sup>34</sup> with a target gearing range between 30% and 40% and the ability to exceed the top end of the range provided gearing will be reduced to below 40% within a reasonable period of time.</li> </ul> <p><b>Track record of Portfolio growth</b></p> <ul style="list-style-type: none"> <li>&gt; The Portfolio has grown in value by 8.2 times since listing on the JSE; and</li> <li>&gt; The WACR has compressed 1.06%<sup>35</sup> over the last three years.</li> </ul> | <p>Sections 2.3 and 2.5</p> |

<sup>31</sup> Weighted by Gross Property Income.

<sup>32</sup> Calculated based on the pro forma forecast FFO per Unit for FY20 divided by the Final Subscription Price. The pro forma forecast FFO per Unit for FY20 has been calculated based on the total number of Units on issue following Completion.

<sup>33</sup> Calculated based on the pro forma forecast Distribution per Unit for FY20 divided by the Final Subscription Price. The pro forma forecast Distribution per Unit for FY20 has been calculated based on the total number of Units on issue following Completion.

<sup>34</sup> See footnote 44 in Section 1 of this PDS.

<sup>35</sup> By Property value.



| Topic  | Summary  | Reference                   |
|--|--|-----------------------------|
| <h2>1.2. Benefits and risks</h2>   |  |                             |
| <p><b>What are the benefits associated with an investment in the Fund?</b><br/>continued</p> | <p><b>Dual listing</b></p> <p>A dual listing on the ASX and the JSE will provide the Fund with direct access to both the Australian and South African capital markets. Access to a more diversified pool of capital is expected to provide the Fund with greater financial flexibility to grow and diversify its Portfolio and make further real estate asset acquisitions in line with its current investment strategy, subject to its current borrowing policy which is currently intended to remain unchanged following Completion (see Section 2.7.1 of this PDS).</p> <p>The Responsible Entity believes that while trading of the Units is typically impacted by a number of factors, a dual listing represents an opportunity for the Fund to trade more closely in line with other ASX listed Australian REITs by virtue of the Fund being listed in the jurisdiction where the majority of its Properties are located, thereby allowing Unitholders to make a more direct comparison between the Fund with its ASX listed peers.</p> <p><b>Ability to leverage the Investec Group’s management expertise</b></p> <ul style="list-style-type: none"> <li>&gt; The Manager is a member of the Investec Group which is a specialist bank and asset manager that has been operating since 1974 and has a presence in 44 cities across five continents;</li> <li>&gt; The Investec Group manages third party assets of \$300 billion, holds \$55 billion of deposits and made an operating profit of \$651 million for the six months ended 30 September 2018<sup>36</sup>; and</li> <li>&gt; The Investec Group has a long history in property funds management and direct property investment across its core geographies of South Africa, the United Kingdom and Australia. In Australia the Investec Group has been managing property on behalf of institutional, wholesale and retail clients since 2006.</li> </ul> <p><b>Experienced, majority independent Board</b></p> <p>The Board is comprised of six members, the majority of whom are independent of the Investec Group. The Directors are all experienced directors who possess a broad range of skills covering property, investment banking, legal and compliance.</p> | <p>Sections 2.3 and 2.5</p> |

<sup>36</sup> Investec Group 2018 Interim Results; amounts based on the GBP/AUD exchange rate as at 30 September 2018 as published in the Investec Group 2018 Interim Results.

| Topic   | Summary  | Reference                 |
|---|--|---------------------------|
| <b>1.2. Benefits and risks</b>  |  |                           |
| <p><b>What are the risks associated with an investment in the Fund?</b></p> | <p>There are a number of risks associated with investing in the Fund. Key risks include the following:</p> <p><b>Gross Property Income</b></p> <p>Distributions made by the Fund will be largely dependent upon the rents received from the Properties, occupancy levels and the level of non-recoverable outgoings. Gross Property Income may be adversely affected by a number of factors including local real estate conditions, rental arrears and vacancy periods. All of these factors could affect FFO of the Fund and Distributions.</p> <p><b>Re-leasing and vacancy</b></p> <p>There is a risk that the Fund may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms (if at all) or be able to find new tenants to take over space that is currently unoccupied which could affect FFO of the Fund and Distributions.</p> <p><b>Capital expenditure requirements</b></p> <p>Capital expenditure will be required to maintain and improve the Properties to retain and attract tenants. There is a risk that the required capital expenditure exceeds the forecast spend, requiring additional funding or Property sales. This may, in turn, reduce FFO of the Fund and impact Distributions. Additionally, any requirement for unforeseen material capital expenditure on the Properties could affect FFO of the Fund and Distributions.</p> <p><b>Property valuation</b></p> <p>The value of, and returns from, the Properties may fluctuate depending on property market conditions (including geographical and sectoral factors), general economic conditions (such as interest rates and Capitalisation Rates) and/or Property specific factors. Demand for property may change as investor preferences for particular sectors, asset classes and geographies change over time and can be influenced by general economic factors such as interest rates and share market cycles.</p> <p>As changes in valuations of the Properties are recorded in the income statement, any decreases in value will have a negative impact on the income statement. While a change in valuation will not directly impact FFO and Distributions, it will impact gearing which could have a bearing on compliance with covenants under the Facility Agreement.</p> <p><b>Gearing</b></p> <p>Changes in the value of the Properties or Gross Property Income that secure the repayment and servicing of the Fund's borrowings may also affect the level of gearing which a financier may require to be maintained. This may result in the Fund being required to reduce the level of debt, including by selling Properties. A higher level of gearing will magnify the effect on the Fund of any changes in interest rates or changes in value or performance measures. If the level of gearing increases over the term of the Facility Agreement (thereby impacting the Gearing Ratio), this may create refinancing risk on the Facility.</p> | <p>Sections 2.6 and 7</p> |

| Topic   | Summary  | Reference                 |
|---|--|---------------------------|
| <b>1.2. Benefits and risks</b>  |  |                           |
| <p><b>What are the risks associated with an investment in the Fund?</b><br/>continued</p> | <p><b>Funding and refinancing</b></p> <p>The Fund relies on external funding sources (debt and equity funding) to fund new acquisitions, capital expenditure and other material capital events. The Fund’s ability to raise capital from debt or equity markets on favourable terms depends on a number of factors including the general economic climate, the state of debt and equity capital markets and the property market, and the performance, reputation and financial strength of the Fund.</p> <p><b>Dual listing</b></p> <p>Following the ASX Listing, the Fund will be dual primary listed on the ASX and the JSE, and will need to comply with both the ASX Listing Rules and the JSE Listings Requirements. In particular, certain South African legal concepts which Australian investors may not be familiar with may apply to the Fund (e.g. the King IV Code principles referred to in Section 5.7 of this PDS).</p> <p>If there is a conflict between the JSE Listings Requirements and the ASX Listing Rules and it is not possible for the Responsible Entity to comply with both the JSE Listings Requirements and the ASX Listing Rules, the Responsible Entity must comply with the JSE Listings Requirements while the Main Trading Exchange remains as the JSE, unless the Main Trading Exchange becomes the ASX.</p> <p>There are differences between the ASX Listing Rules and the JSE Listings Requirements, including in relation to prescribed timetables for corporate actions (including Distribution timetables), approval processes for significant transactions, related party transactions and the issue of new Units. A table setting out a brief summary of the differences (and/or similarities) between the ASX Listing Rules and the JSE Listings Requirements is set out in Section 13 of this PDS.</p> <p><b>Tax</b></p> <p>As noted in Section 10 of this PDS, the Fund should not be subject to Australian tax on any of the Net Property Income derived by the Fund. Changes in the Fund’s business activities or Australian tax legislation could result in the Fund incurring income tax on its Net Property Income in the future. In this event, subsequent Distributions or attributions of Net Property Income would be paid on a “post-tax” basis.</p> <p><b>Loss of key management personnel</b></p> <p>The Fund operates with a small management team. The loss of key management personnel could cause material disruption to the Fund’s activities in the short to medium term and could result in the loss of key relationships and expertise which could have a material adverse impact on current and future earnings.</p> <p><b>Liquidity</b></p> <p>There can be no guarantee that an active market in the Units will develop in Australia, that the price of Units will increase, or that liquidity will be maintained. Further, if a large Unitholder chooses to sell its Units, this may affect the prevailing market price of the Units.</p> | <p>Sections 2.6 and 7</p> |

# 1

## Investment overview Continued

| Topic  | Summary   | Reference                   |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
|--|---|-----------------------------|------------------------|-----------------------------|------------------------|----------------------------|----------|--------------------|------|-------------------------|-------|--------------------|-----------|--|-------|--------------------|-------------------------------|-----------|--------------|-------------|------------|-----------|
| <b>1.3. Portfolio</b>  |   |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| <b>What is the Fund's investment objective and strategy?</b>                 | The Fund's strategy is to invest in office, industrial and retail properties in major metropolitan cities or established commercial precincts in Australia and New Zealand. The Responsible Entity has, and will continue to be, focused on the Fund's core philosophy of hands-on, active management of physical property, in conjunction with efficient management of its balance sheet.  | Section 2.4                 |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| <b>What are the key metrics of the Portfolio?</b>                            | <table border="1"> <thead> <tr> <th colspan="2">Key Portfolio metrics</th> </tr> </thead> <tbody> <tr> <td>Number of Properties</td> <td>28</td> </tr> <tr> <td>Independent valuation</td> <td>\$1,063m</td> </tr> <tr> <td>WACR<sup>37</sup></td> <td>6.6%</td> </tr> <tr> <td>Occupancy<sup>38</sup></td> <td>99.4%</td> </tr> <tr> <td>WALE<sup>38</sup></td> <td>4.7 years</td> </tr> <tr> <td>Proportion of Gross Property Income subject to fixed annual rental increases</td> <td>98.6%</td> </tr> <tr> <td>WARR<sup>38</sup></td> <td>3.3% p.a.</td> </tr> <tr> <td>GLA</td> <td>290,281 sqm</td> </tr> </tbody> </table>   | Key Portfolio metrics       |                        | Number of Properties        | 28                     | Independent valuation      | \$1,063m | WACR <sup>37</sup> | 6.6% | Occupancy <sup>38</sup> | 99.4% | WALE <sup>38</sup> | 4.7 years | Proportion of Gross Property Income subject to fixed annual rental increases | 98.6% | WARR <sup>38</sup> | 3.3% p.a.                     | GLA       | 290,281 sqm  | Section 3   |            |           |
| Key Portfolio metrics  |   |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| Number of Properties   | 28  |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| Independent valuation  | \$1,063m  |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| WACR <sup>37</sup>   | 6.6%  |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| Occupancy <sup>38</sup>  | 99.4%   |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| WALE <sup>38</sup>   | 4.7 years   |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| Proportion of Gross Property Income subject to fixed annual rental increases | 98.6%   |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| WARR <sup>38</sup>   | 3.3% p.a.   |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| GLA  | 290,281 sqm   |                             |                        |                             |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| <b>What real estate sectors comprise the Portfolio?</b>                      | <p>A summary of the Portfolio by Property type is set out below, with further detail of each Property provided in Section 3 of this PDS.</p> <table border="1"> <thead> <tr> <th>Sector</th> <th># of Properties</th> <th>Independent valuation (\$m)</th> <th>WACR<sup>37</sup> (%)</th> <th>WALE<sup>38</sup> (years)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>13</td> <td>823</td> <td>6.49</td> <td>4.2</td> </tr> <tr> <td>Industrial</td> <td>15</td> <td>240</td> <td>6.94</td> <td>6.3</td> </tr> <tr> <td><b>Total/Weighted average</b></td> <td><b>28</b></td> <td><b>1,063</b></td> <td><b>6.59</b></td> <td><b>4.7</b></td> </tr> </tbody> </table> | Sector                      | # of Properties        | Independent valuation (\$m) | WACR <sup>37</sup> (%) | WALE <sup>38</sup> (years) | Office   | 13                 | 823  | 6.49                    | 4.2   | Industrial         | 15        | 240  | 6.94  | 6.3                | <b>Total/Weighted average</b> | <b>28</b> | <b>1,063</b> | <b>6.59</b> | <b>4.7</b> | Section 3 |
| Sector   | # of Properties   | Independent valuation (\$m) | WACR <sup>37</sup> (%) | WALE <sup>38</sup> (years)  |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| Office   | 13  | 823                         | 6.49                   | 4.2                         |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| Industrial   | 15  | 240                         | 6.94                   | 6.3                         |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |
| <b>Total/Weighted average</b>  | <b>28</b>   | <b>1,063</b>                | <b>6.59</b>            | <b>4.7</b>                  |                        |                            |          |                    |      |                         |       |                    |           |  |       |                    |                               |           |              |             |            |           |

<sup>37</sup> By Property value.

<sup>38</sup> Weighted by Gross Property Income.

| Topic   | Summary  | Reference       |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
|---|--|-----------------|----------------------------|---------------------------|------|--------------|------|-------------------------|------|-----------------|------|-----------|------|-------------|------|------------------------------|------|---------------------|------|-----------|------|----------------|------|--------------|--------------|--------------|--------------|---------------|
| <b>1.3. Portfolio</b>   |  |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| <b>Who are the largest tenants in the Portfolio by Gross Property Income?</b> | <p>Tenants are broadly spread across a number of industries, with industrials and technology being the two largest industries, while government contributes 19.6% of Gross Property Income. Additionally, no individual tenant (excluding government tenants) accounts for more than 4.2% of Gross Property Income.</p> <table border="1"> <thead> <tr> <th>Largest tenants</th> <th>% of Gross Property Income</th> </tr> </thead> <tbody> <tr> <td>Commonwealth of Australia</td> <td>9.0%</td> </tr> <tr> <td>Carsales.com</td> <td>4.2%</td> </tr> <tr> <td>ABB Enterprise Software</td> <td>4.0%</td> </tr> <tr> <td>Ricoh Australia</td> <td>3.9%</td> </tr> <tr> <td>Honeywell</td> <td>3.3%</td> </tr> <tr> <td>Horan Steel</td> <td>2.9%</td> </tr> <tr> <td>State Government of Victoria</td> <td>2.9%</td> </tr> <tr> <td>CTI Freight Systems</td> <td>2.8%</td> </tr> <tr> <td>Pharmaxis</td> <td>2.5%</td> </tr> <tr> <td>Toll Transport</td> <td>2.4%</td> </tr> <tr> <td><b>Total</b></td> <td><b>37.9%</b></td> </tr> <tr> <td><b>Other</b></td> <td><b>62.1%</b></td> </tr> </tbody> </table> | Largest tenants | % of Gross Property Income | Commonwealth of Australia | 9.0% | Carsales.com | 4.2% | ABB Enterprise Software | 4.0% | Ricoh Australia | 3.9% | Honeywell | 3.3% | Horan Steel | 2.9% | State Government of Victoria | 2.9% | CTI Freight Systems | 2.8% | Pharmaxis | 2.5% | Toll Transport | 2.4% | <b>Total</b> | <b>37.9%</b> | <b>Other</b> | <b>62.1%</b> | Section 2.5.2 |
| Largest tenants   | % of Gross Property Income   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| Commonwealth of Australia   | 9.0%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| Carsales.com  | 4.2%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| ABB Enterprise Software   | 4.0%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| Ricoh Australia   | 3.9%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| Honeywell   | 3.3%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| Horan Steel   | 2.9%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| State Government of Victoria  | 2.9%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| CTI Freight Systems   | 2.8%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| Pharmaxis   | 2.5%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| Toll Transport  | 2.4%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| <b>Total</b>  | <b>37.9%</b>   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| <b>Other</b>  | <b>62.1%</b>   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| <b>Does the Fund invest in properties overseas?</b>                           | <p>The Fund has a mandate to invest in Australian and New Zealand office, industrial and retail properties only. The Portfolio comprises properties in Australia and New Zealand.</p> <p><b>Split by Geography<sup>39</sup></b></p> <table border="1"> <tbody> <tr> <td>NSW</td> <td>37%</td> </tr> <tr> <td>VIC</td> <td>19%</td> </tr> <tr> <td>QLD</td> <td>19%</td> </tr> <tr> <td>NZ</td> <td>12%</td> </tr> <tr> <td>ACT</td> <td>9%</td> </tr> <tr> <td>WA</td> <td>3%</td> </tr> <tr> <td>SA</td> <td>1%</td> </tr> </tbody> </table>  | NSW             | 37%                        | VIC                       | 19%  | QLD          | 19%  | NZ                      | 12%  | ACT             | 9%   | WA        | 3%   | SA          | 1%   | Section 3                    |      |                     |      |           |      |                |      |              |              |              |              |               |
| NSW   | 37%  |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| VIC   | 19%  |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| QLD   | 19%  |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| NZ  | 12%  |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| ACT   | 9%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| WA  | 3%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |
| SA  | 1%   |                 |                            |                           |      |              |      |                         |      |                 |      |           |      |             |      |                              |      |                     |      |           |      |                |      |              |              |              |              |               |

39 Weighted by Gross Property Income.

# 1

## Investment overview Continued

| Topic                                       | Summary   | Reference   |
|---|---|-------------|
| <b>1.3. Portfolio</b>                       |   |             |
| <b>What is the Fund's valuation policy?</b> | <p>The Fund values Properties on the basis of fair value. The fair values are based on market values, being the estimated amount for which a Property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.</p> <p>Independent valuations are obtained on a rotational basis to ensure each Property is valued at least once every 24 months by an external independent valuer. For Properties not independently valued during a reporting period, a Directors' valuation is carried out to determine the appropriate carrying value of the Property when the Fund's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.</p> | Section 2.9 |

| Topic  | Summary  | Reference   |
|--|--|-------------|
| <b>1.4. Responsible Entity, Manager and corporate governance</b> |  |             |
| <b>How is the Fund structured?</b>                               | <p>The current structure of the Fund is set out below:</p> <p>Note: Percentages represent ownership interests.</p> <p>1 The Responsible Entity has appointed the Custodian to hold all of the assets directly owned by IAPF.</p> | Section 2.1 |

| Topic  | Summary  | Reference             |
|--|--|-----------------------|
| <b>1.4. Responsible Entity, Manager and corporate governance</b>                 |  |                       |
| <b>What are the management arrangements of the Fund?</b>                         | The Responsible Entity has the primary responsibility for the governance and operation of the Fund. The Responsible Entity has appointed the Manager to provide certain asset management, leasing and property management services to the Fund under the Management Agreement. For further details on the Management Agreement, refer to Section 12.2 of this PDS.   | Sections 5.1 and 12.2 |
| <b>What fees are payable to the Responsible Entity?</b>                          | <p>The Responsible Entity is entitled to receive out of the Fund an annual management fee of 0.025% per annum of Enterprise Value. However, the Responsible Entity has agreed to waive its entitlement to this fee on and from the date of the ASX Listing so long as the Responsible Entity or another member of the Investec Group is the responsible entity of the Fund.</p> <p>The Responsible Entity is entitled to recover its costs in relation to the proper performance of duties in operating the Fund. For further details in relation to fees payable to the Responsible Entity, refer to Section 11 of this PDS.</p>  | Section 11            |
| <b>Can the Responsible Entity be removed and what would be the consequences?</b> | <p>The Responsible Entity may be removed by ordinary resolution of Unitholders.</p> <p>If the Responsible Entity is removed or retires as responsible entity of the Fund:</p> <ul style="list-style-type: none"> <li>&gt; The Fund will cease to have full access to the expertise and resources of the Investec Group to manage the operations of the Fund and the Directors will no longer be involved in the governance and operation of the Fund;</li> <li>&gt; The Management Agreement will terminate with no fee payable to the Manager; and</li> <li>&gt; A review event would occur under the Facility Agreement which would entitle Westpac and ANZ to review and renegotiate the terms of the Facility Agreement and if these negotiations are not successful, it may result in the funds lent to Hold Trustee as trustee of Hold Trust, the borrower under the Facility Agreement, being repayable.</li> </ul> | Section 12.1          |

| Topic  | Summary   | Reference           |
|--|---|---------------------|
| <b>1.4. Responsible Entity, Manager and corporate governance</b> |   |                     |
| <p><b>What fees are payable to the Manager?</b></p>              | <p>All of the costs and fees payable to the Manager under the Management Agreement will be paid out of the Fund. The Manager is entitled to a base fee, property management fees and leasing fees.</p> <p><b>Base fee</b></p> <p>For so long as the Fund is ASX Listed, the Manager's fee will be 0.55% per annum of Enterprise Value (before GST). Although under the Management Agreement the Manager is entitled to a base fee equal to 60 basis points per annum of Enterprise Value, with the base fee stepped down from 0.60% to 0.55% per annum on every dollar over AUD 1.5 billion, the Manager has formally waived part of the fee so that, in the circumstances stated above, only the 0.55% per annum fee (plus GST) will be charged on all Enterprise Value.</p> <p>In the financial year ended 31 March 2019, the Manager was paid AUD 5,761,459 in base fees.</p> <p><b>Property management fees</b></p> <p>The Manager is entitled to receive property management fees for performing property management services in relation to the Properties, whether direct or indirect (including through the Sub Trusts). In the financial year ended 31 March 2019, the Manager was paid AUD 1,305,528 in property management fees, the majority of which were passed on to third party property managers who performed certain property management functions on behalf of the Manager. In most instances, property management fees are recoverable from tenants through outgoings.</p> <p><b>Leasing fees</b></p> <p>The Manager is entitled to receive leasing fees for the provision of leasing services in relation to the Properties (as agreed between the Responsible Entity and the Manager). In the financial year ended 31 March 2019, the Manager was paid no leasing fees. Where a third party leasing agent is engaged by the Manager to perform these functions, the Manager will not receive a leasing fee.</p> <p>If the Management Agreement is terminated, including because Investec Property Limited ceases to be the responsible entity of the Fund, the above fees (other than those accrued for the period prior to termination) would no longer be payable.</p> | <p>Section 12.2</p> |
| <p><b>Can the Management Agreement be terminated?</b></p>        | <p>For so long as the Fund is ASX Listed, the Manager is not appointed for a fixed term and the Management Agreement may be terminated automatically if the Responsible Entity ceases to be the responsible entity of the Fund (including as a result of an ordinary resolution of Unitholders being passed to remove the Responsible Entity under the Corporations Act).</p> <p>The Management Agreement may also be terminated:</p> <ul style="list-style-type: none"> <li>&gt; On three months' notice from the Manager to the Responsible Entity;</li> <li>&gt; On 10 Business Days' notice if substantially all of the assets of the Fund are sold;</li> <li>&gt; With immediate effect by notice from the Manager to the Responsible Entity on the occurrence of a default or insolvency event of the Responsible Entity or the Fund; or</li> <li>&gt; With immediate effect by notice from the Responsible Entity to the Manager on the occurrence of a default or insolvency event of the Manager.</li> </ul> <p>For so long as the Fund is ASX Listed, no termination fees are payable to the Manager.</p>   | <p>Section 12.2</p> |



| Topic  | Summary  | Reference    |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
|--|--|--------------|------|----------|----------------|--|-----------|-------------|--------------------|-----------|----------------|------------------------|--------------|----------|------------------------|--------------|--------------|------------------------------------|-----------|-------------|------------------------------------|-----------|-------------|
| <b>1.4. Responsible Entity, Manager and corporate governance</b> |  |              |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| <b>Who are the directors of the Responsible Entity?</b>          | <p>The directors of the Responsible Entity are experienced directors who have a broad range of skills and expertise covering property, investment banking, legal and compliance. The Board comprises the following Directors, the majority of whom are independent of the Investec Group:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #008080; color: white;">Name</th> <th style="background-color: #008080; color: white;">Role</th> <th style="background-color: #008080; color: white;">Location</th> </tr> </thead> <tbody> <tr> <td>Richard Longes</td> <td>Independent chairperson and Independent non-executive Director</td> <td>Australia</td> </tr> <tr> <td>Graeme Katz</td> <td>Executive Director</td> <td>Australia</td> </tr> <tr> <td>Stephen Koseff</td> <td>Non-executive Director</td> <td>South Africa</td> </tr> <tr> <td>Sam Leon</td> <td>Non-executive Director</td> <td>South Africa</td> </tr> <tr> <td>Sally Herman</td> <td>Independent non-executive Director</td> <td>Australia</td> </tr> <tr> <td>Hugh Martin</td> <td>Independent non-executive Director</td> <td>Australia</td> </tr> </tbody> </table> <p>Following the ASX Listing, the Responsible Entity intends to appoint an additional independent non-executive director to the Board.</p> | Name         | Role | Location | Richard Longes | Independent chairperson and Independent non-executive Director | Australia | Graeme Katz | Executive Director | Australia | Stephen Koseff | Non-executive Director | South Africa | Sam Leon | Non-executive Director | South Africa | Sally Herman | Independent non-executive Director | Australia | Hugh Martin | Independent non-executive Director | Australia | Section 5.2 |
| Name   | Role   | Location     |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| Richard Longes   | Independent chairperson and Independent non-executive Director   | Australia    |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| Graeme Katz  | Executive Director   | Australia    |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| Stephen Koseff   | Non-executive Director   | South Africa |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| Sam Leon   | Non-executive Director   | South Africa |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| Sally Herman   | Independent non-executive Director   | Australia    |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| Hugh Martin  | Independent non-executive Director   | Australia    |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| <b>Who are the key members of management?</b>                    | <p>The Responsible Entity is supported by a management team with significant experience in asset and funds management and property investment and management. The senior management team comprises Graeme Katz (Chief Executive Officer), Zach McHerron (Fund Manager) and Kristie Lenton (Chief Financial Officer), all of whom are directors of the Manager and have been with the Investec Group for at least 12, 11 and nine years respectively.</p>   | Section 5.3  |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |
| <b>What are the governance arrangements for the Fund?</b>        | <p>The Board has established governance arrangements to ensure that the Fund is effectively managed in a manner that is properly focused on its investment objectives and the interests of Unitholders, as well as conforming to regulatory and ethical requirements.</p> <p>As the Fund is listed on the JSE, the Fund must also comply with the JSE Listings Requirements, which among other things require compliance with the King IV Code principles. The King IV Code principles outline the corporate governance guidelines that apply to all JSE listed entities. The Fund's 2019 annual report sets out the 16 principles of the King IV Code principles which apply to the Fund and explains the application of each of these principles to the Fund.</p> <p>Following the ASX Listing, the Fund will also comply with the ASX Guidelines released by the ASX Corporate Governance Council (to the extent applicable to externally managed Australian REITs).</p>  | Section 5.7  |      |          |                |  |           |             |                    |           |                |                        |              |          |                        |              |              |                                    |           |             |                                    |           |             |

| Topic   | Summary  | Reference     |
|---|--|---------------|
| <b>1.5. Financial information</b>   |  |               |
| <b>What is the Fund's forecast FFO Yield and Distribution Yield?</b>                          | The Fund's forecast FY20 annualised FFO Yield (based on upper and lower ends of the Indicative Price Range) is 7.1% to 7.4%. <sup>40</sup> The Fund's forecast FY20 annualised Distribution Yield (based on the upper and lower ends of the Indicative Price Range) is 6.5% to 6.8%. <sup>41</sup>   | Section 2.5.3 |
| <b>What is the Fund's Distribution policy?</b>  | Following the ASX Listing, the Responsible Entity will target Distributions of between 80% and 100% of the Fund's FFO each year in order to more closely align its Distribution policy with those of other ASX listed Australian REITs. The Board retains the discretion to amend the Distribution policy.   | Section 2.8   |
| <b>What are the Pre-Allotment Distributions?</b>  | <p>The Responsible Entity announced on the PDS Date that, in respect of the Existing Units trading on the JSE:</p> <ul style="list-style-type: none"> <li>&gt; A final Distribution for the six month period from 1 October 2018 to 31 March 2019 will be made in accordance with the Fund's existing Distribution policy; and</li> <li>&gt; A special Distribution for the period from 1 April 2019 to 27 May 2019 will be made to ensure that the Existing Units and the Subscription Units will rank equally from the Allotment Date.</li> </ul> <p>The record date for the Pre-Allotment Distributions will be 24 May 2019 and the Pre-Allotment Distributions will be paid to existing Unitholders on or about 27 May 2019.</p> | Section 2.8.3 |
| <b>Will the Pre-Allotment Distributions be payable in relation to the Subscription Units?</b> | As the record date for the Pre-Allotment Distributions is prior to the Allotment Date in respect of the Subscription Units, Pre-Allotment Distributions will not be payable on the Subscription Units.   | Section 2.8.3 |
| <b>What portion of the Distributions will be tax deferred for Australian tax purposes?</b>    | The tax deferred component of the Distribution is forecast to be 31.0% in FY20.  | Section 6.3.4 |
| <b>What is the pro forma NAV per Unit?<sup>42</sup></b>                                       | On Completion, the Fund will have a pro forma NAV of \$715 million, which equates to a pro forma NAV per Unit of \$1.29.   | Section 2.5.3 |

40 FFO Yield represents the pro forma forecast FFO per Unit for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price.

41 Distribution Yield represents the pro forma forecast Distribution per Unit for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price.

42 Pro forma NAV per Unit has been calculated based on the total number of Units on issue following Completion assuming the Final Subscription Price is set within the Indicative Price Range).

| Topic   | Summary   | Reference               |
|---|---|-------------------------|
| <b>1.5. Financial information</b>                                 |   |                         |
| <b>What will the capital structure of the Fund be?</b>            | <p>IAPF has 478,802,454 Units on issue with market capitalisation of approximately AUD 638 million<sup>43</sup>.</p> <p>On Completion, the Fund will have 555,725,531 Units on issue, representing approximately \$722.4 million to \$750.2 million of equity based on the Indicative Price Range. In addition, the Fund will have approximately \$310 million of drawn debt under the Facility.</p>  | Section 14.2            |
| <b>What is the Gearing and key lending covenants of the Fund?</b> | <p>On Completion, the Fund will have gearing of 31%.<sup>44</sup></p> <p>Under the Constitution, the Responsible Entity must ensure that the Fund's Gearing Ratio does not exceed 60% at any time and under the Facility Agreement, the Fund's Gearing Ratio must not exceed 55%. Notwithstanding this, the Board has approved a borrowing policy whereby gearing will be maintained between 30% and 40%, with the ability to exceed the top end of the range provided gearing will be reduced to below 40% within a reasonable period of time.</p> <p>Other financial covenants under the Facility Agreement are summarised in Section 12.6 of this PDS.</p> | Sections 2.7.1 and 12.6 |
| <b>What is the Fund's hedging policy?</b>                         | <p>The hedging policy is to maintain at least 75% of borrowings as fixed through the use of hedging instruments such as interest rate swaps, concurrently fulfilling the requirement under the Facility Agreement to hedge at least 50% of the interest rate exposure under the Facility.</p>   | Section 2.7.22          |

| Topic                                      | Summary   | Reference   |
|--|---|-------------|
| <b>1.6. Overview of the Offer</b>          |   |             |
| <b>What is the structure of the Offer?</b> | <p>The Offer will consist of:</p> <ul style="list-style-type: none"> <li>&gt; A Broker Firm Offer that is open to Retail Investors in Australia and New Zealand who have received a firm allocation through their Broker; and</li> <li>&gt; An Institutional Offer which is an invitation to certain Institutional Investors in Australia, New Zealand, South Africa, Hong Kong and Singapore to bid for Subscription Units.</li> </ul> <p>Members of the public wishing to subscribe for Subscription Units must do so through a Broker with a firm allocation. No general public offer of Units will be made.</p> | Section 8.2 |

<sup>43</sup> Based on the ZAR:AUD exchange rate as at 26 April 2019 as published by Bloomberg.

<sup>44</sup> Assumes the Final Subscription Price is set within the Indicative Price Range. Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of the Group's investment properties. 31% gearing is post the forecast debt drawdown to pay the Pre-Allotment Distributions which are expected to be paid to existing Unitholders on or about 27 May 2019 (for further details, refer to Section 6.4 of this PDS). Gearing is equivalent to the Fund's Gearing Ratio, excluding the effect of mark-to-market movements in relation to interest rate swaps taken in respect of the Fund's debt. See Section 2.7.2 for further information in relation to the Fund's hedging policy.

| Topic   | Summary   | Reference           |              |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
|---|---|---------------------|--------------|---------------|-----|-------------------------|-------|-------------------|------|--|--|--------------------|-----|----------------------|--------------|-------------------|--------------|-------------|
| <b>1.6. Overview of the Offer</b>                           |   |                     |              |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
| <b>How will the Final Subscription Price be determined?</b> | <p>The price per Unit payable by investors to subscribe for Subscription Units will be the Final Subscription Price. As at the PDS Date, the Final Subscription Price is yet to be determined.</p> <p>The Final Subscription Price will be determined under the institutional bookbuild conducted by the Joint Lead Managers between 4.00 pm Monday, 20 May 2019 and 5.00 pm Tuesday, 21 May 2019 (Sydney time), under which selected Institutional Investors will be invited to submit bids for the Subscription Units, subject to the Minimum Subscription Price. The Final Subscription Price is expected to be announced to the market on Tuesday, 21 May 2019 (Johannesburg time) on SENS and the Fund's website at <a href="http://www.iapf.com.au">www.iapf.com.au</a>.</p> <p>The Minimum Subscription Price is \$1.30 per Unit and represents the Fund's NAV per Unit as at 31 March 2019 as reported in the Fund's 2019 annual report, being the minimum subscription price for the Subscription Units calculated in accordance with the Constitution (as approved by the Unitholders on 5 September 2018).</p> <p>The Responsible Entity expects that the Final Subscription Price will be within the Indicative Price Range of between \$1.30 and \$1.35 per Unit (but it may exceed this range).</p> | Section 8.10        |              |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
| <b>Is the Offer underwritten?</b>                           | The Offer is not underwritten. However, the Responsible Entity has appointed the Joint Lead Managers to manage the Offer under the terms of the Offer Management Agreement.   | Sections 8 and 12.8 |              |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
| <b>Who are the Joint Lead Managers?</b>                     | J.P. Morgan and Macquarie.  | Section 12.8        |              |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
| <b>Can the Offer size be increased?</b>                     | <p>No, it is not intended that the Offer be increased by the issue of further Units in excess of 76,923,077 Subscription Units.</p> <p>However, oversubscriptions by certain Institutional Investors may be satisfied through the sale of up to 45 million Units held by IPF under the IPF Sale at the Final Subscription Price, as set out in Section 1.1 above.</p>   | Section 8.4         |              |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
| <b>How will the proceeds of the Offer be used?</b>          | <p>The Offer proceeds will be used to repay debt and to pay the costs associated with the Offer.</p> <table border="1"> <thead> <tr> <th>Sources of funds</th> <th>\$m</th> <th>Uses of funds</th> <th>\$m</th> </tr> </thead> <tbody> <tr> <td>Proceeds from the Offer</td> <td>100.0</td> <td>Repayment of debt</td> <td>93.5</td> </tr> <tr> <td></td> <td></td> <td>Costs of the Offer</td> <td>6.5</td> </tr> <tr> <td><b>Total sources</b></td> <td><b>100.0</b></td> <td><b>Total uses</b></td> <td><b>100.0</b></td> </tr> </tbody> </table> <p>The sources and uses of funds set out above assume the Final Subscription Price is set at the Minimum Subscription Price.</p>   | Sources of funds    | \$m          | Uses of funds | \$m | Proceeds from the Offer | 100.0 | Repayment of debt | 93.5 |  |  | Costs of the Offer | 6.5 | <b>Total sources</b> | <b>100.0</b> | <b>Total uses</b> | <b>100.0</b> | Section 8.3 |
| Sources of funds  | \$m   | Uses of funds       | \$m          |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
| Proceeds from the Offer                                     | 100.0   | Repayment of debt   | 93.5         |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
|   |   | Costs of the Offer  | 6.5          |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |
| <b>Total sources</b>  | <b>100.0</b>  | <b>Total uses</b>   | <b>100.0</b> |               |     |                         |       |                   |      |  |  |                    |     |                      |              |                   |              |             |

| Topic  | Summary   | Reference                        |
|--|---|----------------------------------|
| <b>1.6. Overview of the Offer</b>                                    |   |                                  |
| <b>Who can participate in the Offer?</b>                             | <p>The Broker Firm Offer is open to Retail Investors in Australia and New Zealand who have received a firm allocation from their Broker. For Applicants under the Broker Firm Offer, the minimum Application amount is \$5,000 and in increments of at least \$500 thereafter.</p> <p>Institutional Investors in Australia, New Zealand, South Africa, Hong Kong and Singapore will be invited to participate in the Institutional Offer.</p>   | Sections 8.8.1 and 8.9.1         |
| <b>Will Investec Group Entities participate in the Offer?</b>        | <p>IBL and IPF, who are the two largest Unitholders as at the PDS Date, have confirmed that they will not participate in the Offer, to assist in reducing the concentration of the Fund's Register and to facilitate an improvement in liquidity of Units on the ASX and the JSE. IBL and IPF have confirmed they are nevertheless supportive of the ASX Listing and the Offer.</p> <p>Other Investec Group Entities, including IWI and IAM, may participate in the Offer. Certain Units held by or on behalf of clients of IWI or IAM which are managed or advised by IWI or IAM may also participate in the Offer.</p>  | Section 8.4                      |
| <b>What will be the size of IBL and IPF's holding on Completion?</b> | <p>Following the issue of 76,923,077 Subscription Units under the Offer, the combined interest in the Fund of IBL and IPF will be diluted from 35.99% as at the PDS Date to 31.01% on Completion (assuming no Units are sold under the IPF Sale).</p> <p>If the IPF Sale proceeds, and the maximum 45 million Units held by IPF are sold, IBL and IPF's combined interests in the Fund will reduce to 22.91% on Completion (with IPF's holding reducing to 9.9%).</p> <p>IBL's property fund management strategy involves it investing directly into its platforms alongside investors to ensure alignment of interests. In line with this strategy, IBL confirms it will hold a meaningful interest in the Fund.</p> <p>IPF is a public company REIT listed on the JSE which is majority owned by various retail and institutional investors who are not members of the Investec Group. IPF has confirmed that it has no current intention to reduce its unitholding in the Fund following Completion (irrespective of whether the IPF Sale proceeds, or the number of Units sold under the IPF Sale).</p> <p>IBL and IPF may also be restricted from participating in certain equity issues under applicable laws (including Australian takeovers prohibitions which will apply to the Fund from ASX Listing). Accordingly, if such issues are undertaken by the Responsible Entity in the future, this may result in a further dilution of their holdings in the Fund.</p> | Section 14.1                     |
| <b>Where do I find an Application Form?</b>                          | <p><b>Broker Firm Offer applicants</b></p> <p>An Application Form accompanies this PDS or can be obtained from your Broker. To apply under the Broker Firm Offer, you must lodge your Application Form and Application Monies in accordance with your Broker's directions in order to receive your firm allocation.</p> <p><b>Institutional Offer applicants</b></p> <p>The Joint Lead Managers will separately advise Institutional Investors of the Application procedures for the Institutional Offer.</p>   | Application Form and Section 8.7 |

| Topic  | Summary  | Reference      |
|--|--|----------------|
| <b>1.6. Overview of the Offer</b>                            |  |                |
| <b>When do I apply?</b>                                      | <p>Key dates for the Offer are set out in the Key Offer information section of this PDS.</p> <p>Applications under the Broker Firm Offer will only be accepted during the Offer Period, which is expected to open from 9.00 am (Sydney time) Monday, 13 May 2019 until 5.00 pm (Sydney time) Monday, 20 May 2019, subject to amendment by the Responsible Entity and the Joint Lead Managers.</p> <p>All times and dates referred to in this PDS are subject to change and your Broker may impose an earlier closing date. Applicants are therefore encouraged to submit their Application Forms with their Application Monies as soon as possible after the Broker Firm Offer Opening Date.</p> | Section 8.8.4  |
| <b>When will I know if my Application has been accepted?</b> | <p>It is expected that initial holding statements will be despatched by standard post on or about Wednesday, 29 May 2019.</p> <p>Refunds to Applicants who make an Application and receive an allocation of Subscription Units, the aggregate value of which is smaller (at the Final Subscription Price) than the amount of their Application Monies, will be made as soon as possible following Completion in accordance with the requirements under the Corporations Act.</p>   | Section 8.13.3 |
| <b>Can the Offer be withdrawn?</b>                           | <p>Yes, the Responsible Entity may, with the consent of the Joint Lead Managers, withdraw the Offer at any time before the Allotment of Subscription Units to Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p> <p>If the Offer is withdrawn after Subscription Units have commenced trading on a deferred settlement basis, all contracts for sale of the Subscription Units on the ASX and the JSE will be cancelled and any money paid in connection with the settlement will be refunded.</p>                                 | Section 8      |
| <b>Is there a cooling off period?</b>                        | No, cooling off rights do not apply to an investment in the Subscription Units under the Offer.  | Section 8.11   |
| <b>What are the minimum and maximum Application amounts?</b> | <p>For Applicants under the Broker Firm Offer, the minimum Application amount is \$5,000 and in increments of at least \$500 thereafter. There is no maximum Application amount; however, you may be subject to scale back.</p> <p>Applicants under the Institutional Offer will be provided further information regarding the Institutional Offer from the Joint Lead Managers.</p>   | Section 8.8.3  |

| Topic  | Summary  | Reference             |
|--|--|-----------------------|
| <b>1.6. Overview of the Offer</b>                      |  |                       |
| <p><b>What is the allocation policy?</b></p>           | <p>The allocation of Subscription Units between the Broker Firm Offer and Institutional Offer will be determined by the Responsible Entity and the Joint Lead Managers.</p> <p><b>Broker Firm Offer</b></p> <p>For Applicants under the Broker Firm Offer, it will be a matter for the Brokers how they allocate Subscription Units among their eligible Retail Investors. However, the Responsible Entity and the Joint Lead Managers reserve the right to reject or scale back Applications in the Broker Firm Offer.</p> <p><b>Institutional Offer</b></p> <p>Under the Institutional Offer, the allocation of the Subscription Units will be determined by the Joint Lead Managers and the Responsible Entity.</p>   | <p>Section 8.6</p>    |
| <p><b>Will the Units be quoted on ASX and JSE?</b></p> | <p>The Responsible Entity will apply to the ASX within seven days of the PDS Date for admission to the Official List and the official quotation of the Units on the ASX. The Fund's ASX code is expected to be "IAP".</p> <p>Completion is conditional on the ASX approving the Fund's application for listing. If approval is not given within three months after such an application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest in compliance with the Corporations Act.</p> <p>The Existing Units are currently quoted on the JSE under the unit code "IAP" and ISIN AU60INL00018.</p> <p>It is anticipated that the Subscription Units will be quoted on the JSE on Monday, 27 May 2019 (Johannesburg time).</p> <p>It is anticipated that the Existing Units and Subscription Units will be quoted on the ASX on Tuesday, 28 May 2019 (Sydney time).</p>  | <p>Section 8.13.1</p> |
| <p><b>When can I sell my Units on the ASX?</b></p>     | <p>During the Offer Period, the Existing Units will continue to trade on the JSE on a normal settlement (T+3) in accordance with the JSE Listings Requirements.</p> <p>It is expected that:</p> <ul style="list-style-type: none"> <li>&gt; On Monday, 27 May 2019 (Johannesburg time), Subscription Units allotted on the South African Register will commence trading on the JSE on a normal settlement (T+3) basis; and</li> <li>&gt; On Tuesday, 28 May 2019 (Sydney time), Existing Units (including any Units sold under the IPF Sale) and Subscription Units will commence trading on the ASX on a deferred settlement basis.</li> </ul> <p>Subscription Units are expected to commence trading on the ASX on a normal settlement (T+2) basis on Thursday, 30 May 2019 once the Fund has advised the ASX that initial holding statements and transaction confirmation statements (in the case of CHESS holdings) have been despatched to successful Applicants under the Offer, which is expected to be on Wednesday, 29 May 2019.</p> <p>It is the responsibility of each Unitholder who trades in Units to confirm their holding before trading in the Units. If Applicants seek to sell Units before they receive a holding statement, they do so at their own risk.</p> | <p>Section 8.14.3</p> |

# 1

## Investment overview Continued

| Topic  | Summary   | Reference      |
|--|---|----------------|
| <b>1.6. Overview of the Offer</b>  |   |                |
| <b>Can I move my Units between the Australian Register and the South African Register?</b> | <p>The Units can be moved between the Australian Register and the South African Register. Following Completion, Unitholders will have the ability to elect where their Units are traded by holding their Units on either the South African Register or the Australian Register.</p> <ul style="list-style-type: none"><li>&gt; Unitholders on the South African Register who wish to move their Units to the Australian Register will need to contact their CSDP or broker, who will (subject to the Unitholder having obtained any exchange control or other approval which they may require) contact the Registry to move their Units to the Australian Register.</li><li>&gt; Unitholders on the Australian Register who hold their Units on the CHESSE subregister and wish to move their Units to the South African Register will need to:<ul style="list-style-type: none"><li>– Contact the Registry directly if they are CHESSE participants; or</li><li>– Contact their sponsoring broker if they are sponsored by a CHESSE participant.</li></ul></li><li>&gt; Unitholders on the Australian Register who hold their Units on the issuer sponsored subregister will need to contact the Registry directly to move their Units to the South African Register.</li></ul> <p>Unitholders will be required to pay a Repositioning Fee to move their Units between the Australian Register and the South African Register. A valid request from a Unitholder to move Units from the Australian Register to the South African Register will generally be processed within one Business Day, although in some circumstances, it may take longer for the request to be processed.</p> <p>Unitholders will not be able to move their Units between the Australian Register and the South African Register for a short period where the Fund declares a record date for the purposes of paying Distributions.</p> | Section 8.13.4 |

| Topic  | Summary   | Reference  |
|--|---|------------|
| <b>1.7. Taxation</b>                               |   |            |
| <b>What are the tax implications of the Offer?</b> | <p>There may be tax implications arising from Applications for Subscription Units. These implications will differ depending on the individual circumstances of each Applicant who participates in the Offer. Key tax implications of the Offer are set out in Section 10 of this PDS.</p> <p>Applicants should obtain their own professional taxation advice about the consequences of investing in the Fund.</p> | Section 10 |



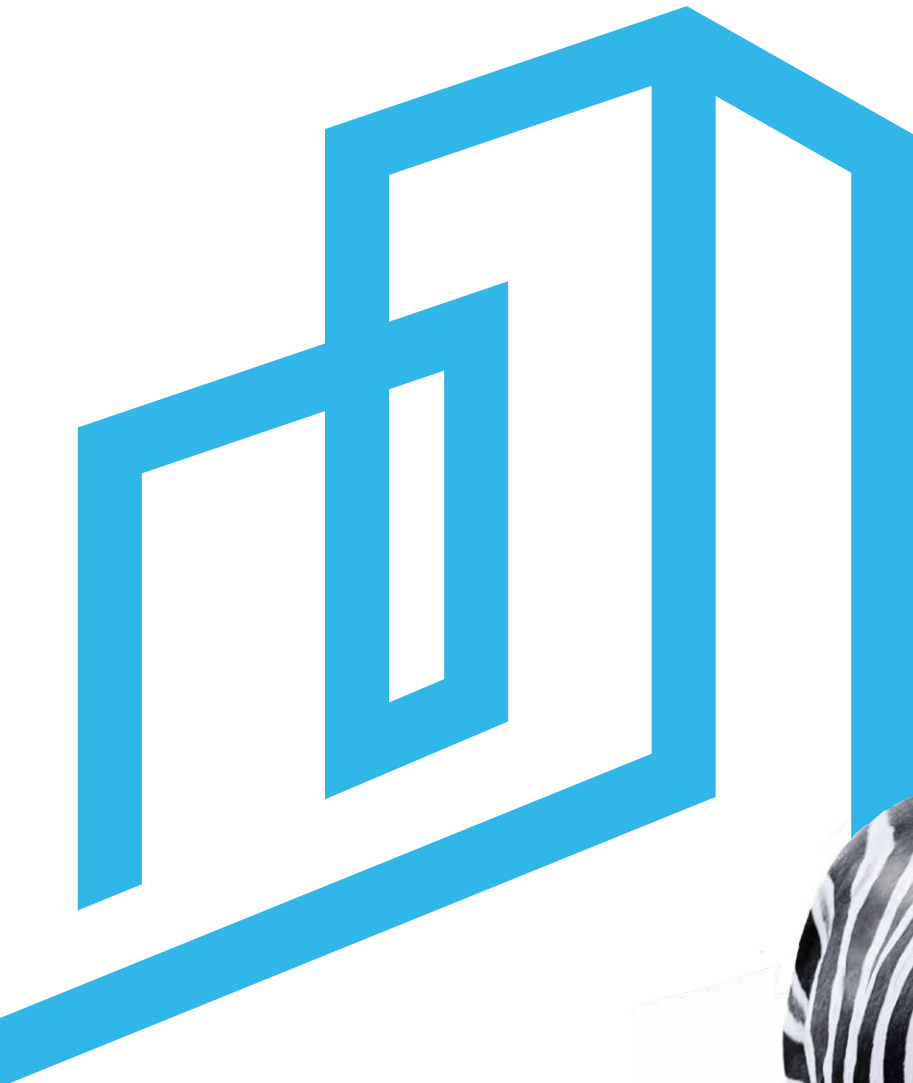
| Topic  | Summary  | Reference    |
|--|--|--------------|
| <b>1.8. Transaction Costs</b>  |  |              |
| <b>What are the Transaction Costs associated with the Offer?</b>               | The total estimated net costs to the Fund in connection with the Offer and obtaining the Unitholder approvals to facilitate the Offer, including fees for investment banking, legal, accounting, tax and stamp duty advice, listing and administrative fees as well as printing, advertising and other expenses, are currently estimated to be approximately \$6.5 million. This amount will be paid out of the Fund from the proceeds raised under the Offer.   | Section 11.5 |
| <b>Is there any brokerage, commission or stamp duty payable by Applicants?</b> | <p>No brokerage, commission or stamp duty is payable by Applicants on the application of Subscription Units under the Offer.</p> <p>However, if you apply for Subscription Units through a Broker or adviser, that Broker or adviser may require you to pay a handling fee. You will need to contact your Broker or adviser to determine the cost of that fee.</p> <p>Unitholders who buy or sell Units on the ASX or the JSE may be subject to brokerage and other transaction costs. Transfers of Units on the ASX should not attract any Australian stamp duty, provided the Unitholder does not acquire (whether alone or together with associates) 90% or more of the Units.</p> <p>Unitholders should confirm the stamp duty consequences of dealing with their Units with their taxation adviser.</p> | Section 8.15 |

| Topic  | Summary  | Reference               |
|--|--|-------------------------|
| <b>1.9. Further information</b>  |  |                         |
| <b>What is the dispute resolution procedure to deal with complaints?</b> | If you have a complaint, please contact the Responsible Entity directly. The Responsible Entity has a complaints handling and dispute resolution procedure which it follows to acknowledge, investigate, respond to and resolve complaints by Unitholders.   | Section 14.9            |
| <b>Where can I find out further information about the Offer?</b>         | <p>If you have further enquiries or questions relating to aspects of this PDS or about the Offer, please call the Offer Information Line on 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Fund is a suitable investment for you, you should seek professional guidance from your accountant, broker, lawyer or other professional adviser before deciding whether to invest.</p> <p>This PDS is also available to Australian and New Zealand resident investors in electronic form on the Fund's website at <a href="http://www.iapf.com.au">www.iapf.com.au</a>.</p> | Sections 8.19 and 14.12 |

# 2

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## Overview of the Fund

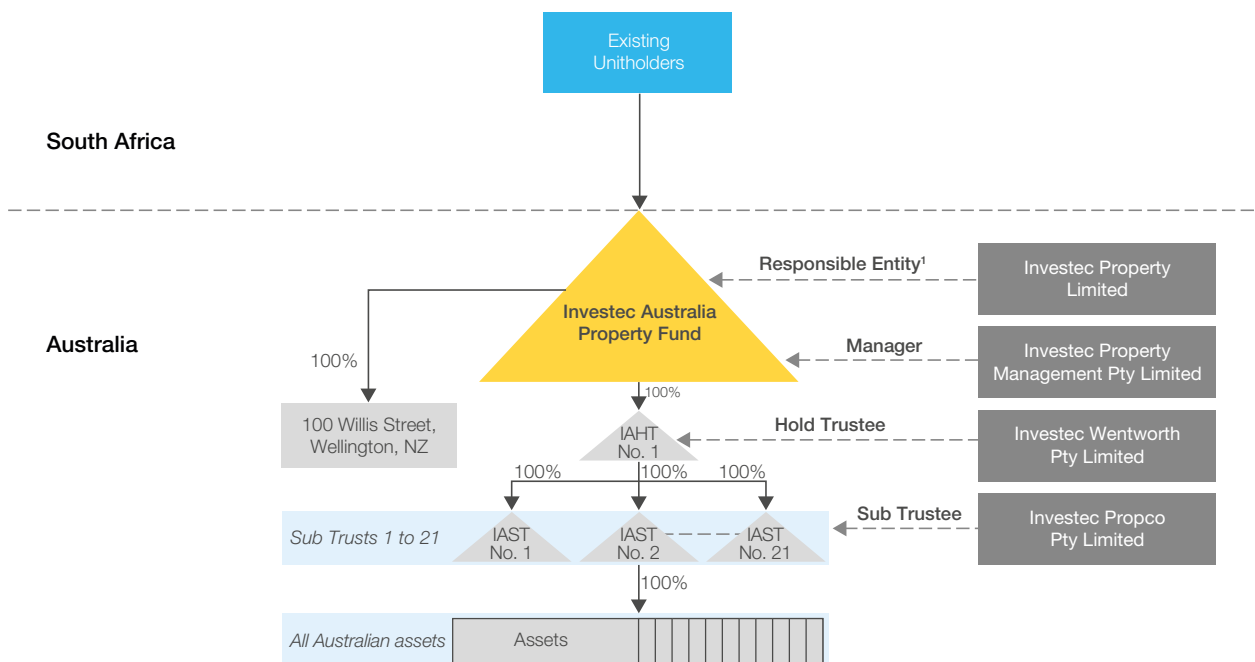


## 2.1. Overview of the Fund

IAPF is an Australian REIT registered as a Managed Investment Scheme with a mandate to invest in Australian and New Zealand office, industrial and retail properties. Currently, IAPF has a primary listing on the JSE and a secondary listing on the BSX, and following Completion, will be dual primary listed on the ASX and the JSE.

The Fund is externally managed. The Responsible Entity is Investec Property Limited and the Manager is Investec Property Management Pty Limited, each being a member of the Investec Group. The Investec Group is a specialist bank and asset manager that has been operating since 1974 and has a presence in 44 cities across five continents.

The current structure of the Fund is set out below:



Note: Percentages represent ownership interests.

1. The Responsible Entity has appointed the Custodian to hold all of the assets directly owned by IAPF.

See Section 5.1.1 of this PDS for details on the Responsible Entity and Section 12.1 of this PDS for a summary of the key terms of the Constitution.

See Section 5.1.2 of this PDS for details on the Manager and Section 12.2 of this PDS for a summary of the services provided by the Manager and the fees payable by the Fund to the Manager under the Management Agreement.

Members of the Investec Group have been investors in, and have supported the growth of, the Fund since its inception. IBL, the main operating entity of the Investec Group in South Africa, currently holds 15.07% of the Existing Units. IPF, a public company REIT listed on the JSE that invests predominantly in South African property and is managed by the Investec Group in South Africa, holds 20.92% of the Existing Units. In addition, 17.46% of the Existing Units are held by or on behalf of clients of IWI (typically through Ferbros Nominees), which are managed or advised by IWI and 4.12% of the Existing Units are held by or on behalf of clients of IAM, which are managed or advised by IAM. Please refer to Section 8.4 of this PDS for information relating to the IPF Sale and Section 14.1 for further information relating to the Fund's major Unitholders.

As at the PDS Date, the Portfolio consists of 28 Properties. The Portfolio has a WALE of 4.7 years<sup>45</sup> and embedded contractual rental escalations with a WARR of 3.3% p.a.<sup>45</sup>. The Portfolio has grown in value by 8.2 times since the Fund's listing on the JSE, and is currently independently valued at AUD 1,063 million.

<sup>45</sup> Weighted by Gross Property Income.

A summary of the key Portfolio metrics is set out below, with further detail of each Property set out in Section 3 of this PDS.

| Key Portfolio metrics  |                   |
|--|-------------------|
| Number of Properties   | 28                |
| Independent valuation  | AUD 1,063 million |
| WACR <sup>46</sup>   | 6.59%             |
| Occupancy <sup>47</sup>  | 99.4%             |
| WALE <sup>47</sup>   | 4.7 years         |
| Proportion of Gross Property Income subject to fixed annual rental increases | 98.6%             |
| WARR <sup>47</sup>   | 3.3% p.a.         |

## 2.2. History of the Fund

IAPF was established on 12 December 2012 and was registered as a Managed Investment Scheme in Australia on 6 February 2013. On 23 August 2013, the Registrar of Collective Investment Schemes in South Africa authorised the Fund to solicit investments in the Fund from members of the public in South Africa, under the terms of section 65 of the CIS Act.

IAPF listed on the main board of the JSE on 23 October 2013 under the unit code "IAP" and ISIN AU60INL00018 and has been continuously listed on the main board of the JSE since then. The Fund listed with an initial portfolio consisting of two office properties and six industrial properties, independently valued at AUD130 million. In addition to its primary listing on the JSE, IAPF also has a secondary listing on the BSX (though no Units are traded on the BSX).

## 2.3. Rationale for an ASX Listing

On 5 September 2018, the Unitholders approved a resolution for the issue and allotment of up to a maximum of 180 million new Units to Qualifying Investors at the subscription price determined in the manner described in the Circular in conjunction with the ASX Listing within 12 months after the date on which the resolution was passed. The Unitholders also approved amendments to the Constitution and the Management Agreement to facilitate the ASX Listing. The Responsible Entity is seeking to implement the proposal approved by the Unitholders in connection with the ASX Listing and the Specific Issue of Units for Cash.

Following the ASX Listing, the Fund will be dual primary listed on the ASX and the JSE. A dual listing on the ASX and the JSE will provide the Fund with direct access to both the South African and Australian capital markets. Access to a more diversified pool of capital is expected to provide the Fund with greater financial flexibility to grow and diversify its Portfolio and make further real estate asset acquisitions in line with its current investment strategy, subject to its existing borrowing policy which is currently intended to remain unchanged following Completion (see Section 2.7.1 of this PDS).

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

On Completion, the Subscription Units issued to Unitholders in Australia, New Zealand, Hong Kong and Singapore will be registered on the Australian Register. The Subscription Units issued to Unitholders in South Africa will be registered on the South African Register. Unitholders will have the flexibility to elect where their Units are traded by holding their Units on either the Australian Register or the South African Register, and may move their Units between the Australian Register and the South African Register. For further details on the process for moving Units between the Australian Register and the South African Register, see Section 8.13.4 of this PDS.

A listing on the ASX will be a primary listing, in addition to the Fund's current primary listing on the JSE. If the ASX Listing proceeds, the Fund would delist from the BSX and the current intention is that the Fund would remain dual primary listed on the ASX and the JSE.

<sup>46</sup> By Property value.

<sup>47</sup> Weighted by Gross Property Income.

The Fund will be listed on the ASX in the ordinary course and not on a foreign exempt basis. This is because, despite the Fund having a foreign primary listing on the JSE, the Fund is a Managed Investment Scheme operated by the Responsible Entity which holds an AFSL. There will be no change to the inward listed status of the Fund on the JSE as a consequence of listing on the ASX.

See Section 8.13 of this PDS for further details regarding the ASX Listing.

## 2.4. Investment and asset management strategy

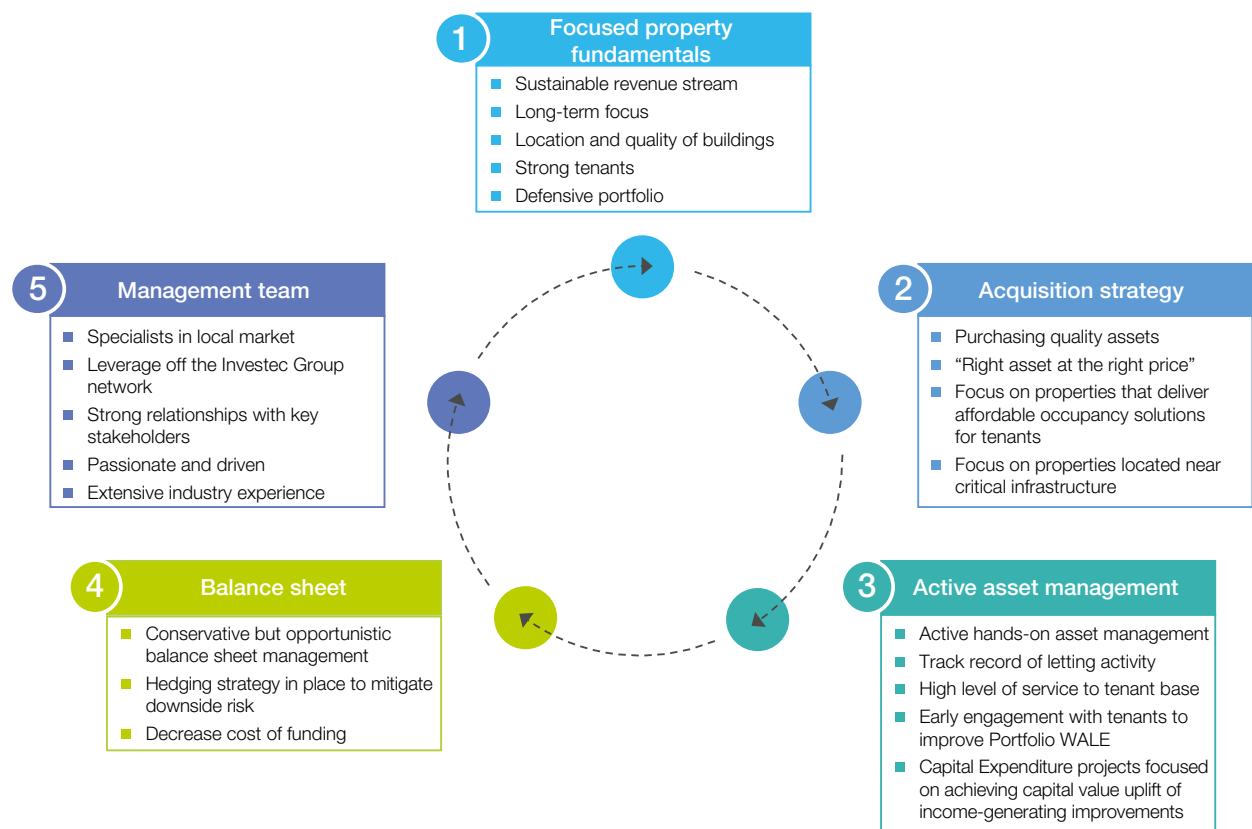
### 2.4.1. Fund objectives and investment philosophy

The Fund's strategy is to invest in office, industrial and retail properties in major metropolitan cities or established commercial precincts in Australia and New Zealand.

The objectives of the Fund are to:

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

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



The focus of the Fund immediately post listing on the JSE was to acquire properties with limited or no short-term capital expenditure, medium to long term leases to good quality tenants and contracted rental growth with the aim of providing Unitholders with stable income. More recently, the Fund has focused on identifying acquisitions that are located in precincts supported by significant existing or planned infrastructure that provide affordable occupancy costs for tenants and where management can utilise its asset management skills to enhance yield and/or add value. The management team has demonstrated an ability to adjust strategy and shift focus to take advantage of prevailing market conditions.

## 2.4.2. Investment process

### Acquisitions

Future acquisitions will be consistent with the Fund's stated investment strategy of acquiring office, industrial or retail properties in Australia and New Zealand. There are three primary considerations for the Fund in its investment decision making process, as summarised below:

| Macro considerations   | Micro considerations   | Context   |
|--|--|---|
| <ul style="list-style-type: none"> <li>&gt; The Fund assesses underlying market fundamentals, including:               <ul style="list-style-type: none"> <li>– Market rents;</li> <li>– Growth rates;</li> <li>– Supply and demand dynamics;</li> <li>– Vacancy and absorption rates;</li> <li>– Market incentives provided to tenants; and</li> <li>– Demographics, including population and wage growth.</li> </ul> </li> <li>&gt; To assist with this, the Fund utilises external research and leverages management's relationships with industry participants.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; The Fund assesses the property specific attributes, including:               <ul style="list-style-type: none"> <li>– Strength of tenant covenants (as assessed through extensive due diligence on all material leases);</li> <li>– Lease expiry profile;</li> <li>– Contractual escalations;</li> <li>– 10 year yield analysis;</li> <li>– Location;</li> <li>– Physical attributes including 10 year capital expenditure requirements;</li> <li>– Replacement cost assessment; and</li> <li>– Valuation.</li> </ul> </li> <li>&gt; The Fund conducts detailed due diligence on all property acquisitions, utilising management's in-house skills as well as those of external consultants such as technical building experts, planners, surveyors, valuers and lawyers.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Whilst the Fund does not have specific allocation limits, all acquisitions are assessed with reference to the impact on the Fund's:               <ul style="list-style-type: none"> <li>– Geographic concentration;</li> <li>– Sector concentration;</li> <li>– Lease expiry profile;</li> <li>– Net Property Income; and</li> <li>– Distribution growth profile.</li> </ul> </li> </ul> |

### Divestments

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

### Approvals

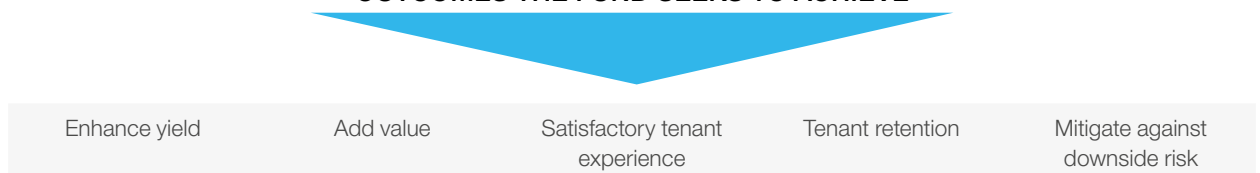
Acquisition and divestment decisions are recommended by the Manager and presented to the Board for consideration. Unanimous approval of the Board is required in order to proceed with an acquisition or divestment.

### 2.4.3. Asset management

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

| Origination   | Leasing  | Repositioning  | Capital expenditure  |
|---|--|--|--|
| <ul style="list-style-type: none"> <li>&gt; Identify opportunities to enhance yield and/or create value as part of the due diligence process.</li> <li>&gt; Asset management and project management teams actively involved in the acquisition process.</li> <li>&gt; Origination team retains joint responsibility alongside the asset management team to deliver on the asset management strategy outlined in the investment case until the end of the first financial reporting period.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Active approach to tenant engagement with continual dialogue between the tenant and the asset management team.</li> <li>&gt; Continual assessment of external property managers' performance to ensure a satisfactory tenant experience.</li> <li>&gt; Tenant surveys carried out to ensure a satisfactory tenant experience and to identify opportunities to enhance yield, add value or improve amenity.</li> <li>&gt; Early engagement with tenants to understand their medium to long term occupancy requirements with a view to accelerating lease renewals where appropriate.</li> <li>&gt; Actively manage the lease expiry profile to mitigate against vacancy concentration.</li> <li>&gt; Significant experience in completing leasing transactions within the asset management team.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Identifying opportunities to create additional GLA.</li> <li>&gt; Identifying opportunities to rent under-utilised space.</li> <li>&gt; Ensuring the best and highest use of space is being achieved.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Continually seeking to identify opportunities to improve the quality of Properties to ensure a satisfactory tenant experience.</li> <li>&gt; Providing additional amenity to assist with tenant retention.</li> <li>&gt; Ensuring Properties are current and relevant through ongoing investment.</li> <li>&gt; Undertaking defensive capital expenditure to protect against downside risk.</li> </ul> |

### OUTCOMES THE FUND SEEKS TO ACHIEVE



#### 2.4.4. Environment and ethical considerations

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

### 2.5. Benefits of an investment in the Fund

#### 2.5.1. Portfolio of geographically diversified assets

The Portfolio comprises 28 Properties sectorially and geographically diversified and currently valued at AUD 1,063 million. The Fund has focused on constructing a Portfolio with the following characteristics:

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

A breakdown of the Portfolio is set out below, with further details on each Property set out in Section 3 of this PDS.

#28

assets

A\$1,063 m

valuation

6.59%

WACR<sup>48</sup>

4.7 years

WALE<sup>49</sup>

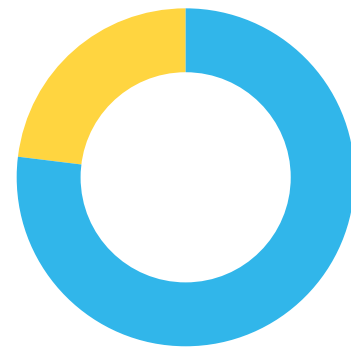
99.4%

occupancy<sup>59</sup>

|                              | Industrial | Office  | Total   |
|------------------------------|------------|---------|---------|
| Book value (A\$m)            | 240        | 823     | 1,063   |
| WACR (%)                     | 6.94       | 6.49    | 6.59    |
| GLA (sqm)                    | 145,596    | 144,685 | 290,281 |
| WALE (by years)              | 6.3        | 4.2     | 4.7     |
| Occupancy (%)                | 100.0      | 99.3    | 99.4    |
| Number of Properties         | 15         | 13      | 28      |
| Average Property size (A\$m) | 16         | 63      | 38      |

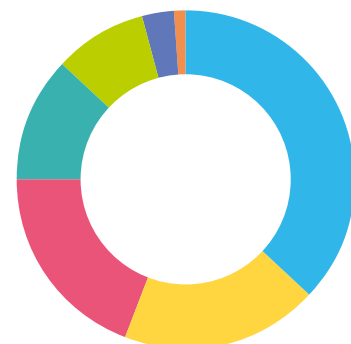
#### Split by Sector<sup>48</sup>

- Office 77%
- Industrial 23%



#### Split by Geography<sup>48</sup>

- NSW 37%
- VIC 19%
- QLD 19%
- NZ 12%
- ACT 9%
- WA 3%
- SA 1%



48 By Property value.

49 Weighted by Gross Property Income.

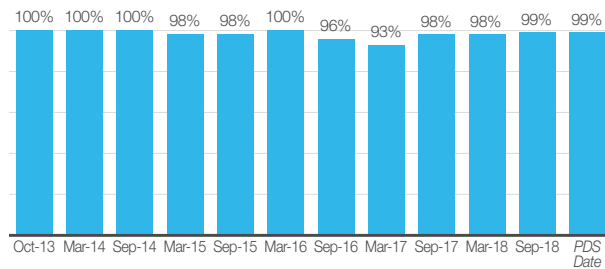


## 2.5.2. Gross Property Income supported by long leases, good quality tenants and contracted revenue growth

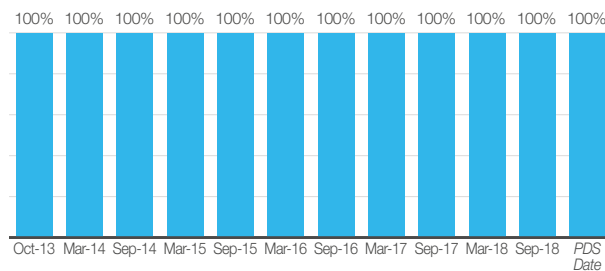
The Portfolio is currently 99.4%<sup>50</sup> occupied and has a WALE of 4.7 years<sup>50</sup> with 49%<sup>50</sup> of leases expiring after five years. The WARR across the Portfolio is 3.3% p.a.<sup>50</sup> with 98.6% of the Portfolio subject to fixed annual rental escalations.

### Portfolio Occupancy<sup>50</sup>

#### Office



#### Industrial

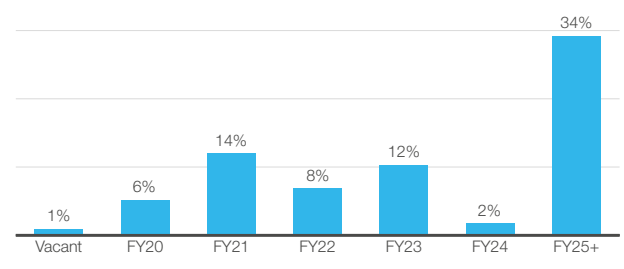


#### Total – office + industrial

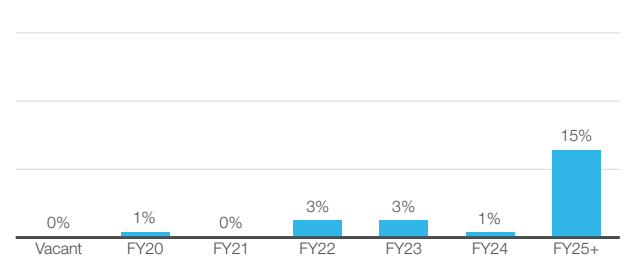


### Portfolio Lease Expiry Profile<sup>50,51</sup>

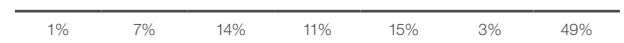
#### Office



#### Industrial



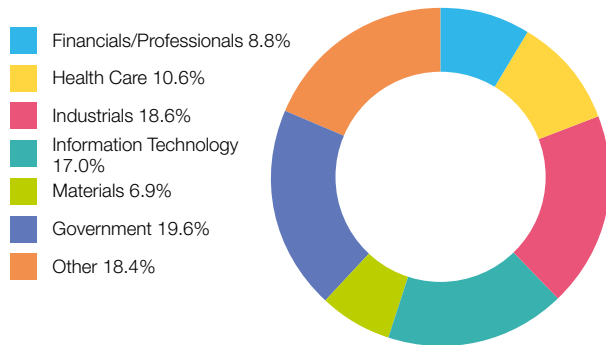
#### Total – office + industrial



Tenants are broadly spread across a number of industries, with industrials and technology being the two largest industries, while government contributes 19.6% of Gross Property Income. Additionally, no individual tenant (excluding government tenants) accounts for more than 4.2% of Gross Property Income.

<sup>50</sup> Weighted by Gross Property Income.

<sup>51</sup> Numbers may not add up due to rounding.

**Tenant Composition**<sup>52,53</sup>**Top 10 Tenants**<sup>52</sup>

|    | Tenant                       | Industry               | % of Portfolio |
|----|------------------------------|------------------------|----------------|
| 1  | Commonwealth of Australia    | Government             | 9.0%           |
| 2  | carsales.com                 | Information Technology | 4.2%           |
| 3  | ABB Enterprise Software      | Industrials            | 4.0%           |
| 4  | Ricoh Australia              | Information Technology | 3.9%           |
| 5  | Honeywell                    | Information Technology | 3.3%           |
| 6  | Horan Steel                  | Materials              | 2.9%           |
| 7  | State Government of Victoria | Government             | 2.9%           |
| 8  | CTI Freight Systems          | Industrials            | 2.8%           |
| 9  | Pharmaxis                    | Health Care            | 2.5%           |
| 10 | Toll Transport               | Industrials            | 2.4%           |
|    | <b>Total</b>                 |                        | <b>37.9%</b>   |

The top five tenants are all well-known national or international companies or government agencies.

**2.5.3. Financial metrics**

On Completion (based on the total number of Units on issue following Completion):

- > Forecast FY20 annualised FFO Yield (based on the upper and lower ends of the Indicative Price Range respectively) is 7.1% to 7.4%; and
- > Forecast FY20 annualised Distribution Yield (based on the upper and lower ends of the Indicative Price Range respectively) is 6.5% to 6.8%.

Growth in FFO and Distributions will be underpinned by fixed annual rental reviews and the Fund's lease expiry profile:

- > 98.6% of Gross Property Income from the Portfolio is subject to fixed annual increases at a WARR of 3.3% p.a.<sup>52</sup>; and
- > 49%<sup>52</sup> of leases lasting more than five years.

On Completion, the Fund will have a pro forma NAV of \$715 million, which equates to a pro forma NAV per Unit of \$1.29.<sup>54</sup>

As at 31 March 2019, the Fund's NAV as reported in the Fund's 2019 annual report was \$621 million, which equated to a NAV per Unit of \$1.30. The Indicative Price Range of \$1.30 to \$1.35 per Unit represents a premium to the Fund's NAV per Unit (as at 31 March 2019) of 0.0% to 3.8%.

On Completion, IAPF will have gearing of 31%.<sup>55</sup>

Following ASX Listing, the Fund will continue to maintain a target gearing range between 30% and 40%, with the ability to exceed the top end of the range provided gearing will be reduced to below 40% within a reasonable period of time.

<sup>52</sup> Weighted by Gross Property Income.

<sup>53</sup> Numbers may not add up due to rounding.

<sup>54</sup> Based on the total number of Units on issue following Completion assuming the Final Subscription Price is set within the Indicative Price Range).

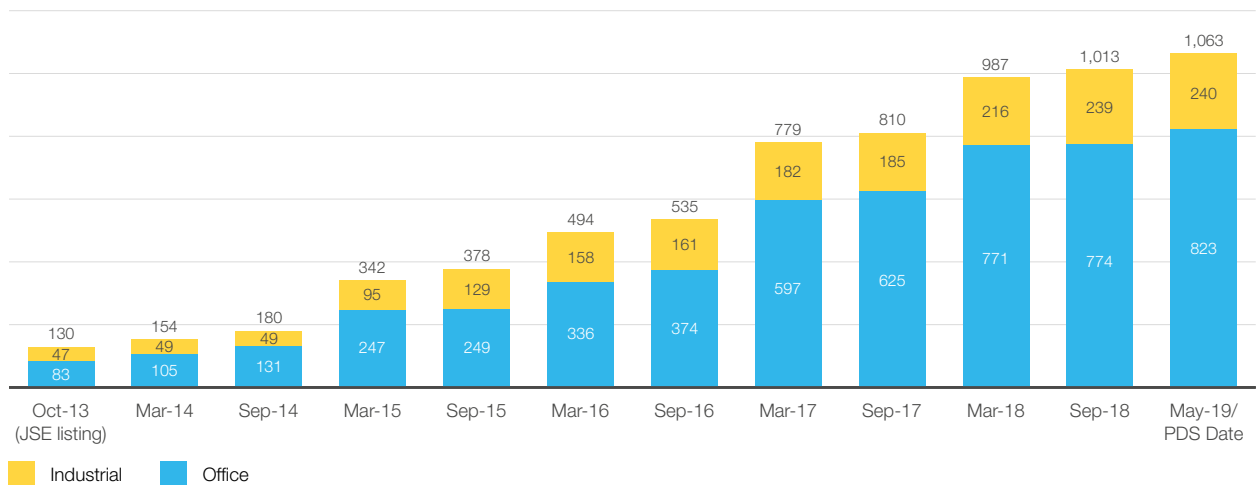
<sup>55</sup> See footnote 44 in Section 1 of this PDS.

## 2.5.4. Track record of Portfolio growth

The Fund has a measured, disciplined and value based approach to Portfolio growth, and has a proven record of completing acquisitions, as outlined in Section 2.4.2 of this PDS. The Portfolio has grown in value by 8.2 times since the Fund’s listing on the JSE, demonstrating management’s ability to identify and secure acquisitions. The Fund has achieved valuation uplifts through active asset management and Capitalisation Rate compression, with the portfolio’s WACR compressing 1.06%<sup>56</sup> over the last three years. See Section 2.4 of this PDS for further detail on the Fund’s acquisition strategy and asset management initiatives.

### Portfolio Value (A\$m)

Acquisition and value-add initiatives driving Portfolio expansion



Number of Properties (office / industrial)

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

Note: Figures may not add up due to rounding.

## 2.5.5. Ability to leverage the Investec Group’s management expertise

The Manager comprises an experienced team with 12 full time staff with a presence in each of the Fund’s key geographies of Sydney, Melbourne and Brisbane. The management team covers the key disciplines of origination, asset management, project and development management and finance. See Section 5.3 of this PDS for further details on the management team.

The Manager is a member of the Investec Group, which has a long history in property funds management and direct property investment across its core geographies of South Africa, the United Kingdom and Australia. In Australia, the Investec Group has been managing property on behalf of institutional, wholesale and retail clients since 2006.

See Section 5.5 of this PDS for further detail on the Investec Group and Section 5.1.2 of this PDS for details on the Manager.

## 2.5.6. Experienced, majority independent board

The Board is comprised of six members, the majority of whom are independent of the Investec Group. The Directors are all experienced directors who possess a broad range of skills covering property, investment banking, legal and compliance. See Section 5.2 of this PDS for further details on the Directors.

<sup>56</sup> By Property value.

## **2.6. Risks of an investment in the Fund**

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

Before deciding on whether to make an investment in the Fund, prospective investors should have a sufficient understanding of the risks described in Section 7 of this PDS in conjunction with other information provided in this PDS and should carefully consider whether an investment in the Fund is a suitable investment having regard to their own investment objectives, financial circumstances and taxation position. Prospective investors should note that individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable.

If you do not understand any part of this PDS or are in any doubt as to whether to invest in Units, you should seek advice from your broker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

## **2.7. Financing arrangements**

### **2.7.1. Borrowing policy**

Following Completion, the Fund will have gearing of 31%.<sup>57</sup>

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

### **2.7.2. Hedging policy**

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

### **2.7.3. Current financing arrangement**

The Fund has, through Hold Trust, entered into the Facility Agreement which remains in place as at the PDS Date. The size of the Facility is \$431.74 million. It is available to fund general corporate purposes including permitted acquisitions of real property. Interest is calculated through applying a margin to the applicable base rate (being the Australian Bank Bill Swap Reference Rate (Bid) (BBSY)). The applicable margin varies depending on the tranche of the Facility. Further details on the Facility Agreement, including the details of financial covenants, are set out in Section 12.6 of this PDS.

## **2.8. Distribution policy**

### **2.8.1. Historical Distribution policy**

Since inception, the Distribution policy of the Fund has been to distribute all of its distributable income, which comprises the higher of statutory net profit under the AAS (subject to certain adjustments), and taxable income. Under the AAS, statutory net profit includes certain non-cash items which are adjusted to determine distributable income, being straight-line rental revenue and fair value adjustments (including adjustments on investment property, interest rate swaps and foreign currency). Distributions, as well as items such as tenant incentives and maintenance capital expenditure, have been funded from a combination of the Fund's free cash flows and debt.

<sup>57</sup> See footnote 44 in Section 1 of this PDS.

Details of the Distributions paid or to be paid by the Fund since its listing on the JSE (determined in accordance with the Fund's historical Distribution policy) are set out below:

| Distribution period ended/ending | Distribution per Unit in cents |                      |
|----------------------------------|--------------------------------|----------------------|
|                                  | Pre withholding tax            | Post withholding tax |
| 31 March 2014                    | 3.42                           | 3.20                 |
| 30 September 2014                | 4.03                           | 3.82                 |
| 31 March 2015                    | 4.15                           | 3.96                 |
| 30 September 2015                | 4.54                           | 4.27                 |
| 31 March 2016                    | 4.63                           | 4.65                 |
| 30 September 2016                | 4.81                           | 4.64                 |
| 31 March 2017                    | 4.93                           | 4.60                 |
| 30 September 2017                | 4.95                           | 4.64                 |
| 31 March 2018                    | 5.08                           | 4.65                 |
| 30 September 2018                | 5.05                           | 4.65                 |
| 31 March 2019                    | 5.18                           | 4.75                 |
| 27 May 2019                      | 1.59                           | 1.46                 |

## 2.8.2. Distribution policy following the ASX Listing

Following the ASX Listing, the Responsible Entity will target Distributions of between 80% and 100% of the Fund's FFO each year in order to more closely align its Distribution policy with that of other ASX listed Australian REITs and report the Distributions in accordance with the Property Council Guidelines. The Board retains the discretion to amend the Distribution policy.

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

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

The Responsible Entity intends to continue to pay Distributions on a half yearly basis in respect of the periods ending 31 March and 30 September. Following Completion, the Fund's first Distribution is expected to be for the period from 28 May 2019 to 30 September 2019.

After the Fund is listed on the ASX, the Main Trading Exchange of the Fund will be the JSE, unless in respect of a particular half year trading period, more Units by volume were traded on the ASX during the immediately preceding half year trading period, in which case the Main Trading Exchange for that particular trading period will be the ASX.

While the Main Trading Exchange of the Fund is the JSE, it is intended that the Fund's interim and final Distributions will be paid in accordance with the corporate actions timetables under the JSE Listings Requirements. Distributions are generally expected to be paid in the months of June and December, other than the Pre-Allotment Distributions which will be paid to existing Unitholders on or about Monday, 27 May 2019 (see Section 2.8.3 of this PDS for details of the Pre-Allotment Distributions). If the Main Trading Exchange becomes the ASX, the Responsible Entity will comply with the distribution timetables under the ASX Listing Rules as required under the Constitution. Further information on the differences between the ASX and the JSE distribution timetables is set out in Section 13 of this PDS.

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

The Fund determines Distributions in AUD. Unitholders holding Units on the Australian Register will receive their Distributions in AUD. For Unitholders holding Units on the South African Register, Distributions are converted to ZAR based on an exchange rate and conversion date announced by the Fund via SENS.

### **2.8.3. Pre-Allotment Distributions**

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

- > A final Distribution for the six month period from 1 October 2018 to 31 March 2019 will be made in accordance with the Fund's existing Distribution policy; and
- > A special Distribution for the period from 1 April 2019 to 27 May 2019 will be made to ensure that the Existing Units and the Subscription Units will rank equally from the Allotment Date.

The record date for the Pre-Allotment Distributions will be 24 May 2019 and the Pre-Allotment Distributions will be paid to existing Unitholders on or about 27 May 2019. As the record date for the Pre-Allotment Distributions is prior to the Allotment Date in respect of the Subscription Units, holders of the Subscription Units will not be entitled to the Pre-Allotment Distributions.

## **2.9. Valuation policy**

### **2.9.1. Valuation basis**

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

### **2.9.2. Frequency of valuation**

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

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

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

## 2.10. Dual listing

Following the ASX Listing, the Fund will be dual primary listed on the ASX and the JSE, and will need to comply with both the ASX Listing Rules and the JSE Listings Requirements. Under the Constitution, if there is a conflict between the JSE Listings Requirements and the ASX Listing Rules and it is not possible to comply with both the JSE Listings Requirements and the ASX Listing Rules, the Fund must comply with the JSE Listings Requirements while the Main Trading Exchange remains as the JSE, unless the Main Trading Exchange becomes the ASX.

A comparison of the ASX Listing Rules and the JSE Listings Requirements is set out in Section 13 of this PDS. In particular, investors should note the following:

- > There are different rules relating to the issue of new securities, and timetables for the issue of new securities differ. Generally, the timetables prescribed under the JSE Listings Requirements are longer than the timetables prescribed under the ASX Listing Rules;
- > Timetables for the declaration and payment of Distributions differ. The Fund's Distribution policy is set out in Section 2.8 of this PDS. While the Fund is listed on the JSE, the Fund cannot offer a distribution reinvestment plan without the specific approval of Unitholders for the issue of Units under the distribution reinvestment plan having been obtained;
- > Normal settlement of securities traded on the ASX is on a T+2 basis while normal settlement of securities traded on the JSE is on a T+3 basis;
- > There is a requirement under the JSE Listings Requirements to submit a compliance declaration in terms of its continuing obligations as a CISIP;
- > The Fund must hold an annual general meeting under the JSE Listings Requirements. There is no such requirement under the ASX Listing Rules;
- > Timing for disclosure of Directors' dealings and periodic reporting differs;
- > Both the ASX Listing Rules and the JSE Listings Requirements require Unitholders' approval for significant transactions and related party transactions, subject to the applicable thresholds;
- > The Constitution may be amended by the Responsible Entity in limited circumstances in Australia without Unitholder approval. However, while the Fund is listed on the JSE, amendments to the Constitution will require a special resolution of Unitholders; and
- > Both the ASX Listing Rules and the JSE Listings Requirements govern in a similar manner trading halts and voluntary and permanent suspension from the relevant exchange. Delisting from the JSE requires Unitholders' approval and an offer of securities to Unitholders which is subject to a fairness opinion from an independent expert.

See Section 13 of this PDS for further details regarding the differences (and/or similarities) between the ASX Listing Rules and the JSE Listings Requirements.

## 2.11. Reporting

The Fund will continue to report on a 31 March financial year basis. Formal reporting will be provided to Unitholders as at 31 March (full year) and 30 September (interim) each year. These reports will include:

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

An annual financial report will be provided to Unitholders in accordance with the Corporations Act. The annual financial report will be audited whilst the interim financial report will be audit reviewed. Financial reports will be made available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

# 3

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## Portfolio overview





## 3.1. Introduction

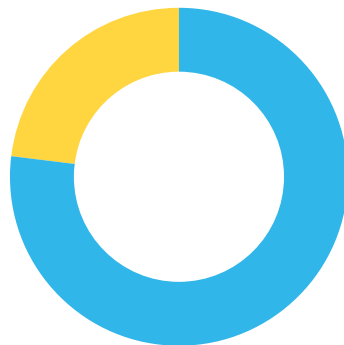
The Portfolio comprises 28 Properties independently valued at \$1,063 million reflecting a WACR of 6.59%<sup>58</sup> and GLA of 290,281 sqm. The Portfolio is geographically diversified with Properties located in the key markets across Australia and New Zealand. The majority of the Fund's exposure is to New South Wales, Queensland and Victoria, which represent 75% of the Portfolio by Property value.

The Portfolio is currently 99.4%<sup>59</sup> occupied and has a WALE of 4.7<sup>59</sup> years with 49%<sup>59</sup> of leases lasting more than five years and a WARR of 3.3%<sup>59</sup> p.a.

| Sector                        | Properties | Independent valuation | WACR <sup>58</sup> | WALE <sup>59</sup> | Occupancy <sup>59</sup> |
|-------------------------------|------------|-----------------------|--------------------|--------------------|-------------------------|
|                               | number     | \$m                   | %                  | years              | %                       |
| Office                        | 13         | 823                   | 6.49               | 4.2                | 99.3                    |
| Industrial                    | 15         | 240                   | 6.94               | 6.3                | 100.0                   |
| <b>Total/Weighted average</b> | <b>28</b>  | <b>1,063</b>          | <b>6.59</b>        | <b>4.7</b>         | <b>99.4</b>             |

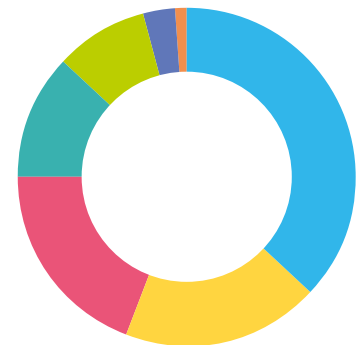
Split by sector<sup>60</sup>

■ Office 77%  
■ Industrial 23%



Split by geography<sup>60</sup>

■ NSW 37%  
■ VIC 19%  
■ QLD 19%  
■ NZ 12%  
■ ACT 9%  
■ WA 3%  
■ SA 1%

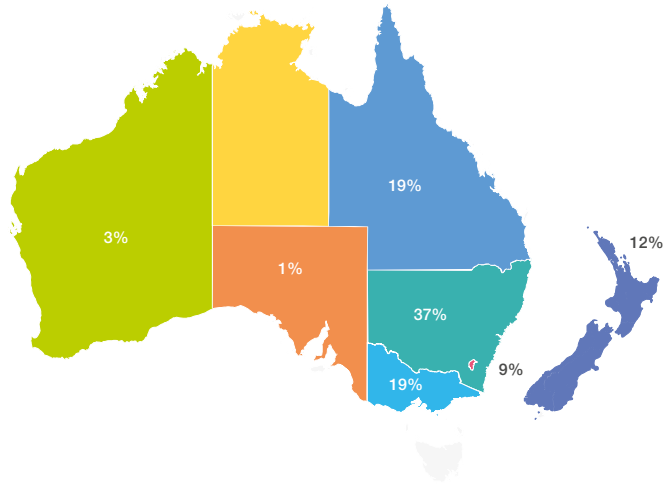
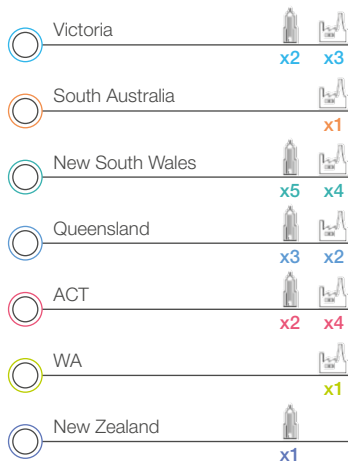


58 By Property value.

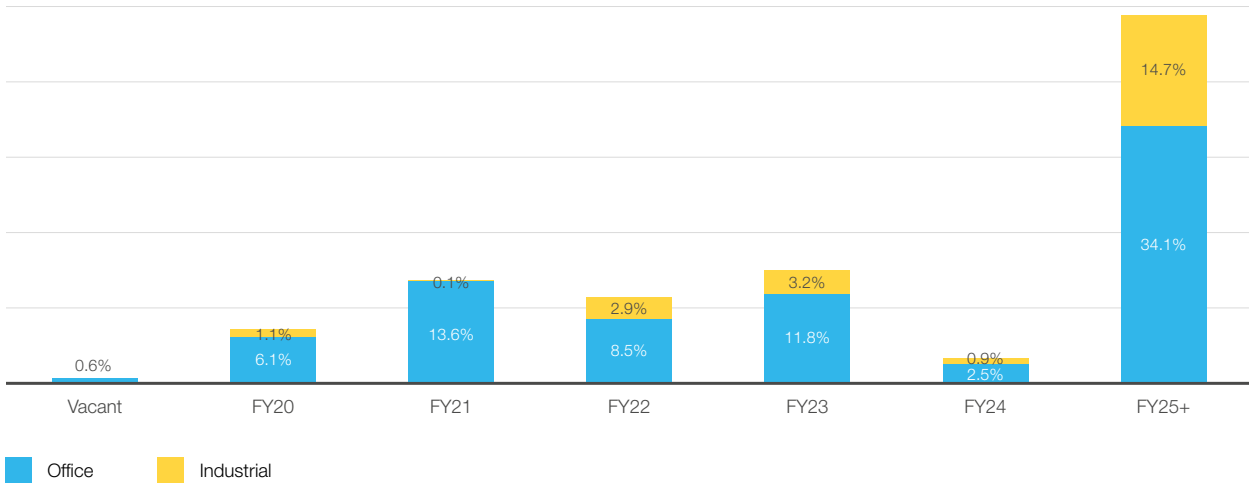
59 Weighted by Gross Property Income.

60 Weighted by Property value.

### Property landscape<sup>61</sup>



### Lease expiry profile<sup>62</sup>

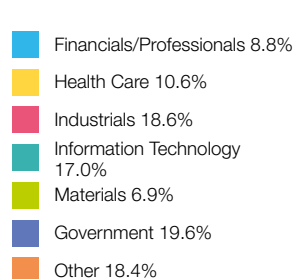


Note: Numbers may not add up due to rounding.

61 Weighted by Property value.

62 Weighted by Gross Property Income.

## Tenant composition<sup>63,64</sup>



## Overview of the 10 largest tenants by Gross Property Income

| Tenant                       | % of Portfolio | Description  |
|------------------------------|----------------|--|
| Commonwealth of Australia    | 9.0%           | Various departments of the Commonwealth of Australia including the Department of Human Services and the Australian Taxation Office.  |
| carsales.com                 | 4.2%           | Online automotive, motorcycle and marine classifieds business in Australia with 600 employees and listed on the ASX, with a market capitalisation of ~AUD 3.3 billion (as at 23 April 2019).   |
| ABB Enterprise Software      | 4.0%           | An industrial enterprise software solution provider, working with customers in approximately 100 countries, and is a subsidiary of ABB Limited which has a market capitalisation of ~USD 45.8 billion (as at 23 April 2019).   |
| Ricoh Australia              | 3.9%           | Provider of workplace technology with 900 employees in Australia, and a subsidiary of Ricoh Group, a global operation with over 107,000 employees and listed on the Tokyo Stock Exchange.  |
| Honeywell                    | 3.3%           | Invents and manufactures technologies around energy, safety, security, productivity and global urbanisation, with more than 131,000 employees worldwide, and listed on the New York Stock Exchange with a market capitalisation of ~USD 125.0 billion (as at 23 April 2019). |
| Horan Steel                  | 2.9%           | Involved in the distribution and value-added processing of quality steel products, with major warehouse and processing service centres in Sydney and Newcastle.  |
| State Government of Victoria | 2.9%           | Department of Justice and Community Safety, a department of the State Government of Victoria.  |
| CTI Freight Systems          | 2.8%           | Involved in the warehousing and storage of a general line of goods and is a member of CTI Logistics Limited which has over 1,000 employees and is listed on the ASX with a market capitalisation of ~AUD 69.4 million (as at 23 April 2019).                                 |
| Pharmaxis                    | 2.5%           | Pharmaceutical research company listed on the ASX, which has a signature partnership with Boehringer Ingelheim (one of the world's 20 leading pharmaceutical companies).   |
| Toll Transport               | 2.4%           | Provider of logistics and freight transportation services. The company operates as a subsidiary of Toll Holdings, which is a wholly owned subsidiary of Japan Post Holdings. The Government of Japan owns ~57% stake in Japan Post Holdings.                                 |

63 Weighted by Gross Property Income.

64 Numbers may not add up due to rounding.

## 3.2. Portfolio summary metrics

| Property                             | State or Territory | Independent valuation | Fund ownership | Capitalisation Rate <sup>65</sup> | WALE <sup>66</sup> | Occupancy <sup>66</sup> | GLA            | WARR <sup>66</sup> | FY19 Gross Property Income <sup>67</sup> |
|--------------------------------------|--------------------|-----------------------|----------------|-----------------------------------|--------------------|-------------------------|----------------|--------------------|--|
|                                      |                    | \$m                   | %              | %                                 | years              | %                       | sqm            | %                  | \$m                                      |
| <b>Office</b>                        |                    |                       |                |                                   |                    |                         |                |                    |  |
| 449 Punt Road, Cremorne              | VIC                | 57.0                  | 100            | 5.50                              | 5.4                | 100.0                   | 6,384          | 3.75               | 3.9                                      |
| 35-49 Elizabeth Street, Richmond     | VIC                | 93.0                  | 100            | 5.50                              | 1.4                | 100.0                   | 11,917         | 3.63               | 6.8                                      |
| 2 Richardson Place, North Ryde       | NSW                | 90.0                  | 100            | 6.50                              | 2.3                | 100.0                   | 15,205         | 3.56               | 7.7                                      |
| 20 Rodborough Road, Frenchs Forest   | NSW                | 61.0                  | 100            | 6.75                              | 5.8                | 96.0                    | 13,023         | 3.21               | 5.4                                      |
| 113 Wicks Road, Macquarie Park       | NSW                | 26.5                  | 100            | 6.50                              | 1.3                | 100.0                   | 6,253          | 3.50               | 2.3                                      |
| 21-23 Solent Circuit, Baulkham Hills | NSW                | 59.0                  | 100            | 7.00                              | 3.1                | 95.7                    | 10,818         | 3.58               | 5.2                                      |
| 266 King Street, Newcastle           | NSW                | 75.0                  | 100            | 7.00                              | 4.7                | 100.0                   | 13,870         | 3.50               | 6.8                                      |
| 324 Queen Street, Brisbane           | QLD                | 75.5                  | 50             | 6.25                              | 4.4                | 99.3                    | 19,364         | 3.78               | 7.2                                      |
| 757 Ann Street, Fortitude Valley     | QLD                | 85.0                  | 100            | 6.25                              | 4.9                | 100.0                   | 9,422          | 3.04               | 6.7                                      |
| 2404 Logan Road, Eight Mile Plains   | QLD                | 20.0                  | 100            | 8.00                              | 2.0                | 100.0                   | 3,637          | 2.71               | 2.2                                      |
| 186 Reed Street, Greenway            | ACT                | 28.2                  | 100            | 7.00                              | 3.8                | 100.0                   | 5,407          | 3.50               | 2.9                                      |
| 100 Willis Street, Wellington        | NZ                 | 122.9                 | 100            | 7.00                              | 5.9                | 99.6                    | 24,664         | 2.69               | 12.6                                     |
| 24 Wormald Street, Symonston         | ACT                | 29.8                  | 100            | 6.25                              | 8.3                | 100.0                   | 4,720          | 3.50               | 2.2                                      |
| <b>Total/Weighted average</b>        |                    | <b>822.9</b>          |                | <b>6.49</b>                       | <b>4.2</b>         | <b>99.3</b>             | <b>144,685</b> | <b>3.34</b>        | <b>71.7</b>                              |

65 By Property value.

66 Weighted by Gross Property Income.

67 Numbers may not add up due to rounding.

# Portfolio overview Continued

# 3

| Property                                | State or Territory | Independent valuation | Fund ownership | Capitalisation Rate <sup>65</sup> | WALE <sup>66</sup> | Occupancy <sup>66</sup> | GLA            | WARR <sup>66</sup> | FY19 Gross Property Income <sup>67</sup> |
|---|--------------------|-----------------------|----------------|-----------------------------------|--------------------|-------------------------|----------------|--------------------|--|
|   |                    | \$m                   | %              | %                                 | years              | %                       | sqm            | %                  | \$m                                      |
| <b>Industrial</b>                       |                    |                       |                |                                   |                    |                         |                |                    |  |
| 66 Glendenning Road, Glendenning        | NSW                | 25.9                  | 100            | 6.25                              | 10.5               | 100.0                   | 16,461         | 3.00               | 2.0                                      |
| 24 Rodborough Road, Frenchs Forest      | NSW                | 21.0                  | 100            | 8.00                              | 5.0                | 100.0                   | 7,198          | 3.25               | 2.3                                      |
| 165 Newton Road, Wetherill Park         | NSW                | 23.5                  | 100            | 6.00                              | 11.7               | 100.0                   | 12,529         | 3.00               | 1.9                                      |
| 24 Spit Island Close, Newcastle         | NSW                | 10.0                  | 100            | 7.50                              | 11.7               | 100.0                   | 5,257          | 3.75               | 0.9                                      |
| 67 Galarco Drive, Derrimut              | VIC                | 9.7                   | 100            | 6.50                              | 3.5                | 100.0                   | 7,150          | 3.40               | 0.8                                      |
| 6-8 and 11 Siddons Way, Hallam          | VIC                | 22.4                  | 100            | 6.00                              | 6.2                | 100.0                   | 15,504         | 3.00               | 1.6                                      |
| 36-42 Hydrive Close, Dandenong          | VIC                | 19.5                  | 100            | 6.00                              | 6.1                | 100.0                   | 14,635         | 3.50               | 1.4                                      |
| 30-48 Kellar Street, Berrinba           | QLD                | 8.4                   | 100            | 6.75                              | 4.6                | 100.0                   | 4,102          | 3.15               | 0.9                                      |
| 85 Radius Drive, Larapinta              | QLD                | 18.0                  | 100            | 7.00                              | 2.6                | 100.0                   | 10,088         | 1.90               | 1.7                                      |
| 24 Sawmill Circuit, Hume                | ACT                | 9.9                   | 100            | 8.50                              | 0.4                | 100.0                   | 6,300          | 3.75               | 1.0                                      |
| 47 Sawmill Circuit, Hume                | ACT                | 11.4                  | 100            | 7.25                              | 7.2                | 100.0                   | 5,535          | 4.00               | 1.0                                      |
| 57 Sawmill Circuit, Hume                | ACT                | 10.4                  | 100            | 7.75                              | 2.2                | 100.0                   | 7,079          | 4.00               | 1.0                                      |
| 44 Sawmill Circuit, Hume                | ACT                | 11.3                  | 100            | 7.50                              | 3.4                | 100.0                   | 4,639          | 3.75               | 1.2                                      |
| 54 Miguel Road, Bibra Lake              | WA                 | 29.5                  | 100            | 7.25                              | 8.5                | 100.0                   | 22,358         | 3.00               | 2.6                                      |
| 2-8 Mirage Road, Direk                  | SA                 | 9.3                   | 100            | 8.50                              | 3.4                | 100.0                   | 6,762          | 3.50               | 1.1                                      |
| <b>Total/Weighted average</b>           |                    | <b>239.9</b>          |                | <b>6.94</b>                       | <b>6.3</b>         | <b>100.0</b>            | <b>145,596</b> | <b>3.31</b>        | <b>21.3</b>                              |
| <b>Portfolio total/Weighted average</b> |                    | <b>1,062.8</b>        |                | <b>6.59</b>                       | <b>4.7</b>         | <b>99.4</b>             | <b>290,281</b> | <b>3.34</b>        | <b>93.0</b>                              |

### 3.3. Portfolio overview

#### 3.3.1. Office

##### 449 Punt Road, Cremorne VIC



|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 57.0  |
| Capitalisation Rate (%)          | 5.50  |
| WALE (years)                     | 5.4   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 6,384 |
| FY19 Gross Property Income (\$m) | 3.9   |

#### Overview

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

#### Asset management strategy

- > New lease to carsales.com recently agreed with commencement date of October 2019
- > Building improvement works to be completed in advance of new lease to carsales.com commencing
- > Assisting carsales.com with significant fitout works that will greatly improve the quality of the building

##### 35-49 Elizabeth Street, Richmond VIC



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 93.0   |
| Capitalisation Rate (%)          | 5.50   |
| WALE (years)                     | 1.4    |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 11,917 |
| FY19 Gross Property Income (\$m) | 6.8    |

#### Overview

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

#### Asset management strategy

- > Active leasing management to increase WALE
- > Building improvement works completed/underway to improve amenity including new end of trip facilities, refreshed lobbies and updated building management system

## 2 Richardson Place, North Ryde NSW



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 90.0   |
| Capitalisation Rate (%)          | 6.50   |
| WALE (years)                     | 2.3    |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 15,205 |
| FY19 Gross Property Income (\$m) | 7.7    |

|                                  |   |
|----------------------------------|---|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located 10kms from the Sydney CBD in close proximity to the North Ryde train station and key arterial roads</li> <li>&gt; A-grade building with 4.5 star National Australian Built Environment Rating System (“NABERS”) energy rating and affordable occupancy costs</li> <li>&gt; High quality tenant mix including Honeywell, Ricoh Australian and Paynter Dixon</li> </ul> |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenants</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> <li>&gt; Building upgrade works contemplated to improve amenity including new end of trip facilities and refreshed lobbies</li> </ul>   |

## 20 Rodborough Road, Frenchs Forest NSW



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 61.0   |
| Capitalisation Rate (%)          | 6.75   |
| WALE (years)                     | 5.8    |
| Occupancy (%)                    | 96.0   |
| GLA (sqm)                        | 13,023 |
| FY19 Gross Property Income (\$m) | 5.4    |

|                                  |  |
|----------------------------------|--|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located 19kms from the Sydney CBD in close proximity to the new Northern Beaches Hospital and associated infrastructure</li> <li>&gt; Campus style building with affordable occupancy costs</li> <li>&gt; High quality tenant mix including Kentucky Fried Chicken (head office), Henkel and Qutotec</li> </ul>  |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenants</li> <li>&gt; Maintaining long term lease profile</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> <li>&gt; Significant building upgrade works completed/underway to improve amenity including new end of trip facilities, new lobby and café and fire safety upgrades</li> </ul> |

**113 Wicks Road, Macquarie Park NSW**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 26.5  |
| Capitalisation Rate (%)          | 6.50  |
| WALE (years)                     | 1.3   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 6,253 |
| FY19 Gross Property Income (\$m) | 2.3   |

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

- Asset management strategy**
- > Continuing engagement with tenants
  - > Maximising security and sustainability of Gross Property Income

**21-23 Solent Circuit, Baulkham Hills NSW**

|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 59.0   |
| Capitalisation Rate (%)          | 7.00   |
| WALE (years)                     | 3.1    |
| Occupancy (%)                    | 95.7   |
| GLA (sqm)                        | 10,818 |
| FY19 Gross Property Income (\$m) | 5.2    |

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

- Asset management strategy**
- > Active leasing campaign to fill acquired vacancy and improve WALE
  - > Continuing engagement with tenants
  - > Maximising security and sustainability of Gross Property Income



## 266 King Street, Newcastle NSW



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 75.0   |
| Capitalisation Rate (%)          | 7.00   |
| WALE (years)                     | 4.7    |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 13,870 |
| FY19 Gross Property Income (\$m) | 6.8    |

|                                  |   |
|----------------------------------|---|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located in the heart of the Newcastle CBD adjacent to the new State Law Court and in close proximity to The University of Newcastle</li> <li>&gt; High quality tenant mix including CBA, Australian Taxation Office, Employers Mutual and NSW State Government</li> <li>&gt; 5 star NABERS energy rating</li> </ul> |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Repositioning through capital improvements</li> <li>&gt; Active leasing campaign to fill acquired vacancy and improve WALE</li> <li>&gt; Maintaining long term lease profile</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> </ul>   |

## 324 Queen Street, Brisbane QLD (50% ownership)



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 75.5   |
| Capitalisation Rate (%)          | 6.25   |
| WALE (years)                     | 4.4    |
| Occupancy (%)                    | 99.3   |
| GLA (sqm)                        | 19,364 |
| FY19 Gross Property Income (\$m) | 7.2    |

|                                  |   |
|----------------------------------|---|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located in the heart of the Brisbane CBD in the 'Golden Triangle'</li> <li>&gt; Good quality tenant mix including Allianz, ANZ and American Express</li> <li>&gt; Bought on attractive rate per square metre compared to other CBD opportunities</li> <li>&gt; Joint venture with Abacus. A summary of the key terms of the joint ownership arrangement is set out in Section 12.7 of this PDS</li> </ul> |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Active leasing campaign to fill acquired vacancy and improve WALE</li> <li>&gt; Splitting floors and providing spec fitout to attract smaller tenants</li> <li>&gt; Building improvement works completed/underway to improve amenity including new end of trip facilities, refreshed lobby and updated building management system</li> </ul>  |

**757 Ann Street, Fortitude Valley QLD**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 85.0  |
| Capitalisation Rate (%)          | 6.25  |
| WALE (years)                     | 4.9   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 9,422 |
| FY19 Gross Property Income (\$m) | 6.7   |

- Overview**
- > Located 2kms from the Brisbane CBD with good access to the CBD and Brisbane Airport
  - > Newly constructed building
  - > Good quality tenant mix including ABB Enterprise Software, Corporate House and Domain

- Asset management strategy**
- > Additional GLA created through rooftop bar
  - > Continuing engagement with tenants
  - > Maintaining long term lease profile
  - > Maximising security and sustainability of Gross Property Income

**2404 Logan Road, Eight Mile Plains QLD**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 20.0  |
| Capitalisation Rate (%)          | 8.00  |
| WALE (years)                     | 2.0   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 3,637 |
| FY19 Gross Property Income (\$m) | 2.2   |

- Overview**
- > Located 15kms from the Brisbane CBD with easy access to the Pacific Motorway and the Gateway Motorway
  - > Low rise campus style building within an established office park catering to medical users
  - > Good quality tenant mix including Healthscope and Medicare Local

- Asset management strategy**
- > Continuing engagement with tenants
  - > Maximising security and sustainability of Gross Property Income

## 186 Reed Street, Greenway ACT



|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 28.2  |
| Capitalisation Rate (%)          | 7.00  |
| WALE (years)                     | 3.8   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 5,407 |
| FY19 Gross Property Income (\$m) | 2.9   |

- Overview**
- > Located 19kms from the Canberra CBD in the Tuggeranong Town Centre
  - > A-grade office building
  - > Significant capital improvements completed prior to acquisition
  - > Long term lease to the Department of Human Services

- Asset management strategy**
- > Continuing engagement with tenant
  - > Maintaining long term lease profile
  - > Maximising security and sustainability of Gross Property Income

## 100 Willis Street, Wellington NZ



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 122.9  |
| Capitalisation Rate (%)          | 7.00   |
| WALE (years)                     | 5.9    |
| Occupancy (%)                    | 99.6   |
| GLA (sqm)                        | 24,664 |
| FY19 Gross Property Income (\$m) | 12.6   |

- Overview**
- > Located in the heart of the Wellington CBD
  - > Iconic building with 100% seismic rating
  - > Acquisition at substantially below replacement cost and at an attractive rate per square metre compared to other CBD opportunities
  - > Low market vacancy (less than 1%) and tenant incentives
  - > High quality tenant mix including New Zealand Trade & Enterprise, Opus International, Ernst & Young and Cigna Life Insurance

- Asset management strategy**
- > Opportunity to create additional GLA and increase Net Property Income
  - > Opportunity to realise positive rental reversion given low market vacancy and limited supply pipeline
  - > Capital works program planned to improve lobby and retail offering

**24 Wormald Street, Symonston ACT**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 29.8  |
| Capitalisation Rate (%)          | 6.25  |
| WALE (years)                     | 8.3   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 4,720 |
| FY19 Gross Property Income (\$m) | 2.2   |

**Overview**

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

**Asset management strategy**

- > Continuing engagement with tenant
- > Maintaining long term lease profile
- > Maximising security and sustainability of Gross Property Income

**3.3.2. Industrial****66 Glendenning Road, Glendenning NSW**

|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 25.9   |
| Capitalisation Rate (%)          | 6.25   |
| WALE (years)                     | 10.5   |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 16,461 |
| FY19 Gross Property Income (\$m) | 2.0    |

**Overview**

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

**Asset management strategy**

- > New 10 year lease recently agreed with commencement date of November 2019
- > Building improvement works to be completed in advance of new lease commencing
- > Assisting tenant with fitout works that will greatly improve the quality of the property

## 24 Rodborough Road, Frenchs Forest NSW



|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 21.0  |
| Capitalisation Rate (%)          | 8.00  |
| WALE (years)                     | 5.0   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 7,198 |
| FY19 Gross Property Income (\$m) | 2.3   |

|                 |  |
|-----------------|--|
| <b>Overview</b> | <ul style="list-style-type: none"> <li>&gt; Located 19kms from the Sydney CBD in close proximity to the new Northern Beaches Hospital and associated infrastructure</li> <li>&gt; Modern office and warehouse facility with significant tenant fitout for pharmaceuticals manufacturing</li> <li>&gt; Good quality tenant (Pharmaxis)</li> </ul> |
|-----------------|--|

|                                  |  |
|----------------------------------|--|
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenant</li> <li>&gt; Maintaining long term lease profile</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> </ul> |
|----------------------------------|--|

## 165 Newton Road, Wetherill Park NSW



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 23.5   |
| Capitalisation Rate (%)          | 6.00   |
| WALE (years)                     | 11.7   |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 12,529 |
| FY19 Gross Property Income (\$m) | 1.9    |

|                 |   |
|-----------------|---|
| <b>Overview</b> | <ul style="list-style-type: none"> <li>&gt; Located 34kms from the Sydney CBD in an established industrial precinct</li> <li>&gt; Good quality tenant (Horan Steel) on long term lease</li> </ul> |
|-----------------|---|

|                                  |   |
|----------------------------------|---|
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenant</li> <li>&gt; Maintaining long term lease profile</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> <li>&gt; Façade and hardstand upgrades to be completed to improve tenant operations</li> </ul> |
|----------------------------------|---|

**24 Spit Island Close, Newcastle NSW**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 10.0  |
| Capitalisation Rate (%)          | 7.50  |
| WALE (years)                     | 11.7  |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 5,257 |
| FY19 Gross Property Income (\$m) | 0.9   |

- Overview**
- > Located 5kms from the Port of Newcastle and 10kms from the Newcastle CBD
  - > Good quality tenant (Horan Steel) on long term lease

- Asset management strategy**
- > Continuing engagement with tenant
  - > Maintaining long term lease profile
  - > Maximising security and sustainability of Gross Property Income

**67 Calarco Drive, Derrimut VIC**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 9.7   |
| Capitalisation Rate (%)          | 6.50  |
| WALE (years)                     | 3.5   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 7,150 |
| FY19 Gross Property Income (\$m) | 0.8   |

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

- Asset management strategy**
- > Continuing engagement with tenant
  - > Maintaining long term lease profile
  - > Maximising security and sustainability of Gross Property Income

## 6-8 and 11 Siddons Way, Hallam VIC



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 22.4   |
| Capitalisation Rate (%)          | 6.00   |
| WALE (years)                     | 6.2    |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 15,504 |
| FY19 Gross Property Income (\$m) | 1.6    |

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

- Asset management strategy**
- > Continuing engagement with tenant
  - > Maintaining long term lease profile
  - > Maximising security and sustainability of Gross Property Income
  - > Opportunity to redevelop the facility to suit tenant's expansion requirements

## 36-42 Hydrive Close, Dandenong South VIC



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 19.5   |
| Capitalisation Rate (%)          | 6.00   |
| WALE (years)                     | 6.1    |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 14,635 |
| FY19 Gross Property Income (\$m) | 1.4    |

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

- Asset management strategy**
- > Continuing engagement with tenant
  - > Maintaining long term lease profile
  - > Maximising security and sustainability of Gross Property Income

**30-48 Kellar Street, Berrinba QLD**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 8.4   |
| Capitalisation Rate (%)          | 6.75  |
| WALE (years)                     | 4.6   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 4,102 |
| FY19 Gross Property Income (\$m) | 0.9   |

|                 |   |
|-----------------|---|
| <b>Overview</b> | <ul style="list-style-type: none"> <li>&gt; Located 28kms from the Brisbane CBD in a high quality industrial estate</li> <li>&gt; Easy access to the Logan Motorway and the Pacific Motorway</li> <li>&gt; Newly constructed to a very high standard with generic warehouse and temperature controlled bay</li> <li>&gt; Good quality tenant</li> </ul> |
|-----------------|---|

|                                  |   |
|----------------------------------|---|
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenant</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> <li>&gt; Potential opportunity to aggregate with adjoining vacant land to create larger footprint for existing tenant</li> </ul> |
|----------------------------------|---|

**85 Radius Drive, Larapinta QLD**

|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 18.0   |
| Capitalisation Rate (%)          | 7.00   |
| WALE (years)                     | 2.6    |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 10,088 |
| FY19 Gross Property Income (\$m) | 1.7    |

|                 |   |
|-----------------|---|
| <b>Overview</b> | <ul style="list-style-type: none"> <li>&gt; Located 26kms from the Brisbane CBD in a high quality industrial estate</li> <li>&gt; Easy access to the Logan Motorway and the Pacific Motorway</li> <li>&gt; Newly constructed to a very high standard</li> <li>&gt; Good quality tenant</li> </ul> |
|-----------------|---|

|                                  |  |
|----------------------------------|--|
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenant</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> </ul> |
|----------------------------------|--|



## 24 Sawmill Circuit, Hume ACT



|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 9.9   |
| Capitalisation Rate (%)          | 8.50  |
| WALE (years)                     | 0.4   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 6,300 |
| FY19 Gross Property Income (\$m) | 1.0   |

|                                  |  |
|----------------------------------|--|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport</li> <li>&gt; Newly constructed high quality generic industrial facility</li> <li>&gt; Lease to Toll Transport on acquisition with tail end rent guarantee from Walker Corporation</li> </ul> |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Actively seeking long term tenant</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> </ul>   |

## 47 Sawmill Circuit, Hume ACT



|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 11.4  |
| Capitalisation Rate (%)          | 7.25  |
| WALE (years)                     | 7.2   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 5,535 |
| FY19 Gross Property Income (\$m) | 1.0   |

|                                  |  |
|----------------------------------|--|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport</li> <li>&gt; Newly constructed high quality generic industrial facility</li> <li>&gt; Long term lease to Allied Pickfords</li> </ul> |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenant</li> <li>&gt; Maintaining long term lease profile</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> </ul>   |

**57 Sawmill Circuit, Hume ACT**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 10.4  |
| Capitalisation Rate (%)          | 7.75  |
| WALE (years)                     | 2.2   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 7,079 |
| FY19 Gross Property Income (\$m) | 1.0   |

- Overview**
- > Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport
  - > Newly constructed high quality generic industrial facility
  - > Long term lease to Allied Pickfords

- Asset management strategy**
- > Continuing engagement with tenant
  - > Opportunity to align lease expiry with 47 Sawmill Circuit, Hume ACT property (August 2026)
  - > Maximising security and sustainability of Gross Property Income

**44 Sawmill Circuit, Hume ACT**

|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 11.3  |
| Capitalisation Rate (%)          | 7.50  |
| WALE (years)                     | 3.4   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 4,639 |
| FY19 Gross Property Income (\$m) | 1.2   |

- Overview**
- > Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport
  - > Newly constructed high quality cross dock and warehouse facility
  - > Long term lease to Toll Transport

- Asset management strategy**
- > Continuing engagement with tenant
  - > Maintaining long term lease profile
  - > Maximising security and sustainability of Gross Property Income

## 54 Miguel Road, Bibra Lake WA



|                                  |        |
|----------------------------------|--------|
| Independent valuation (\$m)      | 29.5   |
| Capitalisation Rate (%)          | 7.25   |
| WALE (years)                     | 8.5    |
| Occupancy (%)                    | 100.0  |
| GLA (sqm)                        | 22,358 |
| FY19 Gross Property Income (\$m) | 2.6    |

|                                  |  |
|----------------------------------|--|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located 24kms from the Perth CBD in an established industrial precinct</li> <li>&gt; Easy access to the Kwinana Freeway and the Roe Highway</li> <li>&gt; Third party logistics warehouse facility with limited direct exposure to resources sector</li> <li>&gt; Good quality ASX listed tenant (CTI Freight Systems) on long term lease</li> </ul> |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenant</li> <li>&gt; Maintaining long term lease profile</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> </ul>   |

## 2-8 Mirage Road, Direk SA



|                                  |       |
|----------------------------------|-------|
| Independent valuation (\$m)      | 9.3   |
| Capitalisation Rate (%)          | 8.50  |
| WALE (years)                     | 3.4   |
| Occupancy (%)                    | 100.0 |
| GLA (sqm)                        | 6,762 |
| FY19 Gross Property Income (\$m) | 1.1   |

|                                  |   |
|----------------------------------|---|
| <b>Overview</b>                  | <ul style="list-style-type: none"> <li>&gt; Located 25kms from the Adelaide CBD in a purpose built industrial park with easy access to the Northern Express and the Port of Adelaide</li> <li>&gt; Newly constructed high quality generic warehouse and distribution facility</li> <li>&gt; Lease to Toll Transport on acquisition</li> </ul> |
| <b>Asset management strategy</b> | <ul style="list-style-type: none"> <li>&gt; Continuing engagement with tenant</li> <li>&gt; Maintaining long term lease profile</li> <li>&gt; Maximising security and sustainability of Gross Property Income</li> </ul>  |

4

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## Industry overview





Research Report  
Jones Lang LaSalle Incorporated

# *Independent Market Report*

April 2019

**Prepared for:**

Investec Property Limited as responsible entity for Investec Australia Property Fund

**Prepared by:**

Jones Lang LaSalle (NSW) Pty. Limited



## Executive summary

### 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 QLD over the five years to 2022 is now expected to outpace the larger states of NSW and Victoria, while WA 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 is 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. JLL Research has factored in a minor decompression cycle from 2020.

### 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 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.



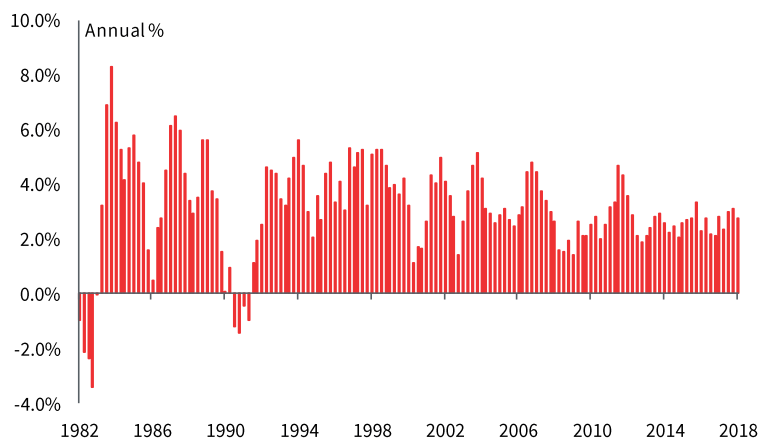
## Economic Overview

### Historical Economic Performance

The Australian economy grew by 0.3% in the September quarter, following growth of 0.9% in the June quarter and 1.0% in the March quarter. On an annual basis, the economy expanded by 2.8% year-year, slightly below the long-term average growth of 3.1%.

Composition of growth continues to transition 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. However, low wages growth, high household debt, and falling house prices are expected to dampen future growth.

#### Australian GDP Growth, 1990 to 3Q/2018



Source: Australian Bureau of Statistics, JLL Research

### Key Property Market Drivers

#### Population growth

Population growth has been a vital element in Australia's economic growth, growing at a relatively strong 1.6% per annum (or 390,500 persons) over the year to June 2018. The major contributor to growth has been net overseas migration, which grew by 236,700 people. Victoria has experienced the strongest recent growth, expanding by 2.2% over the year to June 2018, or an additional 138,200 residents.

#### Inflation, interest rates and bond yields

Inflation is now slightly below the RBA's medium-term target of 2%-3%. The Consumer Price Index (CPI) increased by just 0.5% in the December quarter and 1.8% over the year to December 2018. Relatively low wages growth of 2.3% per annum to September 2018 has also kept inflation levels low. Inflation is expected to be around 2.5% in the medium term.

At its monthly meeting in February, the RBA left the overnight cash rate unchanged at 1.5%. The rate has now remained at that level since August 2016. The RBA has shifted its position on interest rates, with the RBA Governor indicating that the possibility that the next move in the cash rate is down has increased in recent months, with downside risks for the economy increasing in recent months.



Bond yields remain at relatively low levels. The 10-year indexed Commonwealth Government bond rate has broadly ranged around the 1.0% mark for most of 2018, rising slightly to 1.19% in early November before dropping below 1% in early 2019. As at 6<sup>th</sup> February 2019, the 10-year indexed Commonwealth Government bond rate was 0.88%.

#### Australian dollar and exchange rates

The AUD depreciated against the USD and on a trade-weighted basis throughout most of 2018. The depreciation was largely due to rising global interest rates, particularly by the US Federal Reserve, lower commodity prices, and expectations of interest rate increases by the RBA being pushed back. The AUD has ranged from USD0.69 to USD0.72 over the first five weeks of 2019.

#### Employment and wage growth

The Australian labour market continues to expand at a solid pace. Employment increased by 268,600 (+2.2%) over the 12 months to December 2018, which is well above the growth in the working-age population (1.7%). The unemployment rate has gradually trended down to 5.0% in December 2018. Leading indicators of employment point to further solid jobs growth in the near-term.

Wages growth continues to be subdued, growing in nominal terms by 2.3% over the year to September 2018, which is slightly above the inflation rate.

The unemployment rate in December 2018 was 5.0%. Better employment prospects have encouraged more people to re-enter the workforce, resulting in the participation rate gradually increasing from 64.5% in September 2016 to 65.6% in December 2018.

Leading indicators of employment, such as job vacancies, point to further growth in the labour market and gradual decrease in the unemployment rate. The ABS jobs vacancy increased 1.3% in the three-months to November 2018 and by 13.9% on annual basis.

#### Key Economic Indicators

| Indicator              | As at                          | Change |
|------------------------|--------------------------------|--------|
| Economic growth        | Annual, September 2018         | 2.8%   |
| Unemployment rate      | December 2018                  | 5.0%   |
| Retail turnover growth | Annual, December 2018          | 3.1%   |
| Consumer Price Index   | Annual, December 2018          | 1.8%   |
| 10-year Real Bond Rate | 6 <sup>th</sup> February, 2019 | 0.88%  |
| Target Cash Rate       | February, 2019                 | 1.5%   |
| Population Growth      | Annual, June 2018              | 1.6%   |

Source: Australian Bureau of Statistics, Reserve Bank of Australia, JLL Research

#### Economic Outlook

The Australian economy remains in healthy shape. However, downside risks are increasing. On the positives, increased public infrastructure spending and business investment are filling the gap left by the mining investment boom and falling housing construction. High commodity prices and increases in export volumes have supported resources company's revenues and the public sector's fiscal position. Despite negative wealth effects from falling house prices and shares, household consumption has also remained robust, albeit at the expense of savings and due to strong employment and population growth.

With the exception of WA, all states have reported moderate to strong economic growth in 2017 and 2018. Victoria has led the way in 2018, followed by NSW. Queensland's economic growth is expected to build over the next 2-3 years while WA is forecast to rebound from 2019 onwards after low growth in 2018.

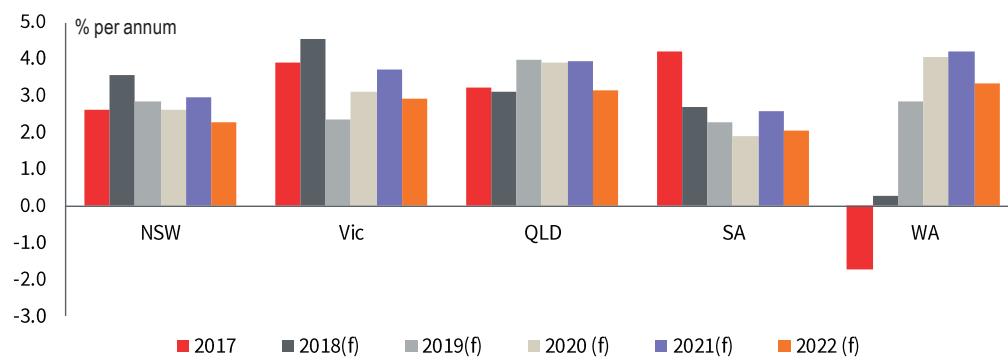
Differences in state economic performance has been reflected in the divergent performance of industrial markets nationally. The NSW and Victorian industrial markets continue to outperform, with gross take-up above historical benchmarks, while





demand in QLD has improved, as has its economy. Recent enquiry is starting to pick up in Adelaide, where the expansion of food and beverage operators continues, while enquiry is also improving in WA for prime grade space.

### State by State Economic Growth – State Final Demand



Source: Australian Bureau of Statistics, Deloitte Access Economics (4Q18), JLL Research



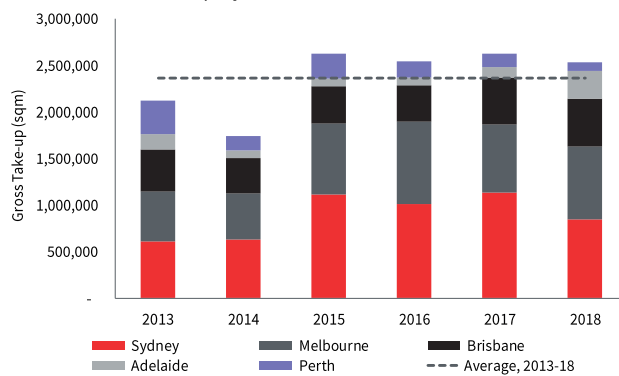
### National Industrial Market Overview

#### Demand

Occupier demand has continued to be relatively strong with gross take-up reaching 2.540 million sqm in the 12 months to 4Q18. This is in line with the level of take-up in the previous three years. The Transport, Postal and Warehousing sector has been the key driver, accounting for 39% of total gross take-up. Manufacturing (22%) and Retail Trade (20%) were also important sectors.

Demand has been driven by relatively buoyant economic growth, which has been dominated by NSW and Victoria but is now building in QLD. Incentives have also played a part, with major landlords providing attractive incentives to attract occupiers to both existing facilities and pre-commitments to new facilities.

National Gross Take-up by Market, 2013-2018



Source: JLL Research

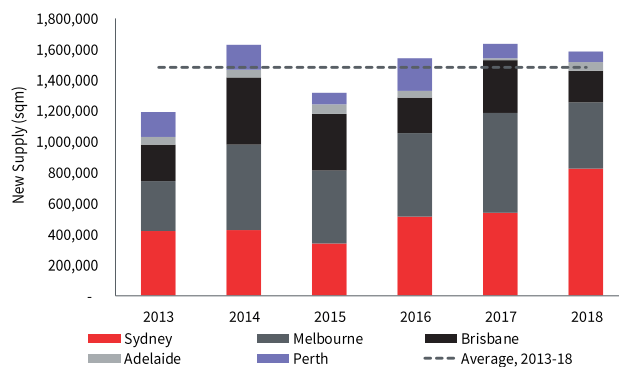
#### National Supply

Approximately 1.59 million sqm of new industrial space completed in 2018. This was in line with 2017 and slightly above the 2013-18 average (1.45 million sqm). Sydney has contributed approx. 52% of total new supply in 2018 while Melbourne contributed 27% of new supply, continuing the dominance of these two markets in terms of new supply of industrial space.

The strong national supply activity is expected to continue into 2019, with 1.20 million sqm of developments already under construction and due to complete in the next 12 months.



National Supply by Market, 2013-2018



Source: JLL Research

## Rents

Nationally, rental growth has improved over the 12 months to 4Q18, with growth reported in most Sydney, Melbourne and Adelaide markets. Rents in Perth’s industrial markets continued to contract through 2018 while Brisbane’s Southern market has reported solid growth.

The best performing market was Sydney, particularly the South Sydney and Outer North West markets, with annual growth in prime rents of 6.0% and 6.5% respectively.

Rental growth is forecast to continue over the near-term, with the anticipated positive economic growth in all states leading to all capital city markets experiencing an uplift. Much of the recent growth is attributed to the major markets in Melbourne and Sydney. However, the occupier market in Perth has stabilised, while conditions in Brisbane and Adelaide have notably improved. This should translate to rental growth over the next three years.

Incentives remain elevated in most markets, although appear to have peaked.

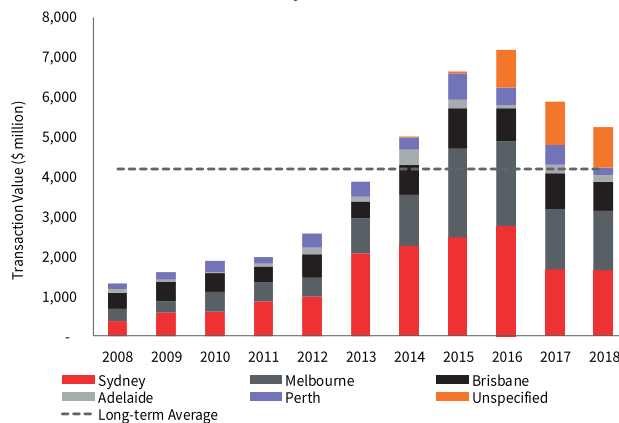
## National Transaction Volumes

Industrial and logistics investment volumes peaked in 2016 with over \$7 billion in transactions. In 2017 and 2018, investment activity has scaled back, primarily due to limited opportunities on the market; investor interest has remained strong. Approximately \$5.3 billion in industrial transactions were recorded in 2018. This is well above the long-term average. Melbourne (\$1.5 billion) and Sydney (\$1.7 billion) dominated activity.

We note some transactions are not assigned to specific markets as they formed part of a portfolio sale and details of individual sale price by asset was not available. These transactions are shown in the chart below as “unspecified”.



National Transaction Volumes by Market, 2008-2018



Source: JLL Research

### National Industrial Yields

Indicative prime yields have undergone further compression over the past year. The rate of yield compression across the prime markets has notably slowed over recent quarters and is now likely to be at or near its cyclical low. JLL Research expects prime yields will remain relatively stable in 2019, before commencing a gradual decompression cycle thereafter. Given our expectations of gradual yield decompression from 2020, capital value growth is expected to ease over the medium-term. However, we believe the impacts from the anticipated gradual decompression will be partly offset by improvements across the rental market.

### Outlook

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. All markets are forecast to experience rental growth over the five years to 2023, ranging from 2.0% per annum in Melbourne West to 3.5% per annum in Sydney South.

Yields are expected to remain firm at cyclical low levels throughout 2019. JLL Research has factored in a minor decompression cycle from 2020.

### Prime Gross Effective Rental Growth, 2018-2023

| Industrial Market         | Rental Growth, Five Years to 2023 |
|---------------------------|-----------------------------------|
| Sydney Outer Central West | 2.6%                              |
| Sydney South              | 3.5%                              |
| Melbourne South East      | 2.9%                              |
| Melbourne West            | 2.0%                              |
| Brisbane Southern         | 3.1%                              |
| Adelaide North West       | 2.1%                              |
| Perth East                | 2.4%                              |

Source: JLL Research



## National Office Market Overview

### Demand and Vacancy

Net absorption across monitored CBD office markets was 373,700 sqm in 2018, with all CBD markets experiencing growth in occupied office stock. The Melbourne CBD was the strongest performing market, with net absorption of 167,700 sqm over the year to 4Q18.

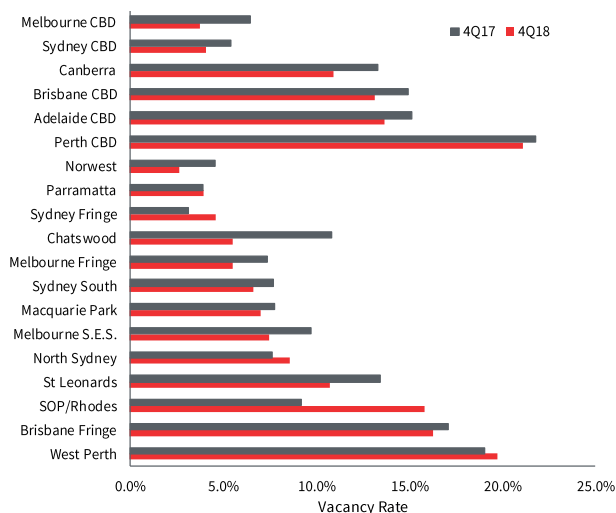
Nine of 13 non-CBD markets experienced growth in net absorption in 2018, with total net absorption being 102,300 sqm. The strongest non-CBD markets in terms of growth were Brisbane Fringe and Melbourne South East Suburbs.

Some markets have limited quality available stock and this may have impacted the level of recent net absorption. This is the case with Parramatta and Sydney CBD. Both markets still experienced positive growth, but very low prime vacancy has limited options for new and expanding tenants.

Vacancy rates have tightened in the six major CBD markets in Australia from a weighted average of 10.0% in 4Q17 to 8.6% in 4Q18. Both the Melbourne CBD vacancy rate (3.7%) and Sydney CBD vacancy rate (4.3%) are the lowest in over a decade. While the vacancy rate remains elevated in the other CBD markets, Canberra, Adelaide, Perth and Brisbane all recorded an improved vacancy rate throughout 2018.

A similar improvement has also been seen in non-CBD markets with the vacancy rate improving from an average 9.3% in 4Q17 to 8.7% in 4Q18. Sydney suburban markets have led the way with Parramatta, Sydney Fringe and Norwest all reporting vacancy rates below 5.0%.

Vacancy Rates in Australia's Office Markets, 4Q17 and 4Q18



Source: JLL Research



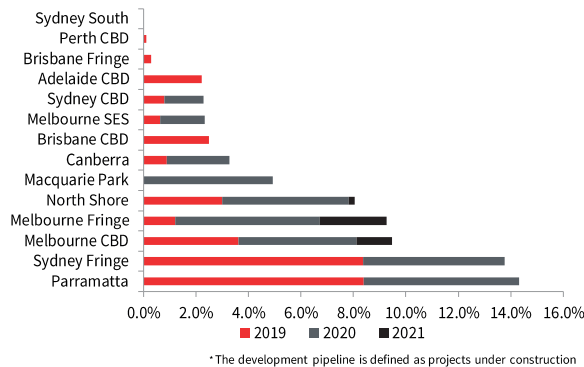
## Supply

The current construction pipeline is dominated by Melbourne and Sydney office markets, with Brisbane, Adelaide, Perth and Canberra having relatively low levels of new office supply under construction. There is 1.44 million sqm of stock under construction and due to complete by 2021. The Melbourne CBD has the highest amount of stock under construction, with 453,300 sqm of net lettable area expected to be completed by the end of 2020. This equates to 9.5% of total stock. Melbourne's Fringe and South East Suburbs markets are also undergoing significant growth, reflecting the overall strength of Melbourne's office markets.

Parramatta's current projects under construction are equivalent to 14.3% of its total stock while the Sydney Fringe's currently construction pipeline is 13.8% of its stock.

Of the projects under construction in CBD markets, approximately 61% has been pre-committed. This proportion is expected to increase during the construction phase with further leasing deals struck prior to the completion.

### Development Pipeline by Market, as at 4Q18



Source: JLL Research

## Rents

Prime gross effective rents increased over the year to 4Q18 in all JLL monitored markets. This was a combination of face rental growth and slight paring back of incentives, with effective rental growth generally higher than face rental growth.

The strongest markets were concentrated in Sydney, with Melbourne also showing strength. Prime gross effective rents in Sydney CBD grew by an average 7.1% in 2018. Minimal downward movement of incentives has occurred over the last 12 months despite the tight market conditions. Melbourne CBD reported 7.0% growth in prime gross effective rents over the year; a combination of face growth and slight reduction of incentives. The sharp escalations in rents in Sydney and Melbourne has resulted in investors factoring in significant positive reversion in pricing models.

The Brisbane, Perth and Adelaide CBD office markets have all experienced elevated incentive levels and limited growth in face rents recently as owners attempted to maintain occupancy rates and secure cash flow. The 12 months to 4Q18 have seen a modest turn around with each market reporting positive face and effective rental growth. A modest recovery in effective rents is forecast over the next five years in these markets as incentives are slowly pared back.

## Transaction Activity

Transaction volumes were strong in 2018 reaching AUD 19.5 billion, the highest year on record. The headline sale of the year was the circa AUD 3.35 billion acquisition of the Investa Office Fund by Oxford Properties. This comprised a listed portfolio of 19 assets.

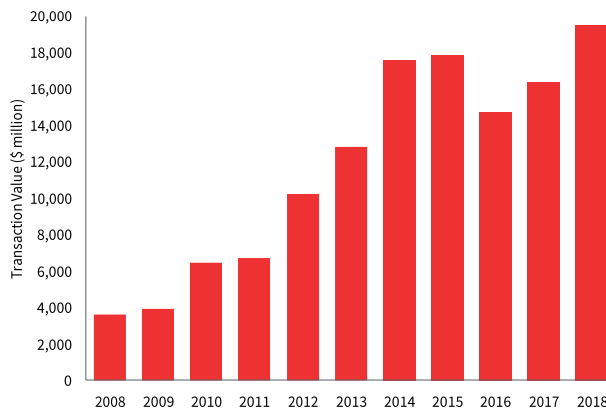


Off-shore investors have accounted for 49% of transaction by value with Canada (Oxford Properties), USA, Singapore, China and Hong Kong being the major source markets. The diversity of offshore capital sources is unprecedented, with strong interest across the risk spectrum, including prime and secondary grade assets, CBD markets and non-CBD markets.

While Sydney and Melbourne’s strong performing office markets have attracted much of the recent investment activity and dominated transaction volumes, investors are seeing good value in other markets:

- Counter-cyclical investment activity in Perth – Most investors adopted a cautious approach to Perth over 2014 to 2016. However, activity has now returned with buyer and vendor expectations more aligned. With effective rents now considered at cyclical lows, the growth prospects for well positioned prime grade assets have improved.
- Increased confidence in Brisbane outlook – A more diverse range of capital sources are now looking at Brisbane with increased confidence, with the QLD economic recovery well underway.
- Adelaide has re-emerged on the international investment landscape – Recent investment in 2017 and 2018 by off-shore investors has highlighted the good relative value that the Adelaide CBD office market provides.
- Diversification is a large part of the investment rationale for Canberra – Canberra provides quality assets backed by strong lease covenants, which have proven to be appealing to risk averse investors.

### National Office Transactions, 2008 to 2018



Source: JLL Research

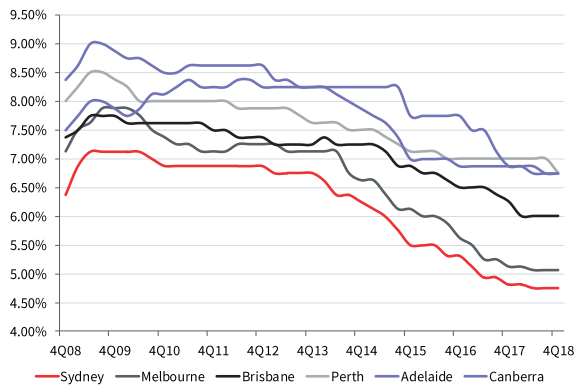
### Yields

Yields have continued to tighten throughout 2018, although the current compression cycle is slowing with yields now considered to be near their cyclical low. The Australian commercial real estate market is expected to remain an attractive destination for global capital and the weight of funds looking for quality Australian assets is expected to keep yields firm over the next 12 months. Further compression is expected in the Brisbane and Perth markets, driven by counter-cyclical investment in these markets.

Subsequently, we expect a modest decompression cycle to commence from 2020. However, this forecast is highly sensitive to bond yield movements.



Prime Midpoint Yields, Australian CBD Office Markets, 4Q08 to 4Q18



Source: JLL Research

### Outlook

The volume of capital from domestic and offshore sources is expected to maintain yields at current levels at least through the end of 2019. Australia remains an attractive destination for global capital, supported by a stable economic outlook, population growth, and transparency.

While much of the recent growth has been centred on Melbourne and Sydney, other markets are now showing positive signs in their ‘physical’ markets, with positive net absorption, improved vacancy and a paring back of incentives setting the scene for stronger effective rental growth. The Brisbane and Perth markets are forecast to lead the way in terms of effective rental growth over the five years to 2023.

Prime Gross Effective Rental Growth, 2018-2023

| Market                 | Rental Growth, Five Years to 4Q23 |
|------------------------|-----------------------------------|
| <b>CBD Markets</b>     |                                   |
| Brisbane CBD           | 6.2%                              |
| Perth CBD              | 5.6%                              |
| Adelaide CBD           | 4.0%                              |
| Melbourne CBD          | 2.7%                              |
| Canberra               | 2.4%                              |
| Sydney CBD             | 1.9%                              |
| <b>Non-CBD Markets</b> |                                   |
| Brisbane Fringe        | 5.0%                              |
| Parramatta             | 3.1%                              |
| North Sydney           | 2.8%                              |
| Melbourne S.E.S.       | 2.0%                              |
| St Leonards            | 1.9%                              |
| Chatswood              | 1.3%                              |
| Melbourne Fringe       | 1.3%                              |
| Macquarie Park         | 0.9%                              |

Source: JLL Research





JLL Research is factoring into its forecasts a mild decompression cycle commencing in 2020, which is likely to be influenced by movements in bond yields and whether the RBA moves to a tightening monetary policy stance. This should be offset by effective rental growth.



## New Zealand Market Overview

### Market Review

New Zealand's economy report Y-Y growth to 3Q18 of 3.0%. The second half of 2018 has seen the economy slow marginally, but market activity has not been affected to date.

Monetary policy remains accommodative of economic growth, with the Reserve Bank leaving the official cash rate on hold in its November review at 1.75%. The RBNZ has stated in their latest statement that GDP growth is expected to pick up over 2019 and that the official cash rate is expected to be maintained through 2019 and 2020.

With the RBNZ's new dual mandate to include consideration of employment outcomes, recent statements have indicated the best contribution the RBNZ can make to maximising employment is to maintain low and stable inflation and ensure the Official Cash Rate is at an expansionary level for a considerable period.

In terms of the commercial property investment market, New Zealand commercial property continues to be a highly sought after investment class across the country, particularly with offshore investors. There have been a number of institutional grade transactions in the Auckland and Wellington markets that support New Zealand's ongoing popularity as a destination for global capital. Blackstone's NZD 635 million acquisition of the Goodman/GIC portfolio is a testament to this trend.

During the second half of 2018, around NZD 700 million of industrial assets transacted while the office sector saw NZD 400 million of transactions. Demand for office assets remains strong, with transactions limited by availability of stock.

### Wellington Office Market, 4Q18

- Overall tenant demand in the capital maintained its momentum, with strong competition between tenants for quality space.
- Overall vacancy has increased to 6.3% as more space has entered the market. However, the demand for prime grade space is very strong and prime grade vacancy was a low 0.6% compared to secondary grade vacancy at 8.7%.
- Over 30,000 sqm of new stock entered the market in 2H18 with the completion of the PwC Centre. The supply pipeline remains active, and is expected to ease pressure on prime grade stock over the next few years.
- Prime and secondary rents continue to show strong growth across the Wellington market. The average prime rental rate now sits at NZD 550 per sqm and secondary at NZD 333 per sqm. The tight market conditions are supportive of further rental growth while recently completed assets have set new benchmarks for prime rents.
- Investor demand remains strong in the Wellington office market following two marquee transactions in 2017 and Spark Central at 42-52 Willis Street in 2018 for NZD 197.5 million.



## Investment Proposition

Australia is the beneficiary of two major investment themes:

- New sources of capital have emerged seeking exposure to prime grade real estate in Australia. This diverse range of capital sources, with varying degrees of risk tolerance, have been competing for assets offered to the market, which is expected to keep transaction volumes strong;
- Australia offers sustainable growth, transparency and limited volatility (particularly Sydney and Melbourne) compared to other destination markets in Asia Pacific.

Furthermore, higher allocations to real assets remains a relevant theme, particularly to Asia Pacific markets. A survey of institutional investors by Cornell University revealed that real estate allocations were 8.9% in 2013 and are expected to increase to 10.3% in 2018.

### Transparency and the Regulatory Environment

Transparency is a highly valued attribute by global investors and sovereign wealth funds. Offshore groups are drawn to Australian property assets due to Australia's highly sophisticated and transparent commercial real estate markets. Australia was rated 2nd in the 2018 JLL Real Estate Transparency Index behind only the United Kingdom. New Zealand was ranked 7<sup>th</sup> out of 100 countries.

### Superannuation

Significant long term investment demand drivers are likely to be underpinned by the expanding domestic superannuation sector and relatively strong population growth. The superannuation industry has grown by around 9% p.a. over the past 10 years to AUD 2.8 trillion (as at September 2018), and growth above the pace of GDP growth is expected to continue. Superannuation funds typically allocate a proportion of capital to real estate, and the overall growth in assets is expected to support ongoing growth in the sector's allocation to real estate.

### Population Growth

Australia's population has increased by 1.6% p.a. over the past 10 years (Australian Bureau of Statistics, June 2018), and this broad growth trend is predicted to continue in the long term. This is a relatively high level of growth when compared to other mature markets globally, and the age profile of Australia is favourable compared with most G20 countries. A growing economy backed by solid population growth is attractive to foreign investors, and the Australian market strikes a compelling balance between increasing total market capitalisation (through both asset creation to service the growing population and rising values), market stability and transparency.

### Trends and demand drivers in the warehouse logistics sector supporting investment

Key trends and demand drivers in the industrial market are supporting investment in institutional grade industrial assets:

- Technology continues to shift the way in which distribution centres operate. The growth of e-commerce and influx of foreign retailers are redefining the requirements of the logistics sector. Technology such as automated systems and robotics are being implemented in a growing number of distribution centres. These factors are expected to drive demand for modern distribution centres.
- E-commerce - The heightened emphasis on supply chain efficiency and effectiveness over the past 12 months in a bid to deliver goods with speed and agility for Australian consumers will continue to drive demand for industrial property. Over the past 12 months, the transport/logistics and retail sectors combined have accounted for over half of the total take-up of industrial floor space in Australia.
- Tenant consolidation - New development continued to be led by retailers and 3PLs with multiple facilities that are looking to consolidate their operations in a single building or campus-style hub.



- Infrastructure development - A record high level of infrastructure investment is underway in Australia. This is supported by the 2018-19 Federal Budget, which announced federal government investment of \$75 billion through the 10-year National Infrastructure Plan, as well as state government and private investment. This will continue to play an integral role for the industrial logistics sector. Industrial property has followed infrastructure, particularly in the Sydney's west, and the strong pipeline of projects will see this trend continue.

Furthermore, urban renewal continues to target old industrial land, impacting on the availability of stock in the inner and middle suburban markets such as Sydney South. This has placed upward pressure on rents for remaining stock, lowered vacancies, and seen these locations targeted for future redevelopment potential.

#### Disclaimer

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If a projection has been made in respect of future demand, business trends, property prices, rentals and projected take up rates, such a projection is an estimate only and represents only one possible result therefore should at best be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projections of such key elements involves assumptions about a considerable number of variables that are acutely sensitive to changing conditions and variations, and any one of which may significantly affect the resulting projections. This must be kept in mind whenever such projections are considered.

JLL is not operating under an Australian Financial Services Licence. The financial analysis and conclusions contained within this report do not purport to represent a valuation in the conventional sense. It is an exercise involving only relatively few variables, such as zoning information and a general knowledge of background market conditions; whereas, a valuation involves a detailed investigation of the property including, where appropriate, the nature of the locality, surrounding properties, full inspection, site peculiarities, the nature, quality and condition of improvements, comparable sales, market trends, yields, competition, design and layout and so on. The market value could be greatly affected by such factors, and by encumbrances, restrictions, or other impediments on Title which have not been considered in this report. Accordingly, the financial analysis contained herein is indicative only and not authoritative. It is merely a precursor to a formal valuation and should not be taken as a substitute for it.

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## Management of the Fund



## 5.1. Overview of the management of the Fund

### 5.1.1. Responsible Entity

The Responsible Entity is a member of the Investec Group. The Responsible Entity has the primary responsibility for the governance and operation of the Fund. The Responsible Entity was incorporated in the Australian Capital Territory on 24 October 1995 and has undertaken property activities on behalf of the Investec Group in Australia since that time. The Responsible Entity has been managing third party funds and operating Managed Investment Schemes in Australia since 2006 and holds an AFSL with number 290909.

For a summary of the Constitution, refer to Section 12.1 of this PDS.

### 5.1.2. Manager

The Responsible Entity has appointed the Manager to provide certain asset management, leasing and property management services to the Fund under the Management Agreement. The Manager is also a member of the Investec Group. The Manager was incorporated in Victoria on 10 December 2012 and its primary activities are performing the services under the Management Agreement. This appointment is consistent with the requirements of the Constitution, under which the Responsible Entity is obliged to appoint a manager to manage the assets of the Fund. Under the Constitution, the Responsible Entity is authorised to, and must, pay all fees and costs under the Management Agreement out of the Fund, subject to the provisions of the Constitution.

For a summary of the Management Agreement, refer to Section 12.2 of this PDS.

## 5.2. Board of the Responsible Entity

The Board currently consists of six Directors, with one executive Director and five non-executive Directors, 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. The majority of the Board comprises non-executive Directors, and the majority of non-executive Directors are considered independent for the purpose of the King IV Code and the ASX Guidelines. For further information on the Board's criteria for independence, refer to the Fund's proposed corporate governance statement which is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au). In addition, as at least half of the Board comprises external Directors, the Responsible Entity is not required to establish a compliance committee for the purposes of section 601JA of the Corporations Act.

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

Following the ASX Listing, the Responsible Entity intends to appoint an additional independent non-executive director to the Board.



**Richard Longes**  
Chairperson and independent non-executive Director

Appointed to the Board on 28 February 2005

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 not for 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.



**Graeme Katz**  
Executive Director and Chief Executive Officer

Appointed to the Board on 31 March 2009

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



**Stephen Koseff**  
Non-executive Director

Appointed to the Board on 07 July 2014

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



**Sam Leon**  
Non-executive Director

Appointed to the Board on 24 July 2013

Sam has over 40 years of experience across all sectors of the property industry, with 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 IPF on 31 March 2015, having held this position since its listing on the JSE in April 2011. He remains on the board of IPF as non-executive deputy chairperson.



**Sally Herman**  
Independent non-executive Director

Appointed to the Board on 24 July 2013

Sally has had a long career in financial services in both Australia and the United States. In late 2010, she transitioned from an executive career to expand her non-executive portfolio. Prior to that, she had spent 16 years with the Westpac Group, running business units in most operating divisions of the Westpac Group, including the institutional bank, wealth management and the retail and business banking division. Sally is 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 publicly listed companies – Premier Investments Limited, Breville Group Limited, Suncorp Group Limited and Evans Dixon Limited. Sally is also a member of Chief Executive Women.



**Hugh Martin**  
Independent non-executive Director

Appointed to the Board on 30 September 2014

Hugh has enjoyed a successful career at director and senior executive level with over 40 years' experience in major public and private institutions in the finance and property industry, internationally and domestically. He commenced his career as an accountant in South Africa before relocating to Australia. Hugh was formerly an executive director of the apartments business of Lend Lease Corporation Limited. From 1997 to 2001, Hugh was 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, City West and Honeysuckle corporations, general manager of special projects at Westfield Holdings Limited, project director for Lend Lease Group and national general manager for the apartments development division at Stockland Corporation. Hugh is now a non-executive director, advisory board member and consultant on a number of both profit and not for profit boards.

### 5.3. Management team

The Responsible Entity is supported by a management team with significant experience in asset and funds management and property investment and management.

The management team comprises an experienced group of professionals with skills across the key disciplines of origination, asset management, project and development management and finance. The team has a presence in each of the Fund’s key geographies of Sydney, Melbourne and Brisbane, meaning that it is able to source and execute acquisitions efficiently and provide ongoing property management oversight and support in respect of the Properties. The senior management team comprises Graeme Katz (Chief Executive Officer), Zach McHerron (Fund Manager) and Kristie Lenton (Chief Financial Officer), all of whom are directors of the Manager and have been with the Investec Group for 12, 11 and nine years respectively.

#### Senior management team and directors of the Manager



**Graeme Katz**  
Chief Executive Officer

Refer to Section 5.2.1 of this PDS.



**Zach McHerron**  
Fund Manager

Zach has 20 years’ experience in a range of legal, corporate, property funds management and property development roles. Zach joined the Investec Group in 2007 and is involved in the structuring, capital raising and management of property funds.



**Kristie Lenton**  
Chief Financial Officer

Kristie started her career in accounting where she was a manager in assurance, tax and business services. Kristie joined the Investec Group in 2009 where she worked in both central finance and property. She was responsible for Investec Australia’s finance operations before joining the property team.

#### Supported by



| Origination   | Asset management  | Finance   |
|---|---|---|
| <p><b>George Rose</b><br/>Melbourne – 10 years</p> <p><b>Adam Broder</b><br/>Melbourne – 10 years</p> <p><b>David Cupit</b><br/>Brisbane – 11 years</p> <p><b>Mia Renshaw</b><br/>Sydney – 1 year</p> | <p><b>James Graves</b><br/>Head of Asset management – 2 years</p> <p><b>Tom Greenwell</b><br/>Asset manager – 4 years</p> <p><b>Ivan Goodman</b><br/>Projects – 5 years</p> | <p><b>Joanna Xue</b><br/>Finance manager – 18 years</p> <p><b>Edwin Cheung</b><br/>Analyst – 1 year</p> |



## 5.4. Interests of the Directors and senior management

### 5.4.1. Directors' interests

The direct and indirect beneficial interests of the Directors (and their associates (as defined in the JSE Listings Requirements)) in Units as at the PDS Date are set out below:

| Directors of the Responsible Entity | Interests pre Completion |                             |
|-------------------------------------|--------------------------|-----------------------------|
|                                     | Number of Units held     | Percentage of voting rights |
| <b>Executive Director</b>           |                          |                             |
| Graeme Katz                         | 229,296                  | 0.05%                       |
| <b>Non-executive Directors</b>      |                          |                             |
| Sam Leon                            | 4,000,000                | 0.84%                       |
| Associates of Stephen Koseff        | 985,911                  | 0.21%                       |
| <b>Total</b>                        | <b>5,215,207</b>         | <b>1.09%</b>                |

Other than as set out above, no Directors or their associates held any direct or indirect beneficial interest in the Units as at the PDS Date.

The following Directors intend to participate in the Offer (either directly or through a controlled entity):

- > Richard Longes intends to apply for Subscription Units to the value of \$75,000 (subject to rounding) at the Final Subscription Price; and
- > Sally Herman intends to apply for Subscription Units to the value of \$50,000 (subject to rounding) at the Final Subscription Price.

### 5.4.2. Remuneration and related arrangements

#### Directors

Under the Constitution, the Responsible Entity is entitled to be indemnified out of the Fund for costs incurred in relation to the proper performance of its duties. The Responsible Entity's practice is to reimburse the Directors' fees and expenses for independent, non-Investec Group associated, non-executive Directors only (comprising Sally Herman and Hugh Martin as at the PDS Date) out of the Fund. This remuneration is limited to the reimbursement of reasonable expenses incurred by such persons for the purposes of attending Board meetings and the appropriate Director's fees, unless the Responsible Entity determines otherwise. As at the PDS Date, the annual non-executive Directors' fees agreed to be paid out of the Fund to each of Sally Herman and Hugh Martin with effect from ASX Listing is \$100,000, with Sally Herman receiving an additional \$20,000 for committee fees for her role as chairperson of the Audit and Risk Committee.

In addition, under the Responsible Entity's constitution, each director is entitled to such remuneration out of the funds of the Responsible Entity as the directors of the Board determine, unless the shareholder of the Responsible Entity has fixed a limit on the amount on the amount of remuneration payable to the Directors. As at the PDS Date, the shareholder of the Responsible Entity has fixed this limit at \$1,000,000 per annum for the independent, non-Investec Group associated, non-executive Directors.

The remaining Directors are remunerated by the relevant employing entity within the Investec Group, and not by the Fund.

There will be no variation in the remuneration payable to the Directors as a consequence of the Offer.

In addition, no Director has a material beneficial interest, whether direct or indirect, in transactions that were affected by the Fund during the current or previous financial year, or during an earlier financial year which remains in any respect outstanding or unperformed.

#### Senior management

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

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

## 5.5. Overview of the Investec Group

The Responsible Entity and the Manager are members of the Investec Group. The Investec Group is an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in three principal markets, being the United Kingdom and Europe, South Africa and Asia/Australia, as well as certain other countries.

Founded as a leasing company in Johannesburg in 1974, the Investec Group acquired a banking licence in 1980 and was listed on the JSE in 1986. In July 2002, the Investec Group implemented a dual listed companies structure, with linked companies listed in London and Johannesburg.

The Investec Group is organised as a network comprising three business divisions: Asset Management, Specialist Banking and Wealth & Investment.

| Origination   | Asset management  | Finance   |
|---|---|---|
| Operating completely independently  |   |   |
| Corporate/institutional/government  | Private client (high net worth/high income)/charities/trusts  |   |
| <ul style="list-style-type: none"> <li>&gt; Investment management services to external clients</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Lending</li> <li>&gt; Transactional banking</li> <li>&gt; Deposit raising activities</li> <li>&gt; Treasury and trading</li> <li>&gt; Advisory</li> <li>&gt; Investment activities</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Investment management services</li> <li>&gt; Independent financial planning advice</li> </ul> |

For the six months ended 30 September 2018, the Investec Group reported the following results<sup>68</sup>:

- > Operating profit of AUD 651 million;
- > Third party assets under management of AUD 300 billion;
- > Deposits of AUD 55 billion; and
- > Core loans and advances of AUD 44 billion.

## 5.6. Custodian

The Custodian is Perpetual Corporate Trust Limited (ACN 000 341 533). The Responsible Entity entered into the Custody Agreement with the Custodian, under which the Custodian has agreed to hold the assets of the Fund that are transferred or delivered to the Custodian on behalf of the Responsible Entity. A brief summary of the key terms of the Custody Agreement is set out in Section 12.3 of this PDS.

<sup>68</sup> Investec Group 2018 Interim Results; amounts based on the GBP/AUD exchange rate as at 30 September 2018 as published in the Investec Group 2018 Interim Results.

## 5.7. Corporate governance

The Responsible Entity recognises the importance of strong corporate governance and is committed to a high standard of compliance. This will be achieved through the Responsible Entity determining appropriate governance arrangements for the Fund, having adequate arrangements to manage conflicts and continually monitoring those arrangements.

Listed entities are required to disclose in their annual reports the extent of their compliance with the ASX Guidelines. They must also explain why they have not adopted a particular standard, if they consider it inappropriate in their particular circumstances. The ASX Guidelines encompass matters such as board composition, committees and compliance procedures and are designed to maximise corporate performance and accountability in the interests of investors and the broader economy. Once the Fund is listed on the ASX, the Responsible Entity intends to ensure that it and the Fund (as applicable to the Fund as a Managed Investment Scheme which is externally managed) comply with the ASX Guidelines as they apply to Managed Investment Schemes.

As the Fund is listed on the JSE, the Fund must also comply with the JSE Listings Requirements, which among other things require compliance with the King IV Code principles. The King IV Code outline the corporate governance guidelines that apply to all JSE listed entities.

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

The Fund's 2019 annual report sets out the 16 principles of the King IV Code principles which apply to the Fund and explains the application of each of these principles to the Fund. A copy of the Fund's annual report is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au) and can be requested from investor relations by email ([investorrelations@investec.com](mailto:investorrelations@investec.com)).

The key elements of the Fund's governance framework are set out below.

### 5.7.1. Board roles and responsibilities

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

### 5.7.2. Code of Conduct

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

### 5.7.3. Board committees

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

#### Audit and Risk Committee

The Board has formally established an Audit and Risk Committee. The Audit and Risk Committee is comprised of three independent non-executive Directors, being Sally Herman, Hugh Martin and Richard Longes. Sally Herman is the chairperson of the Audit and Risk Committee. The Audit and Risk Committee will comply with the ASX Guidelines, JSE Listings Requirements and King IV Code in relation to its composition and operation.

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

**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 described in Section 5.7.5 of this PDS.

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 Unitholders sustainable income and capital growth. A copy of the investment policy is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

**Disclosure Committee**

The Board has also established a Disclosure Committee comprising members of management which will come in to effect from ASX Listing to assist in meeting the Responsible Entity's and the Fund's obligations under the Listings Requirements. The Disclosure Committee is responsible for:

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

**Remuneration Committee**

Given that the Fund has no employees, the Responsible Entity has not established a remuneration committee. The Responsible Entity has applied for an ASX waiver from the requirement to establish a remuneration committee, as further described in Section 14.4 of this PDS.

The remuneration of independent, non-Investec Group associated, non-executive Directors (comprising Sally Herman and Hugh Martin as at the PDS Date) is determined by the Board, details of which are set out in Section 5.4.2 of this PDS. 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.

**5.7.4. 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.

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.

**5.7.5. Corporate governance policies****Disclosure and communications policy****Continuous disclosure**

Once the Fund is listed on the ASX, the Responsible Entity will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act, in addition to the continuous disclosure requirements of the JSE Listings Requirements. Subject to the exceptions contained in the Listings Requirements, the Responsible Entity will be required to disclose any information concerning the Fund which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Units. See Section 13 for further information in relation to the continuous disclosure obligations applicable to the Fund.

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

## Communications

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

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

A copy of the disclosure and communications policy is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

## Diversity policy

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

Under the diversity policy adopted by the Board, 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, including its gender balance.

A copy of the diversity policy is available at on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

## Related party policy and conflicts of interest policy

As noted in Section 5.1 of this PDS, the Fund is externally managed and the Responsible Entity, the Manager and the Sponsor are members of the Investec Group.

In order to effectively identify and manage actual, perceived or potential conflicts of interest and related party transactions, the Board has implemented a related party policy and a conflicts of interest policy.

## Related party transactions

The Board has implemented a related party policy which outlines how the Responsible Entity will approach transactions with related parties. Under the policy, any related party transaction the Responsible Entity enters into must be approved by the independent, non-Investec Group associated and non-executive Directors. If it is determined that it is in the best interests of Unitholders to enter into the related party transaction, the Responsible Entity will consider whether to obtain the approval of Unitholders, in which case the Responsible Entity will follow the steps and processes set out in the related party policy. The Responsible Entity may also require or decide to obtain expert or professional advice in some circumstances. A copy of the related party policy is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

## Conflicts of interest

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

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

All transactions in which the Responsible Entity may have, or may be perceived to have, a conflict of interest will be conducted in accordance with the conflicts of interest policy. A copy of the conflicts of interest policy is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

**Personal account dealing and trading policy**

The Board has adopted a personal account dealing and trading policy to regulate dealings in securities of the Fund. The policy explains the types of conduct which are prohibited under insider trading laws in Australia and South Africa, and establishes procedures for the buying and selling of securities which are intended to prevent individuals from entering into transactions that could be perceived to amount to market abuse, involve the misuse of inside or confidential information, or breach applicable laws and regulatory requirements. A copy of the personal account dealing and trading policy is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

**Whistleblower policy**

As a matter of good corporate governance, and to enhance and create an ethical culture that will facilitate openness and disclosure of information relating to criminal or other irregular conduct at the workplace, the Responsible Entity has implemented a whistleblower policy. Under the policy, staff are able to disclose information about possible fraudulent, unethical, criminal, corrupt or other improper behaviour or workplace misconduct in total confidentiality and anonymity, without fear of retribution or prejudice. A copy of the whistleblower policy is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

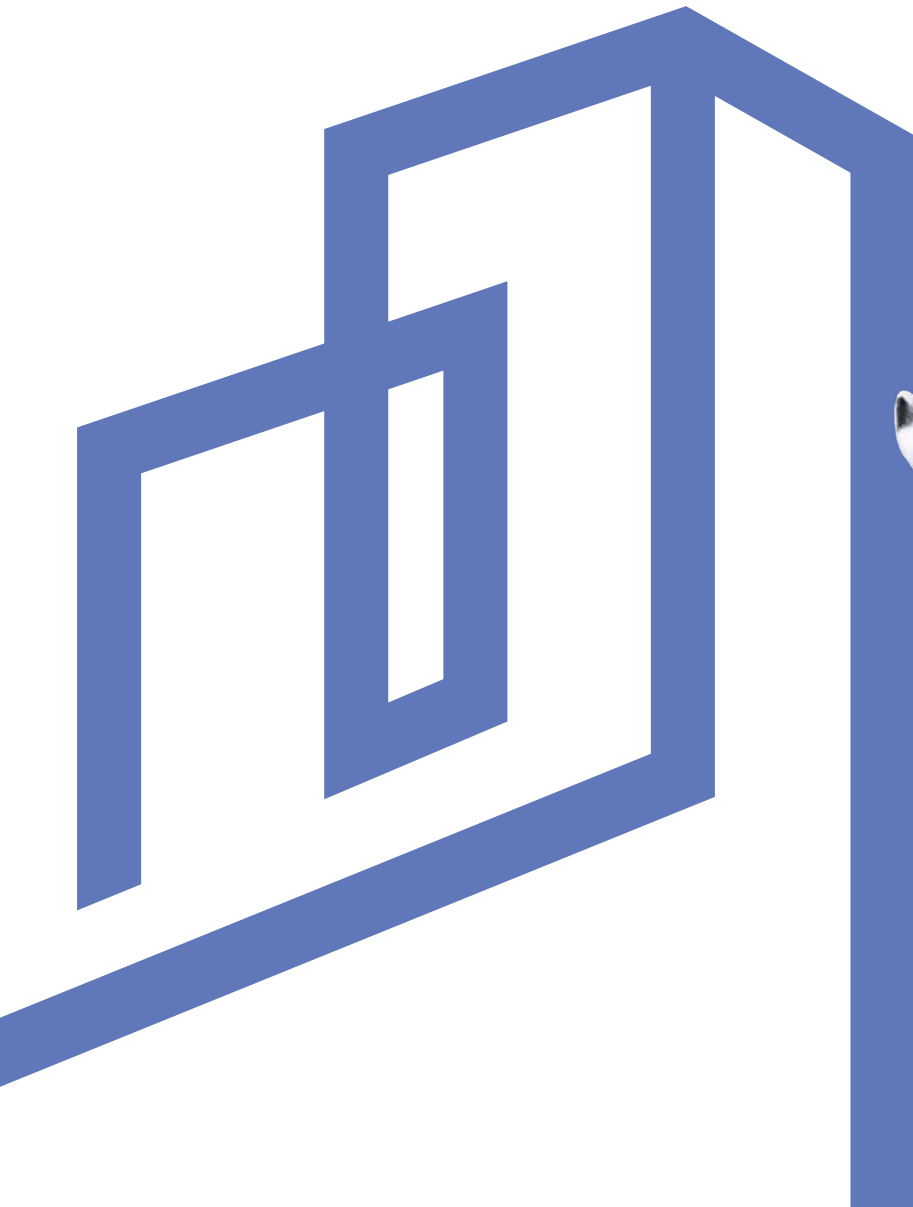
**Gifts, entertainment and anti-bribery policy**

As a company that insists on all staff meeting the highest ethical standards of honesty and integrity, the Responsible Entity has adopted a gifts, entertainment and anti-bribery policy. The policy sets out the Responsible Entity's minimum standards on giving or receiving gifts, benefits and entertainment and the Responsible Entity's stance on anti-bribery. It seeks to ensure that staff do not receive or offer gifts, benefits and entertainment of a value or frequency that would give rise to an actual or perceived conflict of interest, and to equip staff with sufficient training in anti-bribery procedures. A copy of the gifts, entertainment and anti-bribery policy is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

# 6

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## Financial information



# 6

## Financial information

### 6.1. Introduction

The financial information of the Fund and its controlled entities (“**Group**”) in this PDS comprises:

- > Statutory historical financial information, being the statutory historical consolidated statements of comprehensive income for the financial years ended 31 March 2017 (“**FY17**”), 31 March 2018 (“**FY18**”) and 31 March 2019 (“**FY19**”) (“**Statutory Historical Income Statements**”) as set out in Section 6.3.1 of this PDS, (together, the “**Statutory Historical Financial Information**”);
- > Pro forma historical consolidated statement of financial position as at 31 March 2019 (“**Pro Forma Balance Sheet**”) as set out in Section 6.4 of this PDS; and
- > Forecast financial information, being the:
  - statutory forecast consolidated statement of comprehensive income for the financial year ending 31 March 2020 (“**FY20**”) (“**Statutory Forecast Income Statement**”) as set out in Section 6.3.2 of this PDS; and
  - pro forma forecast consolidated statement of comprehensive income for FY20 (“**Pro Forma Forecast Income Statement**”) as set out in Section 6.3.2 of this PDS,(together, the “**Forecast Financial Information**”).

The Statutory Historical Financial Information, the Pro Forma Balance Sheet and the Forecast Financial Information are together, the “**Financial Information**”.

The Pro Forma Balance Sheet and the Forecast Financial Information have been reviewed by KPMG Transaction Services. KPMG Transaction Services’ Investigating Accountant’s Report is provided in Section 9 of this PDS. Investors should note the scope and limitations of the Investigating Accountant’s Report (refer to Section 9 of this PDS).

Also summarised in this Section 6 are:

- > the basis of preparation and presentation of the Financial Information, including a description of non-IFRS financial measures and disclosure (see Section 6.2 of this PDS);
- > reconciliation of the statutory historical consolidated statement of financial position of the Fund as at 31 March 2019 (“**Statutory Historical Balance Sheet**”) to the Pro Forma Balance Sheet (see Section 6.4 of this PDS);
- > the Directors’ best estimate general and specific assumptions underlying the Forecast Financial Information (see Section 6.5 of this PDS);
- > an analysis of the key sensitivities in respect of the Forecast Financial Information (see Section 6.6 of this PDS);
- > distribution statements for FY19 and FY20 (“**Distribution Statements**”) (see Section 6.3.4 of this PDS). Details of the actual historical Distributions paid by the Fund since its listing on the JSE (determined in accordance with the Fund’s existing distribution policy) are set out in Section 2.8 of this PDS;
- > information on the Fund’s working capital (see Section 6.7 of this PDS); and
- > a description of the Fund’s significant accounting policies (see Section 6.8 of this PDS).

The Fund operates on a financial year ending 31 March. Unless otherwise noted, all amounts disclosed in this Section 6 are presented in Australian dollars and are rounded to the nearest \$0.1 million. Rounding in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

The Financial Information provided in this Section 6 should be read in conjunction with the sensitivity analysis outlined in Section 6.6 of this PDS, the risks outlined in Section 7 of this PDS and the other information provided in this PDS.



## **6.2. Basis of preparation and presentation of Financial Information**

### **6.2.1. Overview**

The Directors are responsible for the preparation and presentation of the Financial Information. The Financial Information in this PDS is intended to present investors with information to assist them in understanding the historical financial performance and pro forma historical financial position, together with the Forecast Financial Information, of the Fund.

The Financial Information included in this Section 6 has been prepared in accordance with the recognition and measurement principles of the AAS, which are consistent with IFRS and interpretations issued by the International Accounting Standards Board, and the Fund's accounting policies, which have been consistently applied throughout the periods presented, unless otherwise stated. The significant accounting policies relevant to the Financial Information are disclosed in Section 6.8 of this PDS.

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

### **6.2.2. Presentation of the Statutory Historical Income Statements**

The Statutory Historical Income Statements have been derived from the audited statutory historical financial statements of the Fund for FY17, FY18 and FY19 and have been prepared in accordance with the recognition and measurement principles of the AAS. No pro forma adjustments have been applied to the Statutory Historical Income Statements.

The FY17, FY18 and FY19 statutory historical financial statements of the Fund have been audited by KPMG in accordance with Australian Auditing Standards, and unqualified audit opinions were issued.<sup>69</sup>

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

### **6.2.3. Preparation of the Pro Forma Balance Sheet**

The Pro Forma Balance Sheet has been prepared solely for inclusion in this PDS. The Pro Forma Balance Sheet is based on the Statutory Historical Balance Sheet, after adjusting for certain pro forma transactions and/or other adjustments to reflect the effects of the Offer. The Statutory Historical Balance Sheet has been derived from the audited historical financial statements of the Fund for FY19 and has been prepared in accordance with the recognition and measurement principles of the AAS.

The Pro Forma Balance Sheet has been prepared in accordance with the recognition and measurement principles of AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impacts of the Offer as if it had occurred as at 31 March 2019, including the issue of equity and the repayment of debt under the Facility.

The pro forma adjustments include certain assumptions relating to the Offer which include matters not known as at the PDS Date, such as the Final Subscription Price.

The Pro Forma Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of the Fund's future financial position.

Refer to Section 6.4 of this PDS for a reconciliation between the Statutory Historical Balance Sheet and the Pro Forma Balance Sheet.

### **6.2.4. Preparation of the Forecast Financial Information**

The Forecast Financial Information has been prepared solely for inclusion in this PDS on the basis that the Offer is implemented. The Forecast Financial Information has been prepared by the Directors based on an assessment of current economic and operating conditions, and assumptions regarding future events and actions as set out in Section 6.5 of this PDS. The Directors believe that the Forecast Financial Information has been prepared with due care and attention and consider the best estimate assumptions to be reasonable at the PDS Date.

<sup>69</sup> As the Fund is an Australian registered Managed Investment Scheme listed on the JSE, it is required to lodge audited financial statements with both ASIC (in accordance with its obligations under the Corporations Act), and the JSE. These financial statements are substantially identical, other than in respect of minor differences as to form. KPMG has been appointed to perform the audit over the Australian audited annual financial statements, and KPMG Inc. in South Africa has been appointed to perform the audit over the South African audited financial statements.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that any deviation in the assumptions on which the Forecast Financial Information is based may have a material positive or negative effect on the Fund's actual financial performance. Investors are advised to review the assumptions in conjunction with the sensitivity analysis set out in Section 6.6 of this PDS, the risks outlined in Section 7 of this PDS and the other information provided in this PDS. There can be no guarantee or assurance that the Forecast Financial Information will be achieved.

The Statutory Forecast Income Statement reflects the FY20 reporting period and has been prepared in accordance with the recognition and measurement principles of AAS. The Statutory Forecast Income Statement includes the forecast results from 1 April 2019 to 31 March 2020.

The Pro Forma Forecast Income Statement has been prepared in accordance with the recognition and measurement principles of AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the exclusion of the Transaction Costs relating to the Offer and other pro forma adjustments.

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

- > The removal of Transaction Costs associated with the Offer;
- > The different capital structure of the Fund in place post Completion; and
- > The tax impact of the above adjustments.

The Forecast Financial Information is based on the Directors' best estimate assumptions. The Statutory Forecast Income Statement is representative of the financial performance that the Directors expect to report in relation to the relevant period.

The Forecast Financial Information does not account for any potential fair value adjustments to investment properties, derivative financial instruments or other financial assets which may be recognised in the income statement on the basis that such adjustments cannot be reliably determined.

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

#### **6.2.5. Non-IFRS measures and disclosure**

Certain financial measures included in this PDS are not recognised under AAS. These measures are collectively referred to as "non-IFRS financial measures". In this PDS, the Fund uses non-IFRS financial measures to assist prospective investors with understanding the trends in financial performance.

The Distribution Statements as set out in Section 6.3.4 of this PDS contain non-IFRS financial measures in nature. These comprise:

- > FFO calculated in accordance with the Property Council Guidelines, determined by adjusting statutory net profit (under IFRS) for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gain/loss on sale of investment properties, straight-line rental revenue adjustments, non-FFO tax expenses/benefits and other unrealised one-off items;
- > AFFO calculated in line with the Property Council Guidelines, being FFO adjusted for maintenance capital expenditure, cash and cash equivalent incentives (including rent free incentives) given to tenants during the period and other one-off items which have not been adjusted in determining FFO;
- > FFO Yield which represents the rate of return derived by dividing the FFO per Unit by the Final Subscription Price; and
- > Distribution Yield which represents the rate of return derived by dividing the Distribution per Unit by the Final Subscription Price.

Although the Directors believe these measures provide useful information about the financial performance of the Fund, they should be considered as a supplementary measure of operating performance to that included in the income statements that have been presented in Section 6.3.1 of this PDS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, and the way that the Fund calculates these measures may differ from similarly titled measures by other entities, investors should therefore not place undue reliance on these non-IFRS financial measures.

## 6.3. Historical and Forecast Financial Information

### 6.3.1. Statutory Historical Income Statements

The table below outlines the Statutory Historical Income Statements for FY17, FY18 and FY19.

**Table 1**

| A\$million  | Notes | FY17        | FY18         | FY19        |
|---|-------|-------------|--------------|-------------|
|   |       | Statutory   | Statutory    | Statutory   |
| Revenue, excluding straight-line rental revenue adjustment    | 1     | 51.7        | 75.5         | 88.5        |
| Straight-line rental revenue adjustment                       |       | 2.8         | 2.1          | 0.9         |
| <b>Revenue</b>  |       | <b>54.5</b> | <b>77.6</b>  | <b>89.4</b> |
| Property expenses   |       | (8.4)       | (13.9)       | (18.2)      |
| <b>Net property income</b>                                    |       | <b>46.1</b> | <b>63.7</b>  | <b>71.2</b> |
| Management fees   |       | (3.7)       | (5.1)        | (5.8)       |
| Other operating expenses                                      |       | (0.6)       | (1.1)        | (1.2)       |
| <b>Operating profit</b>                                       |       | <b>41.8</b> | <b>57.5</b>  | <b>64.3</b> |
| Finance costs   |       | (7.1)       | (10.7)       | (14.6)      |
| Finance income  |       | 0.1         | 0.1          | 0.1         |
| Other income  |       | 0.3         | 0.0          | 0.2         |
| <b>Net profit</b>   |       | <b>35.1</b> | <b>46.9</b>  | <b>49.9</b> |
| Fair value adjustments  | 2     | 13.6        | 61.2         | 3.2         |
| <b>Total comprehensive income attributable to Unitholders</b> |       | <b>48.7</b> | <b>108.2</b> | <b>53.1</b> |
| Basic and diluted earnings per Unit (cents)                   | 3     | 15.07       | 24.04        | 11.09       |

Notes:

- 1 Revenue, excluding straight-line rental revenue adjustments is the equivalent of Gross Property Income.
- 2 Fair value adjustments include:
  - > Fair value adjustments of derivative financial instruments in FY17 (\$2.2 million), FY18 (\$2.3 million) and FY19 (\$13.7 million);
  - > Fair value adjustments on investment properties in FY17 (\$11.4 million), FY18 (\$61.3 million) and FY19 (\$15.2 million); and
  - > Foreign exchange revaluation in relation to the property located at 100 Willis Street, Wellington NZ in FY18 (\$2.3 million) and FY19 (\$1.7 million).
- 3 Basic and diluted earnings per Unit is total comprehensive income attributable to Unitholders divided by the weighted average Units on issue for each respective period.

### Discussion and analysis on the Statutory Historical Income Statements

The discussion below is intended to provide an overview only and does not intend to identify all factors which impacted on the historical operating and financial performance of the Fund.

Gross Property Income comprises rental income from tenants and is contracted to increase at varying rates in line with the individual lease agreements. Gross Property Income increased from \$51.7 million in FY17 to \$75.5 million in FY18, and a further \$13.0 million to \$88.5 million in FY19 primarily due to contractual rental escalations and the impact of asset acquisitions during the relevant periods. During FY17, the Fund acquired five properties with a total value of \$250.0 million. During FY18, the Fund acquired two properties with a total value of \$134.0 million. During FY19, the Fund acquired two properties with a total value of \$49.2 million.

Straight-lining of rental income is an adjustment required under AAS to ensure that rental income is recognised on an even basis over the life of the lease when the lease has fixed rental increases throughout its term.

Property expenses comprise all costs related to the Properties. From FY17 to FY19, these costs increased by \$9.8 million primarily due to the asset acquisitions made during FY17, FY18 and FY19.

Management fees relate to the base management fee payable to the Manager and was calculated as 0.05% per month of the Enterprise Value. The base management fee paid increased from FY17 to FY18 and FY18 to FY19 as a result of an increase in the Fund's market capitalisation and borrowings.

Finance costs include the interest expense and amortised borrowing costs that the Fund incurred over each of the periods disclosed. As at the annual reporting dates for FY17, FY18 and FY19, the Fund had a gearing level of 32.0%, 34.8% and 38.1% respectively and a cost of funds of 3.71%, 3.68% and 3.75% respectively.

### 6.3.2. Statutory Forecast Income Statement and Pro Forma Forecast Income Statement

The table below outlines the Statutory Forecast Income Statement and Pro Forma Forecast Income Statement for FY20.

Table 2

| A\$million  | Notes | FY20        |             |
|---|-------|-------------|-------------|
|   |       | Statutory   | Pro Forma   |
| Revenue, excluding straight-line rental revenue adjustment    | 2     | 91.9        | 91.9        |
| Straight-line rental revenue adjustment                       |       | 1.1         | 1.1         |
| <b>Revenue</b>  |       | <b>93.0</b> | <b>93.0</b> |
| Property expenses   |       | (19.2)      | (19.2)      |
| <b>Net property income</b>                                    |       | <b>73.8</b> | <b>73.8</b> |
| Management fees   | 3     | (6.0)       | (6.0)       |
| Other operating expenses                                      | 4     | (4.7)       | (1.5)       |
| <b>Operating profit</b>                                       |       | <b>63.1</b> | <b>66.4</b> |
| Finance costs   |       | (13.7)      | (13.4)      |
| Finance income  |       | 0.0         | 0.0         |
| Other income  |       | 0.0         | 0.0         |
| <b>Net profit</b>   |       | <b>49.4</b> | <b>52.9</b> |
| Fair value adjustments  | 5     | 0.0         | 0.0         |
| <b>Total comprehensive income attributable to Unitholders</b> |       | <b>49.4</b> | <b>52.9</b> |

Notes:

- 1 The Statutory Forecast Income Statement has been prepared on the basis that Completion occurs on the Allotment Date (being 28 May 2019) and the Pro Forma Forecast Income Statement has been prepared on the basis that Completion occurred on 1 April 2019. Transaction Costs will be funded by the proceeds from the Offer and do not affect the operating cash flow of the Fund.
- 2 Revenue, excluding straight-line rental revenue adjustments is the equivalent of Gross Property Income.
- 3 The FY20 forecast base management fee is calculated based on 0.046% per month of Enterprise Value or 0.55% per annum, assuming an Enterprise Value based on the Fund's market capitalisation at the Final Subscription Price of \$1.30 per Unit (assuming the Final Subscription Price is set at the Minimum Subscription Price).
- 4 Statutory other operating expenses includes \$3.3 million of Transaction Costs which relate to the implementation of the Offer. As at the PDS Date, total Transaction Costs have been estimated at \$6.5 million (\$3.3 million of which has been expensed to the income statement and \$3.2 million of which is netted against contributed equity). Refer to Section 6.3.3 below for further details.
- 5 The Statutory Forecast Income Statement and the Pro Forma Income Statement do not account for any potential fair value adjustments to investment properties, derivative financial instruments or other financial assets which may be recognised in the income statement on the basis that such adjustments cannot be reliably determined. No material tax expense is expected to arise for the Fund in the forecast period.

### 6.3.3. Pro forma adjustments to the Statutory Forecast Income Statement for FY20

The table below outlines the reconciliation of the Pro Forma Forecast Income Statement to the Statutory Forecast Income Statement for FY20.

**Table 3**

| A\$million                  | Notes | FY20        |
|-----------------------------|-------|-------------|
| Statutory net profit        |       | 49.4        |
| Adjusted for:               |       |             |
| Transaction Costs           | 1     | 3.3         |
| Finance costs               | 2     | 0.2         |
| <b>Pro forma net profit</b> |       | <b>52.9</b> |

Notes:

- Transaction Costs relate to the implementation of the Offer, and include Offer management fees, advisors' fees, consultants' fees, listing fees, printing fees and other fees and costs. As at the PDS Date, Transaction Costs have been estimated at \$6.5 million (\$3.3 million of which has been expensed to the income statement and \$3.2 million of which is netted against contributed equity). If the IPF Sale proceeds, as outlined in Section 8.4 of this PDS, the allocation of Transaction Costs between the income statement and netted against contributed equity will change. To the extent that the full allocation of 45 million Units is made available under the IPF Sale, \$4.3 million is expensed to the income statement and \$2.1 million netted against contributed equity. However, no change to total estimated Transaction Costs will arise.
- Finance costs adjustment assuming the Fund's new capital structure upon Completion is in place from 1 April 2019.

### 6.3.4. Consolidated Distribution Statements

Following Completion, the first Distribution available to Unitholders is expected to be for the period from 28 May 2019 to 30 September 2019. This Distribution is expected to be approximately \$17.0 million (or 3.2 cents per Unit). The Fund currently determines Distributions in AUD. For South African Unitholders, Distributions are converted to ZAR based on an exchange rate and conversion date announced by the Fund via SENS, and paid into the bank accounts of the various CSDPs. Unitholders holding Units on the South African Register will receive their Distributions in ZAR, and Unitholders holding Units on the Australian Register will receive their Distributions in AUD.

From Completion, the Fund will aim to distribute between 80% and 100% of FFO each year. The Directors retain the discretion to amend the Distribution policy, and will have regard to the amount of cash available in determining the Distribution payout ratio. Further information in relation to the Fund's existing Distribution policy, and its proposed Distribution policy following Completion is set out in Section 2.8 of this PDS.

The Distribution Statements have been derived by adjusting the statutory net profit for FY19 and FY20 as detailed in the Statutory Historical Income Statement for FY19 and Statutory Forecast Income Statement for FY20 in Sections 6.3.1 and 6.3.2 of this PDS for:

- > Non-cash items, being straight-lining of Gross Property Income and amortisation of leasing fees and incentives; and
- > Property acquisition costs and Transaction Costs.

The resulting measure is termed FFO, being the Directors' measure of the periodic amount available for Distributions, which differs from statutory net profit as determined in accordance with AAS. As an additional measure, AFFO is based on FFO, adjusted for maintenance capital expenditure, cash incentives and leasing fees paid. As noted above, from Completion Distributions will be reported and calculated as a proportion of FFO and AFFO. These terms are further explained in Section 6.2.5 of this PDS.

## 6

Financial information Continued

The tables below provide a reconciliation from statutory net profit (before deducting Transaction Costs) to FFO and AFFO for FY19 and FY20, and details of the forecast FFO Yield and Distribution Yield for FY20. Details of the actual historical Distributions paid by the Fund since its listing on the JSE (determined in accordance with the Fund's existing Distribution policy), are set out Section 2.8 of this PDS.

Table 4

| A\$million                                      | Notes | FY19        | FY20        |
|---|-------|-------------|-------------|
|   |       | Pro Forma   | Pro Forma   |
| Statutory net profit (before Transaction Costs) | 1     | 49.9        | 52.7        |
| Straight-line rental revenue adjustment         |       | (0.9)       | (1.1)       |
| Other non-cash items                            | 2     | 1.3         | 1.6         |
| <b>Funds from Operations ("FFO")</b>            |       | <b>50.3</b> | <b>53.2</b> |
| Maintenance capital expenditure                 |       | (1.0)       | (2.1)       |
| Leasing fees and cash incentives                | 3     | (3.3)       | (1.8)       |
| <b>Adjusted FFO ("AFFO")</b>                    |       | <b>46.0</b> | <b>49.3</b> |
| Units on issue (million)                        |       | 478.8       | 555.7       |
| FFO per Unit (cents)                            |       | 10.50       | 9.57        |
| AFFO per Unit (cents)                           |       | 9.61        | 8.88        |

Notes:

- 1 The Statutory Forecast Income Statement has been prepared on the basis that Completion occurs on the Allotment Date (being 28 May 2019). Transaction Costs will be funded by the proceeds from the Offer and do not affect the operating cash flow of the Fund.
- 2 Relates to amortisation of leasing fees and incentives.
- 3 Relates to forecast cash leasing fees and incentives paid.

Table 5

| A\$million                             | Notes | FY20      |
|--|-------|-----------|
|  |       | Pro Forma |
| Distribution per Unit (cents)          | 1     | 8.88      |
| Distribution as % of FFO               |       | 92.7%     |
| Distribution as % of AFFO              |       | 100.0%    |
| Tax deferred component of distribution | 2     | 31.0%     |
| FFO Yield (%)                          | 3     | 7.4%      |
| Distribution Yield (%)                 | 3     | 6.8%      |

Notes:

- 1 The Distribution above is presented on a pro forma basis consistent with the proposed Distribution policy following Completion (set out in Section 2.8 of this PDS). Refer to Section 2.8 of this PDS for details of the Fund's historical Distribution policy and actual historical Distributions paid since the Fund's listing on the JSE.
- 2 The tax deferred component of forecast Distributions has been determined in accordance with the tax legislation prevailing at the time of preparing this PDS. The actual tax deferred components of the Distribution will be determined based on tax legislation prevailing at the time of the relevant Distributions.
- 3 The yield disclosure represents pro forma forecast FFO per Unit or pro forma forecast Distribution per Unit (as applicable) for the financial year ending 31 March 2020 (based on the total number of Units on issue following Completion) divided by the Final Subscription Price (assuming the Final Subscription Price is set at the lower end of the Indicative Price Range). The FFO Yield and Distribution Yield at the upper end of the Indicative Price Range are 7.1% and 6.5% respectively.

## 6.4. Pro Forma Balance Sheet

The table below sets out the Pro Forma Balance Sheet, including a reconciliation to the audited Statutory Historical Balance Sheet as at 31 March 2019. The Pro Forma Balance Sheet should be considered in conjunction with the basis of preparation set out in Section 6.2 of this PDS.

Table 6<sup>1</sup>

| A\$million                               |       |                          |               |                |
|--|-------|--------------------------|---------------|----------------|
|  | Notes | Audited<br>31 March 2019 | Offer         | Pro Forma      |
| <b>Assets</b>                            |       |                          |               |                |
| <b>Current assets</b>                    |       | <b>14.2</b>              | <b>0.0</b>    | <b>14.2</b>    |
| Cash and cash equivalents                | 2     | 7.8                      |               | 7.8            |
| Trade and other receivables              |       | 6.4                      |               | 6.4            |
| <b>Non-current assets</b>                |       | <b>1,069.2</b>           | <b>0.0</b>    | <b>1,069.2</b> |
| Investment properties                    | 3     | 1,062.8                  |               | 1,062.8        |
| Financial instruments held at fair value |       | 6.4                      |               | 6.4            |
| <b>Total assets</b>                      |       | <b>1,083.4</b>           | <b>0.0</b>    | <b>1,083.4</b> |
| <b>Current liabilities</b>               |       |                          |               |                |
| <b>Current liabilities</b>               |       | <b>60.3</b>              | <b>(28.6)</b> | <b>31.7</b>    |
| Borrowings                               |       | 28.6                     | (28.6)        | 0.0            |
| Trade and other payables                 |       | 6.9                      |               | 6.9            |
| Distributions payable                    |       | 24.8                     |               | 24.8           |
| <b>Non-current liabilities</b>           |       | <b>401.6</b>             | <b>(64.9)</b> | <b>336.7</b>   |
| Long-term borrowings                     | 4     | 375.2                    | (64.9)        | 310.3          |
| Trade and other payables                 |       | 5.3                      |               | 5.3            |
| Financial instruments held at fair value |       | 21.2                     |               | 21.2           |
| <b>Total liabilities</b>                 |       | <b>461.9</b>             | <b>(93.5)</b> | <b>368.4</b>   |
| <b>Net assets</b>                        |       |                          |               |                |
| <b>Net assets</b>                        |       | <b>621.5</b>             | <b>93.5</b>   | <b>715.0</b>   |
| Contributed equity                       | 5     | 515.2                    | 96.8          | 612.0          |
| Retained earnings                        | 6     | 106.3                    | (3.3)         | 103.0          |
| <b>Total equity</b>                      |       | <b>621.5</b>             | <b>93.5</b>   | <b>715.0</b>   |
| <b>Units in issue</b>                    |       | <b>478.8</b>             | <b>76.9</b>   | <b>555.7</b>   |
| <b>NAV per Unit</b>                      | 7     | <b>1.30</b>              |               | <b>1.29</b>    |
| <b>Gearing (%)</b>                       | 8, 9  | <b>38.1%</b>             |               | <b>29.3%</b>   |

## Notes:

- 1 The Fund had net current liabilities of \$46.1 million as at 31 March 2019. The net pro forma liability position was principally due to the Distribution declared (\$24.8 million) as at 31 March 2019, along with borrowings to fund the acquisition of 24 Wormald Street, Symonston ACT (\$28.6 million) which will be repaid from the proceeds of the Offer. Distributions are funded from a combination of cash and undrawn borrowing facilities. The Directors are of the opinion that the Fund will have sufficient working capital to carry out its stated objectives during the forecast period (refer to Section 6.7 of this PDS).
- 2 Cash and cash equivalents of \$7.8 million assumed to be held for working capital.
- 3 The value of the Portfolio is based on the audited financial statements of the Fund as at 31 March 2019. All the Properties (excluding 24 Wormald Street, Symonston ACT which was independently valued as at the date of acquisition) in the Portfolio were independently valued as at 30 September 2018. Independent valuations as at 31 March 2019 were undertaken for three of the Properties, being 24 Wormald Street, Symonston ACT, 35-49 Elizabeth Street, Richmond VIC and 449 Punt Road, Cremorne VIC. The remainder of the Properties were valued as at 31 March 2019 based on internal Director valuations with no subsequent material change to the fair values reported at 30 September 2018.
- 4 Long-term borrowings represents the drawn debt excluding the debt to partially fund the payment of the Pre-Allotment Distributions which are expected to be paid to existing Unitholders on or about 27 May 2019. Following Completion and forecast debt drawdowns, the undrawn debt balance is forecast to be \$59.8 million.
- 5 Assuming the Final Subscription Price is set at the Minimum Subscription Price of \$1.30 per Unit. If the Final Subscription Price were to be set at the upper end of the Indicative Price Range of \$1.35 per Unit, an additional \$3.8 million contributed equity would be raised and \$3.7 million of debt would be repaid, with the pro forma gearing at Completion being 29.0% (see Note 9 below).
- 6 Retained earnings adjustments represent expensed Transaction Costs in relation to the Offer of \$3.3 million. If the IPF Sale proceeds, as outlined in Section 8.4 of this PDS, the allocation of Transaction Costs between the income statement and netted against contributed equity will change. To the extent that the full allocation of 45 million Units is made available under the IPF Sale, the retained earnings adjustments is \$4.3 million.
- 7 Pro forma NAV per Unit on Completion is based on the total number of Units on issue following Completion assuming the Final Subscription Price is set within the Indicative Price Range.
- 8 Assumes that the Final Subscription Price is set within the Indicative Price Range. Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of the Group's investment properties.
- 9 The gearing in the Pro Forma Balance Sheet excludes the debt the Fund will draw to pay the Pre-Allotment Distributions which are expected to be paid to existing Unitholders on or about 27 May 2019. The forecast gearing post debt drawdown is 31%.

The Pro Forma Balance Sheet has been prepared by applying pro forma adjustments to the Statutory Historical Balance Sheet of the Fund as at 31 March 2019 to reflect the impact of the Offer as at Completion, namely:

- > An equity raising of \$100.0 million through the issue of approximately 77 million Subscription Units under the Offer at a price of \$1.30 per Unit (assuming the Final Subscription Price is set at the Minimum Subscription Price), net of Transaction Costs payable by the Fund. As at the PDS Date, these Transaction Costs are estimated at \$6.5 million (\$3.3 million of which is expensed to the income statement and \$3.2 million of which is netted against contributed equity). If the IPF Sale proceeds, as outlined in Section 8.4 of this PDS, the allocation of Transaction Costs between the income statement and netted against contributed equity will change. To the extent that the full allocation of 45 million Units is made available under the IPF Sale, \$4.3 million is expensed to the income statement and \$2.1 million netted against contributed equity. However, no change to total estimated Transaction Costs will arise; and
- > \$93.5 million to fund the repayment of existing debt facilities.

### 6.5. Forecast assumptions

The Directors have applied their best estimate assumptions relating to the preparation of the Forecast Financial Information. These assumptions are set out below as general and specific best estimate assumptions. The assumptions below are a summary only and do not represent all factors that will affect the Forecast Financial Information. The assumptions below are intended to assist prospective investors in assessing the reasonableness and likelihood of the assumptions occurring, and the Directors make no representation that the assumptions will occur, or that the assumptions below are exhaustive.

The Pro Forma Forecast Income Statement and Statutory Forecast Income Statement for FY20 include the forecast results from 1 April 2019 to 31 March 2020.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 6.6 of this PDS, the risks set out in Section 7 of this PDS, the Investigating Accountant's Report set out in Section 9 of this PDS and other information in this PDS.



## 6.5.1. General assumptions

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

- > The Subscription Units are allocated on the Allotment Date (which is expected to be 28 May 2019);
- > No significant change in the economic conditions (including retail property market and financial market stability) in which the Fund operates;
- > No significant change in the competitive environment in which the Fund operates;
- > No unexpected changes to the statutory, legal or regulatory environment which would be detrimental to the Fund in any of the jurisdictions in which it operates;
- > No significant change to the legislative regime and regulatory environment in the jurisdictions in which the Fund operates;
- > All existing leases are enforceable and perform in accordance with their terms;
- > No material changes in AAS, other mandatory professional reporting requirements or the Corporations Act that would have a material impact on the Fund's consolidated financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures;
- > The Fund will consistently apply the accounting policies over the forecast period;
- > Key personnel, particularly the senior management team, are retained;
- > No material litigation or dispute to which the Fund is a party;
- > No acquisitions or disposals of the Properties over the forecast period;
- > No material change in capital expenditure requirements from those included in the Forecast Financial Information caused by factors outside of the Fund's control;
- > No material change in credit markets;
- > No changes in current Australian and New Zealand income tax legislation;
- > The Fund continues to hold its Properties for the purpose of deriving long term rental income;
- > CPI has been assumed at 2.5% for the forecast period;
- > No significant amendment to any material contract relating to the Fund's business;
- > There will be no underlying movement in the fair value of the Properties or other financial assets including any mark-to-market movements in relation to the interest rate swaps taken in respect of the debt; and
- > The Offer proceeds in accordance with the timetable set out in this PDS.

## 6.5.2. Specific assumptions

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

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

### Revenue

Revenue relates to Gross Property Income which has been forecast on a Property-by-Property basis based on existing leases and assumptions for future occupancy rates, tenant retention and market rentals. Market rents have been assumed to increase at a weighted average rate of 3.3% p.a. over the Portfolio and assessed on a Property-by-Property basis.

The forecast Gross Property Income in relation to the 100 Willis Street, Wellington NZ has been prepared at an exchange rate of AUD/NZD of 1.00:1.076. Sensitivity to movements in the AUD/NZD exchange rate is disclosed in Section 6.6 of this PDS.

As at the PDS Date, the Directors believe there is no information to indicate any tenancy issues that would materially impact the Forecast Financial Information.

**Expiries, reletting and tenant incentives**

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

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

**Rental Guarantees**

From Completion, the Fund will have Rental Guarantees with a remaining value of \$0.9 million which relate to two Properties. The Rental Guarantees have been capitalised to the Fund's balance sheet.

**Straight-line rental revenue adjustment**

A straight line lease adjustment is provided in relation to future fixed rental increases to ensure Gross Property Income has been recognised on a straight-line basis over the lease term in accordance with AAS.

**Property expenses**

Property expenses are largely made up of outgoings recoverable from tenants. Outgoings have been forecast on a Property-by-Property basis having regard to current outgoings on Properties and best estimate assumptions for other specific operational requirements for each Property. Outgoings include land tax, council rates, building insurance, water rates and repairs and maintenance. Outgoings are forecast to increase at an annual rate of between 1.9% and 2.5% for FY20.

**Management fees**

For so long as the Fund is ASX Listed, the Manager's base management fee will be 0.55% per annum of Enterprise Value (before GST). Although under the Management Agreement, the Manager is entitled to a base fee equal to 60 basis points per annum of Enterprise Value, with the base management fee stepping down from 0.60% to 0.55% per annum on every dollar over AUD 1.5 billion, the Manager has formally waived part of the fee so that, in the circumstances stated above, only the 0.55% per annum fee (plus GST) will be charged on all Enterprise Value. Refer to Section 12.2 of this PDS for information on the base management fees under the Management Agreement.

**Other operating expenses**

The Fund incurs operating expenses including annual listing fees, Registry fees, legal, audit, valuation and tax compliance fees, investor reporting costs, independent Directors' fees and other costs. These costs have been forecast based on best estimates of the likely costs to be incurred based on a combination of existing agreements, external benchmarks and quotes and by taking into account factors likely to influence the level of these expenses, including the Fund's estimated market capitalisation and Enterprise Value. These other operating expenses have been forecast based on relevant agreements and quotes from external parties.

**Finance costs**

The Fund's borrowings under the Facility are forecast to incur an average interest rate of 4.00% per annum for FY20 inclusive of all margins and ongoing fees. Hedging instruments are used to hedge against the Fund's exposure to rising interest rates. The Fund will have access to an appropriate level of undrawn debt facilities to fund any capital expenditure over the forecast period.

## Transaction Costs

Transaction Costs include Offer management fees, advisers' fees, legal fees, listing fees, printing fees and other expenses associated with the Offer. As at the PDS Date, Transaction Costs have been estimated at \$6.5 million based on existing agreements and quotes. Of the total estimated Transaction Costs, \$3.2 million will be directly offset against contributed equity, with the remaining \$3.3 million expensed to the income statement.

## Tax expense

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

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

## Capital expenditure

Allowances have been made for maintenance capital expenditure of \$2.1 million in FY20 which is forecast to be funded by operating earnings. Additional capital expenditure in the nature of landlord works under leases of approximately \$2.1 million in FY20 are forecast to be funded by debt.

## Distributions

The Fund is expecting to declare and pay Distributions semi-annually. Distributions are generally expected to be paid in the months of June and December (while the JSE remains the Main Trading Exchange), other than the Pre-Allotment Distributions which are expected to be paid to existing Unitholders on or about 27 May 2019.

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

Following Completion, the first Distribution available to Unitholders is expected to be for the period from 28 May 2019 to 30 September 2019. Further information in relation to the Fund's existing Distribution policy, and its proposed Distribution policy following Completion is set out in Section 2.8 of this PDS.

## Distribution reinvestment plan

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

## 6.6. Sensitivity analysis

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

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

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

Table 7<sup>1,2</sup>

|  |       |     | FY20<br>Pro Forma | FY20<br>Pro Forma |
|--|-------|-----|-------------------|-------------------|
|  | Notes |     | A\$m              | cents per Unit    |
| <b>FFO</b>   |       |     | <b>53.2</b>       | <b>9.57</b>       |
| <i>Incremental impact of change from assumptions</i> |       |     |                   |                   |
| 2.5% change in AUD:NZD foreign exchange rate         |       | +/- | 0.2               | 0.04              |
| 25 basis point change in interest rates              | 3     | +/- | 0.4               | 0.08              |
| 25 basis point change in CPI                         |       | +/- | 0.0               | 0.00              |
| 1% change in Gross Property Income                   |       | +/- | 0.9               | 0.17              |
| 2% change in outgoings for Gross Leases              | 4     | +/- | 0.1               | 0.03              |
| 25% reduction in vacancy periods for leases          |       | +   | 0.2               | 0.03              |
| 25% increase in vacancy periods for leases           |       | -   | 0.3               | 0.06              |

Notes:

- 1 Based on full year period from 1 April 2019 to 31 March 2020.
- 2 Sensitivity per Unit is based on the number of Units on issue following Completion (approximately 555.7 million).
- 3 The forecast percentage of debt hedged is 94.6%, with proceeds from the Offer being used to repay debt. Calculated based on the forecast 5.4% of finance costs subject to interest rate movements.
- 4 The sensitivities on outgoings have been calculated based on Gross Leases whereby outgoings are embedded in base rent and therefore not directly recoverable. The majority of the Fund's lease arrangements are structured where outgoings are recovered from tenants.

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

## 6.7. Liquidity and capital sources

Following Completion, the Fund's principal sources of funds will be cash flow from operations and the Facility.

The Directors expect that the Fund will have sufficient cash flow from operations to meet its operational requirements during the forecast period. The Directors expect that the Fund's operating cash flows, together with borrowings and borrowing capacity under the Facility will allow growth in its business. The Board has approved a borrowing policy whereby gearing will be maintained between 30% and 40%, with the ability to exceed the top end of the range provided that gearing will be reduced below 40% within a reasonable period of time. Assumptions in relation to capital expenditure are set out in Section 6.5 of the PDS.

The Directors are of the opinion that the Fund will have sufficient working capital to carry out its stated objectives during the forecast period.

## 6.8. Summary of significant accounting policies

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

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

### Basis of consolidation

#### 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 of the Fund and controlled by the Group with no restrictions.

#### Transactions eliminated on consolidation

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

#### 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 Property 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 specific clauses within lease agreements. These are invoiced monthly based on an annual estimates basis. The consideration is due 30 days from the invoice date. Recoverable outgoings revenue is recognised over time based on the annual estimates, with the estimates reconciled at least annually.

#### Lease incentives and commissions

Any lease incentives provided to a tenant under the terms of a lease such as fitouts 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.

#### Borrowings

After initial recognition at cost, 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.

#### Investment property

Properties 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 and 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.

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 Property Income 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.

### **Trade and other receivables**

After initial recognition at cost, 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.

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.

### **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. After initial recognition at cost, cash and cash equivalents are subsequently measured at amortised cost.

### **Trade and other payables**

After initial recognition at cost, 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.

### **Derivative financial instruments**

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

## Taxation

Under current income tax legislation, the Fund (as a qualifying AMIT for Australian tax purposes) is not subject to Australian income tax on any of the Net Property Income derived by the Fund, to the extent its net taxable income is attributed to Unitholders within three months after the relevant income year. To continue qualifying as an AMIT, the Fund must continue to ensure 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.

As the Fund is an AMIT, the Responsible Entity will be required to withhold tax in Australia at a concessional rate of 15% on Distributions to individual and institutional Unitholders in South Africa (including distributions of capital gains) and other non-resident investors resident in an exchange of information (“EOI”) country, to the extent that it is not a ‘tax deferred Distribution’, a Distribution of interest income or non-Australian sourced income. Distributions (other than distributions of tax deferred Distributions, interest income or non-Australian sourced income) to non-resident investors resident in a non-EOI country will be subject to Australian withholding tax at the rate of 30%.

A ‘tax deferred Distribution’ is the excess of cash distributed over the Unitholders’ proportionate share of the Australian taxable income of the Fund and is not subject to Australian income tax. Rather, a Unitholder’s cost base in the Units is reduced by the amount of tax deferred Distribution received. To the extent a Unitholder’s interest in the Fund represents a CGT asset, once the Unitholder’s cost base is reduced to nil, any excess tax deferred Distribution received should be taxable to the Unitholders as a capital gains.

As the Fund is an AMIT, the Responsible Entity will be required to withhold tax in Australia at 10% on Australian sourced interest income to 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.

## Changes in significant accounting policies

The accounting policies adopted in the preparation and presentation of the Financial Information are consistent with those applied by the Group in the financial year ended 31 March 2019 and interim period ended 30 September 2018.

### New accounting standards adopted by the Group

The Group applied the following accounting standards amendments that became mandatory for the first time during the FY19 reporting period:

#### IFRS 9 Financial Instruments

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. This 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.

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

**IFRS 15 Revenue from Contracts with Customers**

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. IFRS 15 replaces existing revenue recognition guidance, including IFRS 118 Revenue and IFRS 111 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 five-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 Fund's financial statements for FY19, 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.

**Accounting standards applicable to the Group not yet effective****IFRS 16 Leases**

IFRS 16 introduces a single, on-balance sheet accounting model for lessees and is effective for annual reporting periods beginning 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. As the Group's operations involve leasing of investment properties, as a lessor, it is expected that the changes will have minimal impact on the Group.

**6.9. Directors' statement**

Each Director confirms that they have made enquiries and nothing has come to their attention to suggest that the Fund is not continuing to earn profit from continuing operations up to the PDS Date.



## 6.10. Tax position

Listing on the ASX will not change the current Australian tax treatment of Distributions to foreign Unitholders resident in South Africa.

The Fund and its management arrangements are structured to meet the required criteria to be classified as a withholding tax MIT and an AMIT for Australian tax purposes. As such, the Responsible Entity will be required to withhold tax in Australia at a concessional MIT withholding tax rate of 15% on amounts of taxable income of the Fund that are distributed or attributed to South African Unitholders (including Distributions or attributions of capital gains) and other Unitholders resident in certain countries with which Australia has concluded an EOI agreement. The Distribution or attribution of taxable income to Unitholders in other countries will be subject to a 30% Australian MIT withholding tax.

The above withholding tax does not apply to Distributions or attributions of certain categories of income, such as interest income and non-Australian sourced income.

The Responsible Entity will be required to withhold tax in Australia at 10% on Distributions or attributions of interest income to foreign Unitholders (including Unitholders in South Africa).

New Zealand sourced income is subject to the corporate tax rate in New Zealand of 28%, and is not subject to Australian withholding tax when distributed or attributed to foreign resident Unitholders.

The above withholding taxes will not apply to Australian tax residents. Australian tax resident Unitholders will be subject to Australian income tax at the Unitholder's marginal tax rate (e.g. 30% for a corporate entities or up to 47% for an individual) on amounts attributed to the resident Unitholder. Australian tax resident Unitholders will be required to include any New Zealand income in their assessable income for an income year and may be entitled to a foreign income tax offset with respect to the New Zealand corporate tax levied on that New Zealand sourced income.

From a South African Unitholders' perspective, the Distribution comprises gross income, and is to be taxed as such, in the hands of South African Unitholders. The pre-tax Distribution is to be included in a Unitholder's taxable income and subject to normal tax in full. Subject to certain limitations, tax paying South African Unitholders should be able to claim Australian income taxes paid on the same income, as a rebate against South African normal (income) tax, when determining their respective liabilities for South African income tax. Unitholders, who are REITs, as defined for South African income tax purposes, are subject to provisions regulating the taxation of REITs in South Africa. In terms of these provisions, subject to certain limitations, REITs are to claim foreign taxes as a deduction when determining their taxable incomes.

The above summary of the tax treatment of foreign Distributions does not constitute legal or tax advice and is based on taxation law and practice at the PDS Date. Unitholders should take their own tax advice as to the consequences of their investment in the Fund. See Section 10 of this PDS for further details of the tax analysis in relation to an investment in the Fund.

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## Risks



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

This Section 7 describes what the Responsible Entity currently believes to be the key risks associated with an investment in the Fund. All prospective investors should note that this Section 7 identifies the Directors' current views on the key risks of an investment in the Fund and it does not purport to be an exhaustive list of risks that may be associated with an investment in the Fund now or in the future.

Before deciding on whether to make an investment in the Fund, prospective investors should have a sufficient understanding of the risks described in this Section 7 in conjunction with other information provided in this PDS. Investors should carefully consider whether an investment in the Fund is a suitable investment having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this PDS or are in any doubt as to whether to subscribe for Subscription Units, you should seek advice from your broker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

## 7.1. Risks specific to an investment in property

The Fund is an Australian REIT whose principal source of income is derived from owning property and therefore it is important to understand risks associated with this asset class.

This Section 7.1 provides an overview of risks specific to general investment in property.

### 7.1.1. Gross Property Income

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

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

These factors are in turn impacted by the underlying performance of the tenants, which is influenced by a number of general economic factors beyond the Fund's control. During an economic recession, these risks increase. Any negative impact on Gross Property Income (including as a result of a failure of existing tenants to perform existing leases in accordance with their terms) has the potential to decrease the value of the Properties.

All of the above factors may affect FFO of the Fund and in turn, impact Distributions and the market price of the Units.

### 7.1.2. Re-leasing and vacancy

There is a risk that the Fund may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms (if at all) or be able to find new tenants to take over space that is currently unoccupied which could affect FFO of the Fund and Distributions.

Gross Property Income may also be negatively impacted by any increases in amounts not recoverable from tenants that might be incurred by the Fund, which could affect FFO of the Fund and Distributions.



### 7.1.3. Capital expenditure requirements

A property by nature requires ongoing maintenance. Capital expenditure will be required to maintain and improve the Properties to retain and attract tenants. There is a risk that the required capital expenditure exceeds the forecast spend, requiring additional funding or Property sales, which could affect FFO of the Fund and Distributions.

Additionally, any requirement for unforeseen material capital expenditure on the Properties could impact the performance of the Fund. While the Fund will undertake reasonable due diligence investigations required prior to acquiring Properties, there can be no assurance that Properties will not have defects or deficiencies, or that unforeseen capital expenditure or other costs will not arise.

Some examples of circumstances that may require capital expenditure in excess of the forecast amount include property damage caused by fire, flood or other disaster, changes to law or council requirements such as environmental, building or safety regulations, or unforeseen property defects or environmental issues that need to be repaired or addressed (to the extent not covered by insurance).

### 7.1.4. Property valuation

The value of, and returns from, the Properties may fluctuate depending on property market conditions (including geographical and sectoral factors), general economic conditions (such as interest rates and Capitalisation Rates) and/or Property specific factors. Demand for property may change as investor preferences for particular sectors, asset classes and geographies change over time and can be influenced by general economic factors such as interest rates and share market cycles.

As changes in valuations of the Properties are recorded in the income statement, any decreases in value will have a negative impact on the income statement. While a change in valuation will not directly impact FFO of the Fund and Distributions, it will impact gearing which could have a bearing on compliance with covenants under the Facility Agreement.

### 7.1.5. Property liquidity

Direct property assets are by their very nature illiquid assets. The Fund may not be able to realise the Properties within a short period or may not be able to realise Properties at valuation. This may affect the NAV or the price of the Units.

### 7.1.6. Sector concentration

The Portfolio is principally comprised of office and industrial properties. The Fund's performance depends on, in part, the performance of the office and industrial property sectors in Australia and New Zealand. If there is a downturn in these sectors, the Fund's performance may be affected by way of lower rental income and/or increased vacancy, which may reduce Gross Property Income and impact FFO of the Fund and Distributions.

### 7.1.7. Environmental issues and contaminations

There is a risk that a Property may be contaminated now or in the future. Government environmental authorities may require such contamination be remediated. There is a risk that the Fund may be required to undertake remediation which could require material capital expenditure and impact FFO of the Fund and Distributions.

In addition, environmental laws impose penalties for environmental damage and contamination, which can be material in size. Exposure to hazardous substance at a Property could result in personal injury claims. Such a claim could prove greater than the value of the contaminated Property.

An environmental issue may also result in interruptions to the operations of a Property, including loss as a result of closure. Any loss of income may not be recoverable.

While environmental issues are continually monitored, there is no assurance that the Fund's operations or those of a tenant of a Property will not be affected by an environmental incident or subject to environmental liabilities.

### 7.1.8. Health and safety

There is a risk that liability arising from workplace health and safety matters at a Property may be attributable to the Fund as the landlord instead of, or as well as, the tenant. To the extent that any liabilities may be borne by the Fund, this may impact the financial performance of the Fund (to the extent not covered by insurance). In addition, penalties may be imposed upon the Fund which may have an adverse impact on the Fund.

## 7.2. Risks specific to your investment in the Fund

These risks relate specifically to your investment in the Fund.

### 7.2.1. Gearing

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

Changes in the value of the Properties or Gross Property Income that secure the repayment and servicing of the borrowing may also affect the level of gearing which a financier may require to be maintained. This may result in the Fund being required to reduce the level of debt, including by selling Properties.

A higher level of gearing will magnify the effect on the Fund of any changes in interest rates or changes in value or performance measures. If the level of gearing increases over the term of the Facility Agreement (thereby impacting the Gearing Ratio), this may create refinancing risk on the Facility.

### 7.2.2. Funding and refinancing

The Fund relies on external funding sources (debt and equity funding) to fund new acquisitions, capital expenditure and other material capital events. The Fund's ability to raise capital from debt or equity markets on favourable terms depends on a number of factors including the general economic climate, the state of debt and equity capital markets and the property market, and the performance, reputation and financial strength of the Fund.

There is a risk that the Fund is unable to borrow on terms and conditions, including duration and interest rates, which are acceptable, that the Fund is unable to refinance the Facility when it matures, or that the refinance may not be obtained on the same terms (e.g. upon the refinance of the Facility, interest rates may be higher).

An inability to attract funding on acceptable terms may adversely affect the Fund's ability to make future acquisitions or meet future capital expenditure needs, which could adversely affect the growth prospects of the Fund. A lack of or increased cost of debt financing could also increase the funding costs of the Fund and therefore impact the performance and the financial position of the Fund. Please see Section 7.2.3 below in relation to breaches of covenants.

### 7.2.3. Breach of covenants

Under the Facility Agreement, the Fund is subject to a number of undertakings and covenants including in relation to the Fund's Gearing ratio and loan-to-value ratio. An event of default may occur if the Fund fails to maintain these undertakings and covenants. In the event that an event of default occurs which is not remedied, the lenders may require repayment of the Facility prior to the expected expiry date of the Facility. If so, the Fund may need to sell Properties for less than their book value, raise additional equity, or reduce or suspend Distributions in order to repay the Facility.

### 7.2.4. Dilution of participatory interests

Units may be issued to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of the Unitholder's interests. While the Fund will be subject to the constraints of the Listings Requirements, Unitholders may be diluted by future capital raisings by the Fund.



### 7.2.5. Interest rate fluctuations

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.

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.

As at 31 March 2019, 77.5% of the Fund's interest rate exposure was hedged. To the extent that all or part of the drawn down amount of the Facility is not hedged, the Fund is exposed to movements in variable interest rates on the amounts drawn down but unhedged. Further, where interest bearing indebtedness is hedged, hedging arrangements themselves involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates.

There is also a risk that the Fund may be unable to hedge future borrowings to mitigate future interest rate risk, or that the terms of such hedging are less favourable than the existing terms.

### 7.2.6. Exchange rate fluctuations

Unitholders will be able to hold their Units on either the Australian Register or the South African Register. Units trading on the ASX will be denominated in AUD and Units trading on the JSE will be denominated in ZAR.

If a Unitholder chooses to hold their Units on the South African Register, the Units will be denominated in ZAR but the Distributions will be denominated in AUD and earnings derived from Australian Properties will be denominated in AUD. This may involve a currency exchange risk for Unitholders. The value of the Units (in ZAR terms) trading on the JSE may go up or down according to changes in the exchange rate between the ZAR and AUD. These changes may be significant.

Earnings derived from any New Zealand Properties will be denominated in NZD. Movements in the exchange rate between AUD and NZD may adversely affect the results of operations and/or the balance sheet of the Fund.

### 7.2.7. Dual listing

The number of potential buyers or sellers of the Units on the ASX and the JSE at any given time may vary. This may increase the volatility of the market price of the Units and therefore affect the market price at which Unitholders are able to sell their Units.

Following the ASX Listing, the Fund will be dual primary listed on the ASX and the JSE, and will need to comply with both the ASX Listing Rules and the JSE Listings Requirements. As the Fund is also listed on the JSE, Australian investors who subscribe for Subscription Units under the Offer will be subject to the JSE Listings Requirements. In particular, investors should be aware that certain South African legal concepts which investors may not be familiar with via investments in Australian companies or trusts, may apply to the Fund (e.g. the King IV Code principles referred to in Section 5.7 of this PDS).

After the Fund is listed on the ASX, the Main Trading Exchange will be the JSE, unless in respect of a particular half year trading period, more Units by volume are traded on the ASX than on the JSE during the immediately preceding half year trading period, in which case the Main Trading Exchange for that particular trading period will be the ASX.

Under the terms of the Constitution, if it is not possible for the Responsible Entity to comply with both the JSE Listings Requirements and the ASX Listing Rules, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time. In such circumstances, the Responsible Entity must comply with the JSE Listings Requirements if there is a conflict between the JSE Listings Requirements and the ASX Listing Rules unless the Main Trading Exchange becomes the ASX.

As noted in Section 8.13.4 of this PDS, Unitholders will be able to move their Units between the Australian Register and the South African Register. A valid request from a Unitholder to move Units from the Australian Register to the South African Register will generally be processed within one Business Day, although in some circumstances, it may take longer for the request to be processed. Similarly, a valid request from a Unitholder to move Units from the South African Register to the Australian Register will generally be processed within one business day (as defined in the JSE Listings Requirements), although in some circumstances, it may take longer for the request to be processed.

Unitholders will not be able to move their Units between the Australian Register and the South African Register for a short period where the Fund declares a record date for the purposes of paying Distributions.

### 7.2.8. Liquidity

There can be no guarantee that an active market in the Units will develop in Australia, that the price of Units will increase, or that liquidity will be maintained. Further, if a large Unitholder chooses to sell its Units, this may affect the prevailing market price of the Units.

### 7.2.9. Inability to complete disposals or acquisitions

The Fund faces competition from other property investors and organisations active in the Australian and New Zealand property market, who may have significantly greater scale and have an advantage in acquiring properties relative to the Fund. There is a risk that the Fund will be unable to identify suitable investment opportunities that meet the Fund's investment objectives or the Fund will be unable to dispose of and/or acquire properties on appropriate terms, thereby potentially limiting the growth of the Fund.

The Fund's failure to deliver or effectively execute its stated strategy including its acquisition and/or disposal of properties or its failure to redefine its strategy to meet changing conditions could result in a decline in the price of the Units and/or Distributions. There can be no assurance that any future acquisitions and/or disposals will enhance the investment returns of Unitholders.

### 7.2.10. Financial information and forecasts

The forward looking statements, opinions and estimates provided in this PDS, including the Forecast Financial Information, rely on various factors many of which are outside the control of the Responsible Entity, the Board or management, and several assumptions, any of which could be inaccurate or result in material deviations in actual performance from expected results. There can be no guarantee that the Fund will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

### 7.2.11. Substantial holding by Investec Group Entities

The Fund is externally managed with the members of the Investec Group acting as the Fund's responsible entity and manager.

As at the PDS Date, IBL and IPF, who are the two largest Unitholders as at the PDS Date and hold a combined stake of 35.99% of Units on issue as at the PDS Date, have confirmed that they will not participate in the Offer to assist in reducing the concentration of the Fund's Register. Following the issue of 76,923,077 Subscription Units their combined interests in the Fund will be diluted from 35.99% as at the PDS Date, to 31.01% (assuming no Units are sold under the IPF Sale). If the IPF Sale proceeds, and the maximum 45 million Units held by IPF are sold, IBL and IPF's combined interests in the Fund will reduce to 22.91% (with IPF's holding reducing from 20.92% to 9.9%).

If Investec Group Entities sell some or all of their Units, the price of the Units may be affected given the size of their holdings. Investec Group Entities may also have influence over the potential outcome of matters submitted to a vote of Unitholders. However, the Responsible Entity and its associates (as defined in the Corporations Act) are prohibited from voting if they have an interest in the resolution or matter other than as a member in accordance with section 253E of the Corporations Act.

### 7.2.12. Compliance

As the Fund is a Managed Investment Scheme, the Responsible Entity must hold an AFSL in order to act as the responsible entity of the Fund. The Responsible Entity is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If the Responsible Entity breaches the Corporations Act or the terms of its AFSL, ASIC may take action to suspend or revoke the Responsible Entity's licence, which in turn may adversely impact the Fund.



### 7.2.13. Tax

Changes in general taxation law and, in particular, income tax, GST or stamp duty legislation, case law in Australia, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of tax authorities, particularly in regard to property investment, may adversely affect the Fund's performance, position and prospects. Any changes to the tax regime applicable to the Fund may affect the Fund's ability to make Distributions or attributions of income and may adversely affect the tax treatment of Distributions or attributions in the hands of Unitholders.

As noted in Section 10 of this PDS, the Fund should not be subject to Australian tax on any of the net income derived by the Fund so long as (a) its activities are limited as described in that Section, and (b) it fully distributes or attributes its net income to Unitholders year on year. Changes in the Fund's business activities or Australian tax legislation could result in the Fund incurring income tax on its net income in the future. In this event, subsequent Distributions or attributions of net income would be paid on a "post-tax" basis.

The Fund currently invests in New Zealand and is subject to New Zealand tax. Distributions made by the Fund in respect of this New Zealand investment will necessarily be made on a post-tax basis. The Fund, and returns from the Fund, are necessarily subject to any changes in New Zealand tax laws.

The Australian taxation treatment of managed investment trusts, including Australian REITs, has been under review in Australia for several years. There is a risk that if the concessional rates described in Section 10.1.4 of this PDS change, or if the Fund ceases to qualify as a managed investment trust in the future, Distributions or attributions to investors in South Africa or other non-Australian tax resident investors may become subject to a higher withholding tax rate.

For further details of the tax analysis in relation to an investment in the Fund, see Section 10 of this PDS.

### 7.2.14. Insurance

The Fund will obtain and maintain insurance coverage for its operational risks. However, there are certain events which may not be covered by the Fund's insurance policies. These events may include, but are not limited to:

- > Acts of war or political instability; and
- > Catastrophic events such as floods (cover is limited up to \$220 million) or earthquakes.

If any of the Properties are damaged or destroyed by an event which is not covered by the Fund's insurance policies, the Fund could incur a capital loss which could affect Gross Property Income, FFO of the Fund and Distributions. Dependent on the type of coverage, the Fund may have to incur an excess prior to any payment by the insurer or pay for any difference between the full replacement cost and insured amount. The Fund may also incur increases to its insurance premium applicable to other areas of cover as a result of the event.

### 7.2.15. Litigation

The Fund may be the subject of complaints from or litigation by Unitholders, tenants, government agencies or other third parties. As an AFSL holder, the Responsible Entity is obliged to have in place internal processes and controls, as well as compensation arrangements, with professional indemnity insurance being the primary mechanism for providing compensation.

While the Responsible Entity has in place professional indemnity insurance, certain events may not be covered by such professional indemnity insurance, or the claims incurred may be in excess of the insured amount.

In addition, if the Fund breaches the law, this may result in a fine or penalty or, in a serious case, the loss of the Responsible Entity's AFSL. If the Responsible Entity is unable to retain its AFSL, it would be unable to continue as the responsible entity of the Fund and would not be able to engage in certain activities required to operate the Fund's business.

Such matters may have a material adverse effect on the Fund's reputation, divert its financial and management resources from more beneficial uses, and/or have a material adverse effect on the Fund's future financial performance or position.

The Responsible Entity is not aware of any uninsured claims or legal proceedings of a material nature against the Fund.



### 7.2.16. Loss of key management personnel

The Fund operates with a small management team. The loss of key management personnel could cause material disruption to the Fund's activities in the short to medium term and could result in the loss of key relationships and expertise which could have a material adverse impact on its current and future earnings.

### 7.2.17. Joint Owners Agreement

The Joint Owners Agreement to which the Sub Trustee (in its capacity as trustee for the Investec Australia Sub Trust No. 16) is a party in relation to its interest in the Queen Street Property contains restrictions on dealings in respect of its interest in the Queen Street Property. Where a joint owner proposes to dispose of its direct or indirect interest in the Queen Street Property, the other joint owner will have a pre-emptive right except in limited circumstances (e.g. by way of a permitted transfer to a member of its group).

The Joint Owners Agreement also contains tag along and drag along rights which may be exercised if a joint owner wishes to sell its interest in the Queen Street Property to a third party. Although the Joint Owners Agreement restricts a disposal of a direct and indirect interest in the Queen Street Property, dealings in Units or a change of the responsible entity of the Fund would not be such a disposal requiring the consent of the other joint owner. For more information, see Section 12.7 of this PDS.

### 7.2.18. Termination

In the event of termination or winding up of the Fund, the claims of the Fund's creditors will have priority over the claims of Unitholders. Under such circumstances, the Responsible Entity may sell Properties and first repay or discharge all costs and liabilities owed to the Fund's creditors before distributing the remaining proceeds to Unitholders.

Any remaining proceeds will be distributed among Unitholders pro rata in accordance with the proportion of Units held by Unitholders. As such, there is a risk that Unitholders may receive no amount, or an amount less than the Final Subscription Price, on termination or winding up of the Fund.

## 7.3. General risks of an investment in the Fund

### 7.3.1. Price of the Units

The Units have not previously been traded on the ASX and their price may be volatile and fluctuate significantly in response to various factors. Upon ASX Listing, the market price of Units will fluctuate due to numerous factors including:

- > Changes to general economic conditions in Australia, New Zealand, South Africa and abroad including inflation, interest rates and exchange rates;
- > Demand for property securities both domestically and internationally;
- > Changes in government policy, legislation and regulations;
- > Inclusion or removal from major market indices; and
- > General and operational business risks.

Consequently, the trading price of Units may be influenced by factors non-specific to the Fund and outside of the control of the Fund and the Directors. No assurances can be made that the performance of the Units will not be adversely affected by such market fluctuations or factors.

As a result of fluctuations in the market price of Units, Unitholders may not be able to sell their Units at or above the Final Subscription Price, if at all.

### 7.3.2. Economy and market conditions

There is the risk that changes in economic and market conditions may affect asset returns and values and may decrease the Unit price.

The overall performance of an investment in Units may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.



### **7.3.3. Law, regulatory and policy changes**

Changes in law, government legislation, regulation and policy in a jurisdiction in which the Fund operates may adversely affect the value of the performance of the Portfolio and/or future Distributions and the value of the Units.

### **7.3.4. Accounting standards**

The AAS to which the Fund adheres are set by the AASB and are consequently outside of the control of the Fund and the Directors. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Fund's financial statements.

### **7.3.5. Reliance on third parties**

The Responsible Entity may engage third party services providers in respect of a part or the whole Portfolio. The terms of such engagement and the nature, scope and fees relating to the services provided by such third party service providers will be subject to contractual arrangements between the Responsible Entity or the Manager and the relevant third parties.

A failure of third parties to discharge their agreed responsibilities may adversely affect the management and financial performance of the Fund and therefore also adversely impact returns to Unitholders.

### **7.3.6. Conflicts of interest**

Related party transactions carry a risk that they could be assessed and monitored less rigorously than transactions with unrelated third parties. The Responsible Entity has engaged the Manager to provide the management services in accordance with the terms of the Management Agreement. This may create a conflict of interest. The Responsible Entity will monitor these risks through its conflict of interest policy and related party policy that governs the way the Fund manages such conflict situations and related party transactions. See Section 5.7.5 of this PDS for more information in relation to these policies.

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## Details of the Offer





# Details of the Offer

## 8.1. Overview of the Offer

This PDS relates to an offer of 76,923,077 Subscription Units at the Final Subscription Price which will be determined at the conclusion of the bookbuild on or around Tuesday, 21 May 2019. Successful Applicants under the Offer will pay the Final Subscription Price which may be set at a price that is within or above the Indicative Price Range of \$1.30 to \$1.35 per Unit. The Final Subscription Price is subject to the Minimum Subscription Price of \$1.30 per Unit which represents the Fund's NAV per Unit as at 31 March 2019 as reported in the Fund's 2019 annual report, being the minimum subscription price for the Subscription Units calculated in accordance with the Constitution (as approved by the Unitholders on 5 September 2018).

The Offer is expected to raise between \$100 and \$104 million<sup>70</sup>. Following the issue of 76,923,077 Subscription Units under the Offer, the total number of Units on issue on Completion will be 555,725,531. The Subscription Units will be issued by the Responsible Entity.

It is not intended that the size of the Offer will be increased by the issue of further Units by the Responsible Entity in excess of 76,923,077 Subscription Units. However, if the Offer is oversubscribed, additional Units may, with the consent of the Responsible Entity, be made available for allocation to investors through the sale of up to 45 million Units currently held by IPF at the Final Subscription Price. Details of the IPF Sale are set out in Section 8.4 of this PDS.

On Completion, the Subscription Units will be quoted on the ASX and the JSE. The Subscription Units will rank equally in all respects with Existing Units that are currently traded on the JSE, including the entitlement to Distributions with a record date after Completion. Following Completion, the Fund's first Distribution is expected to be for the period from 28 May 2019 to 30 September 2019.

On Completion, the Subscription Units issued to Unitholders in Australia, New Zealand, Hong Kong and Singapore will be registered on the Australian Register and the Subscription Units issued to Unitholders in South Africa will be registered on the South African Register. Unitholders will have the flexibility to elect where their Units are traded by holding their Units on either the South African Register or the Australian Register. For the avoidance of doubt, the Offer will not create a separate class of Units nor is the Offer for CDIs.

The Offer is made pursuant to the terms and conditions set out in this PDS.

## 8.2. Structure of the Offer

The Offer comprises the Broker Firm Offer and the Institutional Offer.

Details of the Broker Firm Offer are described in Section 8.8 of this PDS.

Details of the Institutional Offer and the allocation policy under it are described in Section 8.9 of this PDS.

All Subscription Units offered to investors in New Zealand under the Offer are being offered under the New Zealand Mutual Recognition Regime. No offer of Subscription Units is being made to investors in New Zealand until such time as the relevant notice and accompanying documents required to be lodged under the New Zealand Mutual Recognition Regime have been lodged.

No general public offer of Units will be made under the Offer. The allocation of the Subscription Units under the Institutional Offer will be determined by the Joint Lead Managers and the Responsible Entity, having regard to the allocation policy outlined in Section 8.6 of this PDS.

As set out in Section 8.10 of this PDS, the bookbuild process will be used to determine the Final Subscription Price. Following completion of the bookbuild, allocations of the Subscription Units will be finalised.

<sup>70</sup> Based on the Indicative Price Range.

### 8.3. Purpose of the Offer and use of proceeds

The purpose of the Offer is to allow the Responsible Entity to pursue a dual primary listing of the Fund through an additional primary listing on the ASX and to provide additional Unit trading liquidity through raising new equity capital, mainly from the Australian capital markets. The Offer is being made to implement the proposal approved by the Unitholders on 5 September 2018 in connection with the ASX Listing and the Specific Issue of Units for Cash.

The Offer proceeds will be used to repay debt and to pay the costs associated with the Offer.

The sources and uses of funds set out below assume that 76,923,077 Subscription Units are issued under the Offer and the Final Subscription Price is set at the Minimum Subscription Price.

| Sources of funds        | \$m          | Uses of funds      | \$m          |
|-------------------------|--------------|--------------------|--------------|
| Proceeds from the Offer | 100.0        | Repayment of Debt  | 93.5         |
|                         |              | Costs of the Offer | 6.5          |
| <b>Total sources</b>    | <b>100.0</b> | <b>Total uses</b>  | <b>100.0</b> |

### 8.4. Sale of Existing Units under the IPF Sale

It is not intended that the size of the Offer be increased by the issue of further Units by the Responsible Entity in excess of 76,923,077 Subscription Units.

However, additional Units may be available for allocation to certain Institutional Investors<sup>71</sup> through the sale of up to 45 million Units currently held by IPF. The price per Unit under the IPF Sale will be the Final Subscription Price determined under the institutional bookbuild for the Offer.

Any allocation of Units to investors under the IPF Sale will be determined by the Joint Lead Managers and the Responsible Entity, having regard to the factors described in Section 8.6 of this PDS, including:

- > The desire to foster a stable Register over the long term;
- > The Responsible Entity's desire for an informed and active trading market on the ASX following the Offer;
- > The likelihood that a particular investor will be a long term Unitholder; and
- > The desire to have a wide spread of investors on the Register and a stable aftermarket on Completion.

There is no guarantee that the IPF Sale will proceed. The IPF Sale will only proceed to the extent there are oversubscriptions from investors under the Offer and the Responsible Entity and Joint Lead Managers agree allocations of Units to investors having regard to the above factors. If the Offer is not oversubscribed, no Units will be transferred under the IPF Sale.

IPF may determine not to proceed with the IPF Sale if the Offer timetable is extended by more than 10 Business Days (or if ASIC extends the Exposure Period, 10 Business Days plus the number of Business Days equal to such extension up to a maximum of a further 5 Business Days).

The Joint Lead Managers have entered into a block trade agreement with IPF under which the Joint Lead Managers have been appointed by IPF to manage the IPF Sale. Any transaction costs associated with the IPF Sale (including legal fees and fees payable to the Joint Lead Managers in relation to the IPF Sale) will be borne by IPF. Further, no other benefits in connection with the IPF Sale will be provided to IPF by the Responsible Entity in its personal capacity or out of the Fund.

### 8.5. Participation in the Offer by Investec Group Entities

IBL and IPF, who are the two largest Unitholders as at the PDS Date, have confirmed that they will not participate in the Offer to assist the Fund in reducing the concentration of its Register and to facilitate an improvement in liquidity on both the ASX and the JSE. IBL and IPF have confirmed they are nevertheless supportive of the ASX Listing and the Offer.

Following the issue of 76,923,077 Subscription Units under the Offer, their combined interests in the Fund will be diluted from 35.99% as at the PDS Date, to 31.01% (assuming no Units are sold under the IPF Sale). If the IPF Sale proceeds, and the maximum 45 million Units held by IPF are sold under the IPF Sale, IBL and IPF's combined interests in the Fund will reduce to 22.91% (with IPF's holding reducing to 9.9%).

Other Investec Group Entities, including IWI and IAM (and their respective clients), may participate in the Offer.

<sup>71</sup> These investors comprise Institutional Investors in Australia, New Zealand, Singapore and Hong Kong.



## Details of the Offer Continued

### 8.6. Allocation policy

The allocation of the Subscription Units between the Institutional Offer and the Broker Firm Offer, and to participants within the Institutional Offer and Brokers within the Broker Firm Offer, will be determined by the Joint Lead Managers and the Responsible Entity, having regard to the following factors:

- > The desire to foster a stable Register over the long term;
- > The Responsible Entity's desire for an informed and active trading market on the ASX following the Offer;
- > The overall level of demand for Subscription Units under the Broker Firm Offer;
- > The overall level of demand for Subscription Units under the Institutional Offer at various prices;
- > The desire to have a wide spread of investors on the Register and a stable aftermarket on Completion;
- > The likelihood the investor will be a long term Unitholder; and
- > Any other factors that the Responsible Entity and the Joint Lead Managers, consider appropriate in their absolute discretion.

### 8.7. Application Form

By making an Application under an Application Form, an Applicant declares that they were given access to this PDS, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this PDS or a complete and unaltered electronic copy of this PDS.

An Application under an Application Form is an offer by the Applicant to subscribe for or purchase the Subscription Units for all or any of the Application Monies specified in and accompanying the Application Form, at the Final Subscription Price.

An Application is made by an Applicant on the terms and conditions set out in this PDS (including any supplementary or replacement PDS) and the Application Form (including the conditions regarding quotation on the ASX). Applicants under the Broker Firm Offer will apply for a set dollar value of Subscription Units. Accordingly, Applicants will not know the number of Subscription Units they will receive at the time they make their investment decision, nor will they know the Final Subscription Price (which may exceed the Indicative Price Range). To the extent permitted by law, an Application to invest is an irrevocable application by the Applicant to subscribe for a value of Subscription Units specified in the Application Form, on the terms and conditions set out in the Application Form.

Returning a completed Application Form will be taken to constitute a representation by the Applicant that they:

- > Have received a printed or electronic copy of this PDS (including any supplementary or replacement document) accompanying the Application Form and have read them all in full;
- > Agree that their Application is completed and lodged in accordance with this PDS and subject to the declarations and statements on the Application Form;
- > Acknowledge that the information contained in this PDS (including any supplementary or replacement document) is not financial product advice or a recommendation that the Subscription Units are suitable for the Applicant given the investment objectives, financial situation or particular needs (including financial and tax circumstances) of the Applicant;
- > Declare that all details and statements in the Application Form are complete and accurate;
- > Acknowledge that once the Application Form is returned it may not be withdrawn;
- > Acknowledge and agree that the Offer may be withdrawn and the Responsible Entity may otherwise not proceed in the circumstances described in this PDS;
- > Acknowledge that, in some circumstances, the Fund may not pay Distributions;
- > Acknowledge and agree that if the ASX Listing does not occur for any reason, the Offer will not proceed;
- > Agree to become a Unitholder and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- > Agree to being issued the number of Subscription Units referable to the value they apply for (or a lower number issued in accordance with this PDS);
- > If natural persons, are at least 18 years old and do not suffer from any legal disability preventing them from applying for Subscription Units; and
- > Authorise the Fund, the Responsible Entity and the Joint Lead Managers and their officers or agents, to do anything on their behalf necessary for Subscription Units to be issued to them, including to act on instructions received by the Registry using the contact details in the Application Form.

## 8.8. Broker Firm Offer

### 8.8.1. Who can apply in the Broker Firm Offer

The Broker Firm Offer is only open to Retail Investors who have a registered address in Australia or New Zealand and have received a firm allocation from a Broker. If members of the public in Australia and New Zealand wish to apply for Subscription Units under the Offer, they must contact a Broker with a firm allocation.

Unitholders who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Subscription Units to you under the Broker Firm Offer.

### 8.8.2. How to apply in the Broker Firm Offer

**Step 1:** The Broker Firm Offer is only open to Australian and New Zealand Retail Investors who are clients of the Brokers who have received a firm allocation under the Broker Firm Offer.

**Step 2:** Complete an Application Form attached to or accompanying this PDS in accordance with instructions given to you by your Broker and the instructions set out on the Application Form.

**Step 3:** Lodge your Application Form with your Application Monies with your Broker in accordance with the Broker's direction, in order to receive a firm allocation. The expected Broker Firm Offer Closing Date is Monday, 20 May 2019, however, your Broker may require the Application Form and the Application Monies to be submitted earlier.

Applications to acquire Subscription Units under the Broker Firm Offer will only be accepted on the Application Form. The Application Form must be completed in accordance with the instructions given to Applicants by their Broker and the instructions set out on the Application Form.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the Broker from whom they received a firm allocation, in accordance with the relevant Broker's directions and within sufficient time to enable processing by the Broker Firm Offer Closing Date.

The Broker will act as the Applicant's agent in processing the Application Form and providing Application details and Application Monies to the Registry.

Applicants under the Broker Firm Offer must not send their Application Forms to the Registry.

The Responsible Entity will accept payments of Application Monies from Brokers on behalf of Applicants under the Broker Firm Offer at the Broker Firm Offer Closing Date or such later date the Responsible Entity and the Joint Lead Managers agree. The Fund, the Responsible Entity, the Registry and the Joint Lead Managers take no responsibility for any acts or omissions in connection with your Application, Application Form or Application Monies.

### 8.8.3. Minimum and maximum Application size

Applications under the Broker Firm Offer must be for a minimum Application amount of \$5,000 and in increments of at least \$500 thereafter. There is no maximum Application amount under the Broker Firm Offer. Your Broker may impose a higher minimum Application amount. The Responsible Entity and the Joint Lead Managers reserve the right to reject or scale back any Applications in the Broker Firm Offer. The Responsible Entity and the Joint Lead Managers also reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person. The Responsible Entity may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive Application procedures or requirements for the Broker Firm Offer, in its discretion in compliance with applicable laws.

### 8.8.4. Broker Firm Offer Opening Date and Broker Firm Offer Closing Date

The Broker Firm Offer opens from 9.00 am (Sydney time) on Monday, 13 May 2019 and closes at 5.00 pm (Sydney time) on Monday, 20 May 2019, subject to amendment by the Responsible Entity and the Joint Lead Managers. All times and dates referred to in this PDS are subject to change and your Broker may impose an earlier closing date. Applicants are therefore encouraged to submit their Application Forms with their Application Monies as soon as possible after the Broker Firm Offer Opening Date.



## Details of the Offer Continued

### 8.8.5. Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker.

### 8.8.6. Application Monies

Application Monies for Subscription Units offered under this PDS will be held on trust for Applicants until the issue of Subscription Units to successful Applicants. Application Monies will be fully or partially refunded where an Application is rejected or accepted in part only, the Offer is withdrawn and/or cancelled, or the ASX does not grant permission for Units to be quoted within three months after the PDS Date. No interest will be paid on the Application Monies.

### 8.8.7. Responsible Entity may accept or reject Applications

The Responsible Entity, on behalf of the Fund, reserves the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe may be an ineligible Applicant. The Responsible Entity also reserves the right to waive or correct any errors in any Application Form, and to reject any Application in whole or in part for any other reason.

## 8.9. Institutional Offer

### 8.9.1. Invitations to bid

The Institutional Offer will comprise an invitation to Institutional Investors in Australia, New Zealand, South Africa, Hong Kong and Singapore to bid for Subscription Units.

The Joint Lead Managers will separately advise Institutional Investors of the application procedures and settlement arrangements under the Institutional Offer.

### 8.9.2. Allocations under the Institutional Offer and Indicative Price Range

The allocation of Subscription Units among bidders under the Institutional Offer will be determined by the Joint Lead Managers and the Responsible Entity, in accordance with Section 8.6 of this PDS, and who will have absolute discretion regarding the basis of allocation of Subscription Units.

Institutional Investors can only bid into the bookbuild for Subscription Units through the Joint Lead Managers. They may bid within or above the Indicative Price Range, which is \$1.30 to \$1.35 per Unit<sup>72</sup>. The Indicative Price Range may be varied at any time by the Responsible Entity and the Joint Lead Managers, but will be subject to the Minimum Subscription Price.

The Institutional Offer is expected to open from 4.00 pm (Sydney time) on Monday, 20 May 2019 and close at 5.00 pm (Sydney time) on Tuesday, 21 May 2019. The Responsible Entity with the consent of the Joint Lead Managers, reserves the right to vary the times and dates of the Offer, including closing the Offer early, extending the closing date of the Offer or accepting late Applications or bids, either generally or in particular cases, without notification.

Applications under the Institutional Offer may be amended or withdrawn at any time up to the close of the Institutional Offer. Any Application not withdrawn at the close of the Institutional Offer is an irrevocable offer by the relevant Applicant to apply, or procure Applications, for the Subscription Units bid for (or such lesser number as may be allocated) at the price per Subscription Unit bid or at the Final Subscription Price, where this is below the price per Subscription Unit bid, on the terms and conditions set out in this PDS (including any supplementary or replacement disclosure document) and in accordance with any bidding instructions provided by the Joint Lead Managers to Applicants.

Applications can be accepted or rejected by the Responsible Entity in whole or in part without further notice to the bidder. Acceptance of an Application will give rise to a binding contract on allocation of Subscription Units to successful bidders. Details of the arrangements for notification and settlement of allocations applying to participants in the Institutional Offer will be provided to participants in the bookbuild process.

<sup>72</sup> The lower end of the Indicative Price Range is the Minimum Subscription Price.



## 8.10. Final Subscription Price

The Final Subscription Price will be determined under the institutional bookbuild conducted by the Joint Lead Managers on Monday, 20 May 2019 and Tuesday, 21 May 2019, under which selected Institutional Investors will be invited to submit bids for the Subscription Units, subject to the Minimum Subscription Price. Under the terms of the Offer Management Agreement, the Final Subscription Price will be determined by the Responsible Entity and the Joint Lead Managers after the close of the Institutional Offer and the Broker Firm Offer.

It is expected that the Final Subscription Price will be announced to the market on Tuesday, 21 May 2019 (Johannesburg time) on SENS and on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au). In determining the Final Subscription Price, consideration will be given to the allocation policy set out in Section 8.6 of this PDS.

The Final Subscription Price will not necessarily be the highest price at which Subscription Units could be sold. The Final Subscription Price may be set within or above the Indicative Price Range. All successful bidders and Applicants under the Institutional Offer and the Broker Firm Offer respectively will pay the Final Subscription Price.

## 8.11. No cooling off

**Applicants should note there will not be a cooling off period in relation to Applications, because an application will be made to the ASX for listing of the Fund and quotation of the Units.**

Once an Application has been lodged, it cannot be withdrawn. Should quotation of the Units be granted by the ASX, Unitholders will have the opportunity to sell their Units at the prevailing market price, which may be different to the Final Subscription Price.

## 8.12. Discretion regarding the Offer

The Responsible Entity, with the consent of the Joint Lead Managers (where applicable), reserves the right to:

- > Close the Offer or any part of it early;
- > Extend the Offer or any part of it;
- > Accept late Applications either generally or in particular cases;
- > Reject any Application;
- > Allocate any Applicant fewer Subscription Units than their Application;
- > Issue a lesser number of Subscription Units under the Offer; and
- > Not proceed with the Offer or any part of it and to withdraw the Offer at any time before the Allotment to Applicants.

If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

## 8.13. ASX Listing

### 8.13.1. Trading of Units on the ASX

**The Fund will apply within seven days of the PDS Date for admission to the Official List and the official quotation of the Units on the ASX. The Fund's ASX code is expected to be "IAP".**

It is expected that the Subscription Units allotted on the Australian Register will be issued to successful Applicants under the Offer on Completion which is expected to be on or about Tuesday, 28 May 2019.

Completion is conditional on the ASX approving the Fund's application for listing. If the required approvals from the ASX are not given within three months after the PDS Date (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

**The ASX takes no responsibility for the content of this PDS or for the investment in the Fund.**

The fact that the ASX may admit the Fund to the Official List should not to be taken as an endorsement by the ASX of the merits of the Fund or any investment in the Subscription Units.



## Details of the Offer Continued

### 8.13.2. ASX admission and quotation

Following the issue of Subscription Units under the Offer (expected to be completed on the Allotment Date being Tuesday, 28 May 2019) the Registry will send successful Applicants a holding statement detailing the number of Subscription Units issued to them under the Offer. It is expected that holding statements will be despatched on or about Wednesday, 29 May 2019. It is the responsibility of Applicants to confirm their allocation of Subscription Units prior to trading in Units. Applicants can confirm their allocation of Subscription Units by contacting their Broker or calling the Offer Information Line on 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. A Unitholder who sells Units before they receive their holding statement does so at their own risk.

### 8.13.3. Issue of Units

**The issue of Subscription Units to successful Applicants will occur as soon as possible after the Offer is closed in accordance with the timetable.**

It is expected that initial holding statements will be despatched by standard post on or about Wednesday, 29 May 2019.

The Responsible Entity reserves the right to issue Subscription Units to Applicants in full or to issue a lesser number of Subscription Units than those for which an Application has been made. Where no allocation is made to a particular Applicant or the number of Subscription Units allocated is less than the number applied for by the Applicant, surplus Application Monies will be returned to that Applicant (without interest) as soon as possible following Completion.

### 8.13.4. Moving Units between the Australian Register and the South African Register

On Completion, the Subscription Units issued to Applicants in Australia, New Zealand, Hong Kong and Singapore will be registered on the Australian Register. The Subscription Units issued to Applicants in South Africa will be registered on the South African Register.

Units can be moved between the Australian Register and the South African Register. Following Completion, Unitholders will have the ability to elect where their Units are traded by holding their Units on either the South African Register or the Australian Register. To move Units between the South African Register and the Australian Register:

- > Unitholders on the South African Register will need to contact their CSDP or South African Broker, who will (subject to the Unitholder having obtained any exchange control or other approval which they may require) contact the Registry to move their Units to the Australian Register;
- > Unitholders on the Australian Register who hold their Units on the CHESS subregister and wish to move their Units to the South African Register will need to:
  - Contact the Registry directly if they are CHESS participants; or
  - Contact their sponsoring broker if they are sponsored by a CHESS participant; and
- > Unitholders on the Australian Register who hold their Units on the issuer sponsored subregister will need to contact the Registry directly to move their Units to the South African Register.

Unitholders will be required to pay a Repositioning Fee to move their Units between the Australian Register and the South African Register. The information relating to the Repositioning Fee may be obtained from the Registry. Unitholders moving their Units from the Australian Register to the South African Register will pay the same Repositioning Fee payable as Unitholders moving their Units from the South African Register to the Australian Register. Other market participants may also charge fees to move Units between the Australian Register and the South African Register.

A valid request from a Unitholder to move Units from the Australian Register to the South African Register will generally be processed within one Business Day, although in some circumstances, it may take longer for the request to be processed. Similarly, a valid request from a Unitholder to move Units from the South African Register to the Australian Register will generally be processed within one business day (as defined in the JSE Listings Requirements), although in some circumstances, it may take longer for the request to be processed.

Unitholders will not be able to move their Units between the Australian Register and the South African Register for a short period where the Fund declares a record date for the purposes of paying Distributions. These periods will be advised in the notices issued by the Responsible Entity and released on the ASX and the JSE relating to the declaration of Distributions or other corporate actions.

## 8.14. Settlement

### 8.14.1. CHESSE and issuer sponsored holdings

The Responsible Entity will apply for the Units to participate in CHESSE, in accordance with the ASX Listing Rules and the ASX Settlement Rules. CHESSE is an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in a paperless form.

The Responsible Entity will also, in accordance with the ASX Listing Rules and the ASX Settlement Rules, maintain an electronic CHESSE subregister (for Unitholders who are participants in CHESSE or sponsored by such a participant) and an electronic issuer sponsored subregister (for all other Unitholders).

These two subregisters will together make up the Responsible Entity's principal register of Unitholders in Australia. Following allocation of the Subscription Units to successful Applicants, Unitholders will be sent an initial statement of holding that sets out the number of Subscription Units that have been allocated and the Unitholder's Holder Identification Number, or in the case of issuer sponsored holders, the Unitholder Reference Number.

Unitholders will subsequently receive statements showing any changes to their holding of Units. Certificates will not be issued for Units.

### 8.14.2. Strate and trading of Units on the JSE

Units may only be traded on the JSE in electronic form. Unitholders who have moved their Units to the South African Registrar will trade via the Strate system.

Strate is a system of paperless transfer of securities. If Unitholders have any doubt as to the mechanics of Strate they should consult their South African Broker, CSDP or other appropriate adviser, and they are referred to the Strate website at <http://www.strate.co.za>. The contents of this website are not incorporated by reference and do not form part of this PDS and should not be relied upon for the purposes of forming an investment decision with respect to the Subscription Units. Some of the principal features of Strate are as follows:

- > Electronic records of ownership replace Unit certificates and physical delivery of certificates;
- > Trades executed on the JSE must be settled within three business days (as defined in the JSE Listings Requirements);
- > All Unitholders owning Dematerialised Units or wishing to trade their Units on the JSE are required to appoint either a South African Broker or a CSDP to act on their behalf and to handle their settlement requirements; and
- > Unless Unitholders owning Dematerialised Units specifically request their CSDP to register them as an "own name" Unitholder (which entails a fee), their CSDP's or South African Broker's nominee company, holding Units on their behalf, will be the registered holder of the Units and not the Unitholder. Subject to the agreement between the Unitholder and the CSDP or South African Broker (or the CSDP's or South African Broker's nominee company), generally in terms of the rules of Strate, the Unitholder is entitled to instruct the CSDP or South African Broker (or the CSDP's or South African Broker's nominee company) as to how it wishes to exercise the rights attaching to the Units and/or to attend and vote at Unitholders' meetings.

### 8.14.3. Settlement and selling Units on market

It is expected that:

- > On Monday, 27 May 2019 (Johannesburg time), Subscription Units allotted on the South African Register will commence trading on the JSE on a normal settlement (T+3) basis; and
- > On Tuesday, 28 May 2019 (Sydney time), Existing Units and Subscription Units will commence trading on ASX on a deferred settlement basis.

The Subscription Units are expected to commence trading on the ASX on a normal settlement (T+2) basis on Thursday, 30 May 2019 once the Fund has advised the ASX that initial holding statements and transaction confirmation statements (in the case of CHESSE holdings) have been despatched to successful Applicants under the Offer, which is expected to be on Wednesday, 29 May 2019.

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

It is the responsibility of each Unitholder who trades in Units to confirm their holding before trading in Units. If Applicants seek to sell Units before receiving a holding statement, they do so at their own risk. The Fund, the Directors, the Joint Lead Managers and the Registry disclaim all liability whether in negligence or otherwise, if a Unitholder sells Units before receiving a holding statement, even if the Unitholder obtained details of their holding from the Offer Information Line or confirmed their firm allocation through a Broker.



## Details of the Offer Continued

### 8.15. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Subscription Units under the Offer.

However, if you apply for Subscription Units through a Broker or adviser, that Broker or adviser may require you to pay a handling fee. You will need to contact your Broker or adviser to determine the cost of that fee.

The Fund does not pay any service fees, upfront or trail commissions or soft dollar benefits to financial advisers or advisory firms.

Unitholders who buy or sell Units on the ASX may be subject to brokerage and other transaction costs.

As at the PDS Date, no stamp duty will be payable by a Unitholder on any subsequent trading of Units on the ASX, provided the Unitholder does not acquire (whether alone or together with associates) 90% or more of the Units.

### 8.16. Foreign selling restrictions

This PDS does not constitute an offer to subscribe for Subscription Units in any jurisdiction in which it would be unlawful. In particular, this PDS may not be distributed to any person, and the Units may not be offered or sold, in any country outside Australia and New Zealand except to the extent described below.

#### Hong Kong

**WARNING:** This PDS has not been, and will not be, reviewed or authorised by the Securities and Futures Commission (the “SFC”) in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). You are advised to exercise caution in relation to the Offer. If you are in any doubt about the contents of this PDS, you should obtain independent professional advice.

No action has been taken in Hong Kong to authorise this PDS or to permit the distribution of this PDS, any documents issued in connection with it or any offering of interests in the Fund to the public in Hong Kong. Accordingly, the Subscription Units have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Subscription Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Subscription Units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance. As this PDS has not been approved by the SFC or any other authority in Hong Kong, the Subscription Units are being offered to you in the manner contemplated in this PDS or any other subscription document.

The Subscription Units are suitable for professional investors (as defined in the SFO), who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program, and who fully understand and are willing to assume the risks involved in an investment in the Fund. Potential investors for the Subscription Units must represent that they are acquiring the Subscription Units for investment.

#### Singapore

This PDS and any other material in connection with the Offer is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment in the Fund is suitable for you.

This PDS has not been registered as a prospectus with the Monetary Authority of Singapore and this Offer is not regulated by any financial supervisory authority pursuant to any legislation in Singapore and the Offer is not allowed to be made to the retail public. Accordingly, this PDS and any other document or material in connection with the Offer, or invitation for subscription or purchase, of the Subscription Units may not be circulated or distributed, nor may the Subscription Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to an “institutional investor” (as defined under the SFA).

Certain resale restrictions apply to the Offer and investors are advised to acquaint themselves with such restrictions.

## South Africa

This PDS does not constitute, advertise or relate to an offer to the public (as defined in the South African Companies Act) for the sale of or subscription for, or the solicitation of an offer to buy or subscribe for, securities. In South Africa, this PDS will not be distributed to any person in any manner which could be construed as an offer to the public in terms of the South African Companies Act and is only directed at financial institutions and other persons who are referred to in section 96(1)(a) of the South African Companies Act, or to investors who apply, as principal, for the Subscription Units at a total acquisition cost of ZAR 1,000,000 or more. Should any person who is not a Qualifying Investor receive this PDS, they should not and will not be entitled to acquire any Subscription Units offered for sale or subscription as described in this PDS or otherwise act thereon. This PDS does not, nor is it intended to, constitute a prospectus registered under the South African Companies Act and accordingly, does not comply with the substance and form requirements for prospectuses set out in the South African Companies Act and the South African Companies Regulations of 2011.

Nothing in this PDS should be viewed, or construed, as “advice” as that term is used in the South African Financial Markets Act, No. 19 of 2012, and/or the South African Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended from time to time and nothing in this PDS should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

## 8.17. Taxation issues

A summary of Australian tax consequences of investing in the Fund is contained in Section 10 of this PDS.

However, the summary provides general information only. Applicants should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

## 8.18. Offer timetable

The Offer timetable is indicative only. The Responsible Entity, with the consent of the Joint Lead Managers, reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listings Requirements and other applicable laws, including closing the Offer early, extending the Offer, deferring the Allotment Date or accepting late Applications either generally or in particular cases, or to withdraw the Offer, without prior notification. The quotation and commencement of trading of the Units is subject to confirmation from the ASX.

## 8.19. Further enquiries

**If you have further enquiries or questions relating to aspects of this PDS or about the Offer, please contact the Offer Information Line on 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period.**

If you are unclear in relation to any matter or are uncertain as to whether the Fund is a suitable investment, you should also seek professional advice from your accountant, broker, lawyer, or other professional advisor before deciding to invest.

**Members of the public wishing to subscribe for the Subscription Units under the Offer must do so through a Broker with a firm allocation.**

**The Responsible Entity reserves the right to not proceed with the Offer at any time before the Allotment of the Subscription Units to successful Applicants.**

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## Investigating Accountant's Report



**KPMG Transaction Services**

A division of KPMG Financial Advisory Services  
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The Directors  
Investec Property Limited as responsible entity of  
Investec Australia Property Fund  
Level 23  
The Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

3 May 2019

Dear Directors

**Limited Assurance Investigating Accountant's Report and Financial Services Guide****Investigating Accountant's Report****Introduction**

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Investec Property Limited ("Responsible Entity") as responsible entity for Investec Australia Property Fund ("IAPF") to prepare this report for inclusion in the Product Disclosure Statement to be dated on or about 3 May 2019 ("PDS"), and to be issued by the Responsible Entity, in respect of the proposed initial public offering ("IPO") of units and listing on the Australian Securities Exchange ("ASX") of IAPF (the "Transaction").

Expressions defined in the PDS have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the PDS.

**Scope**

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in Section 6 of the PDS.

The pro forma historical and forecast financial information is presented in the PDS in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

*Investec Australia Property Fund  
Limited Assurance Investigating Accountant's Report and  
Financial Services Guide  
3 May 2019*

applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

#### **Pro Forma Historical Financial Information**

The pro forma historical financial information of IAPF consists of the pro forma historical balance sheet as at 31 March 2019, as set out in Table 6 of Section 6.4, (the "Pro Forma Balance Sheet").

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the Pro Forma Balance Sheet of IAPF included in the PDS.

The Pro Forma Balance Sheet has been derived from the audited historical balance sheet of IAPF as at 31 March 2019, after adjusting for the effects of pro forma adjustments described in Section 6.4 of the PDS. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 6.4 of the PDS. Due to its nature, the Pro Forma Balance Sheet does not represent IAPF's actual or prospective financial position.

The Pro Forma Balance Sheet has been compiled by IAPF to illustrate the impact of the event(s) or transaction(s) described in Section 6.4 of the PDS on IAPF's financial position as at 31 March 2019. As part of this process, information about IAPF's financial position has been extracted by the Responsible Entity from IAPF's audited financial statements for the year ended 31 March 2019.

The financial statements of IAPF for the year ended 31 March 2019 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinion issued to the members of IAPF relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Pro Forma Balance Sheet in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Balance Sheet is not prepared or presented fairly, in all material respects, by the Directors of the Responsible Entity (the "Directors") in accordance with the stated basis of preparation as set out in section 6.2 of the PDS.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance



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engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Balance Sheet is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

***Forecast Financial Information and directors' best-estimate assumptions***

The forecast financial information of IAPF consists of the:

- pro forma forecast income statement for the year ending 31 March 2020, as set out in Table 2 of Section 6.3; and
- statutory forecast income statement for the year ending 31 March 2020, as set out in Table 2 of Section 6.3.

(collectively, the "Forecast Financial Information").

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the Forecast Financial Information. The Directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 6.5 of the PDS. As stated in Section 6.2 of the PDS, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and IAPF's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 6.3 of the PDS, and the Directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
  - prepared on the basis of the Directors' best-estimate assumptions as described in the PDS; and
  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and IAPF's accounting policies;
- the Forecast Financial Information itself is unreasonable.

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We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

#### **Directors' responsibilities**

The Directors are responsible for the preparation of:

- the Pro Forma Balance Sheet, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Balance Sheet;
- the Forecast Financial Information, including the Directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The Directors' responsibility includes establishing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

#### **Conclusions**

##### ***Review statement on the Pro Forma Balance Sheet***

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Balance Sheet, as set out in Section 6.4 of the PDS, comprising the pro forma historical balance sheet of IAPF as at 31 March 2019, is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 6.4 of the PDS, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and IAPF's accounting policies.

##### ***Forecast Financial Information and the Directors' best-estimate assumptions***

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information; and

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- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the Directors' best-estimate assumptions as described in Section 6.5 of the PDS; and
  - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and IAPF's accounting policies as disclosed in the PDS; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the Responsible Entity's management and adopted and disclosed by the Directors in order to provide prospective investors with a guide to the potential financial performance of IAPF for the year ending 31 March 2020.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Responsible Entity. Evidence may be available to support the Directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in IAPF, which are detailed in the PDS, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 6.6 of the PDS. The sensitivity analysis described in Section 6.6 of the PDS demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Responsible Entity, that all material information concerning the prospects and proposed operations of IAPF has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

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**Independence**

KPMG Transaction Services does not have any interest in the outcome of the proposed IPO, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of IAPF and from time to time, KPMG also provides the Responsible Entity with certain other professional services for which normal professional fees are received.

**General advice warning**

This report has been prepared, and included in the PDS, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

**Restriction on use**

Without modifying our conclusions, we draw attention to Section 6.2 of the PDS, which describes the purpose of the financial information, being for inclusion in the PDS. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the PDS in the form and context in which it is so included, but has not authorised the issue of the PDS. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the PDS.

Yours faithfully



Craig Mennie  
Authorised Representative



Thomas Eade  
Authorised Representative

# Investigating Accountant's Report Continued



## **KPMG Transaction Services**

A division of KPMG Financial Advisory Services (Australia) Pty Ltd  
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Australia

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www.kpmg.com.au

## **Financial Services Guide**

**Dated 3 May 2019**

### ***What is a Financial Services Guide (FSG)?***

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**KPMG Transaction Services**) and Craig Mennie and Thomas Eade as authorised representatives of KPMG Transaction Services (**Authorised Representatives**), authorised representative numbers 404257 and 1261422, respectively.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representatives and how they can be contacted;
- the services KPMG Transaction Services and its Authorised Representatives are authorised to provide;
- how KPMG Transaction Services and its Authorised Representatives are paid;
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representatives;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representatives has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a Product Disclosure Statement (PDS). The purpose of the PDS is to help you make an informed decision in relation to a financial product. The contents of the PDS, will include details such as the risks, benefits and costs of acquiring the particular financial product.

### **Financial services that KPMG Transaction Services and the Authorised Representatives are authorised to provide**

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representatives are authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

#### **KPMG Transaction Services and the Authorised Representatives' responsibility to you**

KPMG Transaction Services has been engaged by Investec Property Limited (Responsible Entity) as responsible entity for Investec Australia Property Fund (IAPF) to provide general financial product advice in the form of a Report to be included in the PDS prepared by the Responsible Entity in relation to the public offering of units in IAPF and listing on the ASX (the Transaction).

You have not engaged KPMG Transaction Services or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the PDS. Neither KPMG Transaction Services nor the Authorised Representatives are acting for any person other than the Responsible Entity.

KPMG Transaction Services and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

#### **General Advice**

As KPMG Transaction Services has been engaged by the Responsible Entity, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the PDS before making any decision in relation to the Transaction.

#### **Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives**

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by the client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Responsible Entity has agreed to pay KPMG Transaction Services \$515,000 (excluding GST) for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representatives) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representatives) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

#### **Referrals**

Neither KPMG Transaction Services nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

#### **Associations and relationships**

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representatives are partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representatives and not by the KPMG Partnership.

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From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to the Responsible Entity for which professional fees are received. Over the past two years professional fees of \$388,000 have been received from the Responsible Entity. None of those services have related to the Transaction or alternatives to the Transaction.

KPMG received \$86,500 (excluding GST) professional fees in relation to the Circular to existing Unitholders dated 30 July 2018.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, IPL or has other material financial interests in the Transaction.

## Complaints resolution

### Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representatives know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

### External complaints resolution process

If KPMG Transaction Services or the Authorised Representatives cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to

provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au).

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

## Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

## Contact Details

You may contact KPMG Transaction Services or the Authorised Representatives using the contact details:

KPMG Transaction Services  
A division of KPMG Financial Advisory  
Services (Australia) Pty Ltd  
Level 38, Tower Three  
300 Barangaroo Avenue

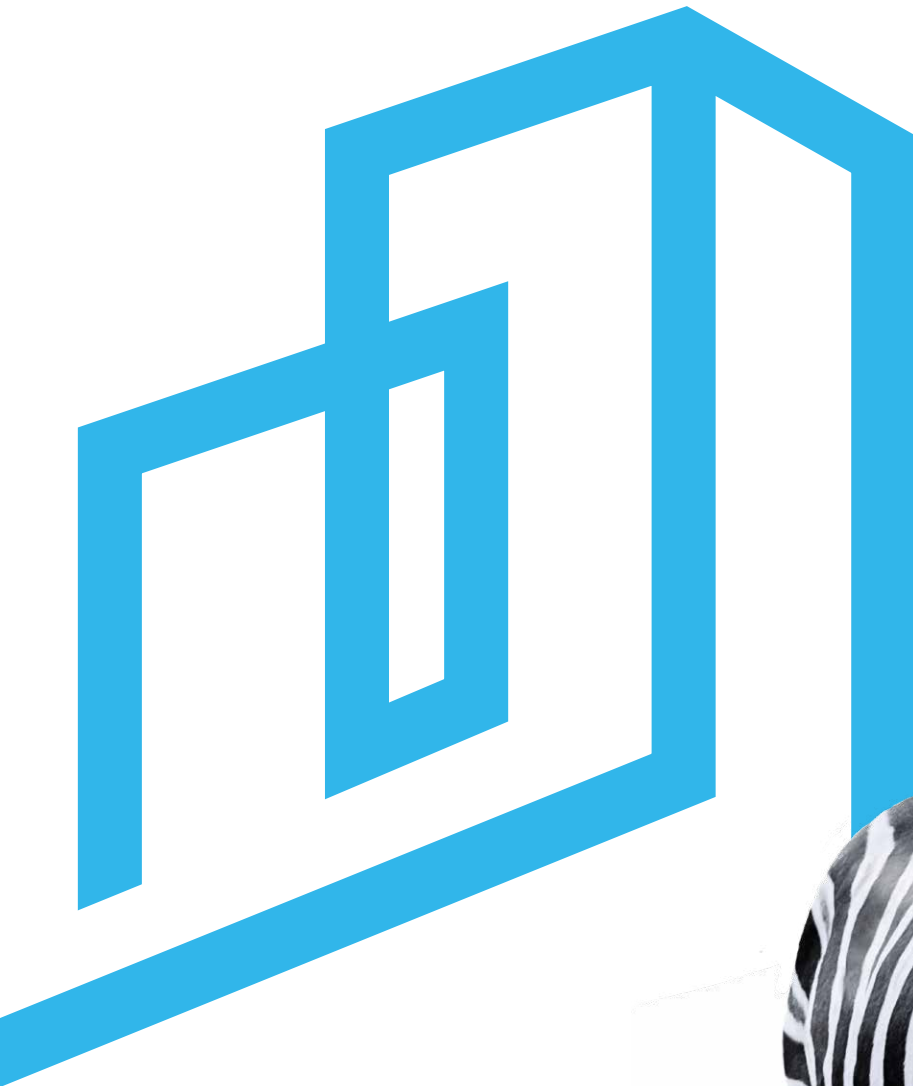
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Australia Square  
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Facsimile: (02) 9335 7200

# 10

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## Taxation





## 10.1. Australian taxation consequences

The taxation summary addresses the Australian tax consequences of Unitholders acquiring or disposing of Units in the Fund.

The taxation summary provided is of a general nature and should not be relied upon by a Unitholder as specific Australian taxation advice. It does not purport to be a complete analysis of the potential tax consequences of the Offer and is intended as a general guide to the Australian income tax, GST and stamp duty implications. Unitholders should obtain and rely on their own independent professional advice about the consequences of acquiring, holding and disposing of Units having regard to their own circumstances.

The following information is for Australian tax resident individuals, complying superannuation entities, trusts and corporate investors that hold their Units on capital account. These comments do not apply to all categories of investors (such as partnerships), investors that hold Units as trading stock or on revenue account, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth) which have made elections for the fair value or Reliance on Financial Reports methodologies. Limited comments in respect of the Australian tax implications for South African and other foreign resident Unitholders are provided below.

The following tax comments are based on the tax law in Australia in force as at the PDS Date. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time. The comments in this Section 10.1 also do not take into account tax legislation of any country other than Australia.

### 10.1.1. Tax status of the Fund

The Fund is an Australian tax resident trust for tax purposes. The Fund currently qualifies as a Managed Investment Trust (“MIT”) and a withholding MIT and has made a choice to be an Attribution Managed Investment Trust (“AMIT”) for taxation purposes and has been treated as an AMIT since 1 April 2017. The AMIT Regime provides greater certainty on the application of the tax provisions for both the investors and the Fund. Under the AMIT Regime, the Fund is a flow through entity and Unitholders will be attributed the tax components of the Fund (including its assessable income, exempt income, non-assessable, non-exempt income and tax offsets) of an income year regardless of whether the Fund makes a distribution of income or capital.

The listing on the ASX should not change the tax profile of the Fund as an AMIT.

### 10.1.2. Taxation of the Fund

The trustee of the Fund should not generally be subject to tax in respect of Australian income and capital gains derived provided the Unitholders are attributed all of the net income of the Fund for each income year, and provided that the Fund carries on only eligible passive investment business, being investment in land for the purposes of deriving rent. The Fund currently carries on only eligible investment business and it is intended that the Fund will continue to only carry on eligible investment business.

### 10.1.3. Australian tax resident Unitholders

#### Taxation of attributed amounts

The Fund will attribute its tax components (including its assessable income, exempt income, non-assessable, non-exempt income and tax offsets) of an income year to Unitholders on a fair and reasonable basis under the AMIT rules. The attribution will be based on the Unitholders’ rights to the income and capital in the Fund. Unitholders will be attributed tax components that may include interest, capital gains and income from the Fund’s interest in real property, securities and cash.

After the end of each income year, the Responsible Entity will provide investors with an AMIT member annual statement outlining the tax components attributed to them. The tax components of income and capital retain their character in the Unitholder’s hands. Investors will include the tax components attributed to them (as advised in the AMIT member annual statement) in calculating their taxable income and tax offsets for the year. The tax implications for Unitholders will depend upon the tax character of the tax components attributed to them. If the Fund incurs a tax loss, the tax loss cannot be passed on to Unitholders for income tax purposes. The tax loss may be able to be carried forward by the Fund and offset against assessable income derived by the Fund in later income years, subject to the Fund satisfying further requirements.

The Fund holds an investment in New Zealand, returns in respect of which are subject to New Zealand income tax. The AMIT member annual statement may include New Zealand sourced income and associated New Zealand tax suffered by the Fund in respect of which an investor may be entitled to a foreign income tax offset. Unitholders will need to consider the availability of such an offset having regard to their own tax affairs.

## Unders and overs

Where the Fund discovers an under estimate or over estimate of a tax component relating to a previous year, the AMIT Regime allows the Responsible Entity to attribute the tax consequence to either the relevant previous year, or the year of discovery. Consequently, a Unitholder may be attributed a tax component related to an under estimate or over estimate of the tax component of a previous year. The Responsible Entity will consider the facts and circumstances in determining whether to correct an under or over estimation in the discovery year or in the year to which the under or over estimation relates.

## Capital gains of the Fund

Broadly, where the Fund disposes of an asset it has held for more than 12 months it may be eligible for discount capital gains tax ("CGT") concessions. The taxable capital gain will subsequently be attributable to Unitholders.

Unitholders may be required to gross up the net capital gain (i.e. add back the CGT discount amount, if any). Investors may then apply capital losses to reduce the grossed up capital gain. Where an investor is an eligible investor, such as an Australian tax resident individual, trustee or complying Australian superannuation fund, the investor may be entitled to apply the CGT discount to arrive at their net capital gain. The CGT discount is a 50% reduction in the assessable amount of a capital gain for an Australian tax resident individual or trust, and a one third reduction of a capital gain for an Australian tax resident complying superannuation fund. The concession is not available to corporate investors and non-resident investors.

The capital gain will be identified in the AMIT member annual statement to ensure that investors can calculate their net capital gain position.

On 8 May 2018, the Federal Government announced an integrity measure to prevent MITs and AMITs from applying the CGT discount at the trust level. The measure is intended to prevent beneficiaries not entitled to the CGT discount from indirectly accessing the CGT discount, but will still enable MITs and AMITs to distribute the capital gain that can be discounted in the hands of the unitholder. The measure is intended to apply to payments made from 1 July 2020.

## Cost base adjustments

The Fund has a semi-annual Distribution period and will distribute income semi-annually. The amount of the cash Distribution may be greater than, or less than, the taxable income attributed to an investor.

Broadly, under the AMIT rules, the cost base of the Units will be increased by any amounts attributed to investors and the cost base will be reduced by any actual non-taxable income payments received (or which the investor is entitled to receive) and tax offset amounts attributed to investors. These amounts are netted off resulting in either an increase or decrease in cost base. The Responsible Entity will reflect any net increase or decrease in the cost base of the Units in the AMIT member annual statement issued to the Unitholder. Where an investor's cost base in the Units is reduced to nil, any further net decreases to the cost base will result in a capital gain equal to that excess.

## Disposal of Units

Australian tax resident Unitholders who hold their Units on capital account will be required to consider the impact of the Australian CGT provisions in respect of the disposal of their Units.

Where the capital proceeds received on disposal of the Units exceed the CGT cost base of those Units, Australian tax resident Unitholders will be required to recognise a capital gain. The CGT cost base of the Units should generally be equal to the issue price or acquisition price of the Units plus, among other things, incidental costs associated with the acquisition and disposal of the Units. In respect of the CGT cost base of the Units, this amount will also need to reflect the AMIT cost base adjustments described above, together with tax deferred Distributions.

Eligible Australian tax resident investors may also be entitled to the discount capital gain concessions where the Units have been held for more than 12 months.

Australian tax resident Unitholders may recognise a capital loss on the disposal of Units where the capital proceeds received on disposal are less than the reduced CGT cost base of the Units.

A buyer of Units may be required in certain circumstances to withhold up to 12.5% of (broadly) the purchase price of Units and remit the amount to the Australian Taxation Office. This is generally only potentially applicable in circumstances where the transaction is not on an approved stock exchange (i.e. where the transaction does not occur on the JSE or ASX) or conducted using a broker-operated crossing system that falls within the market integrity rules as defined under section 798G of the Corporations Act as described at Section 10.1.5 below.

## **Quoting a TFN, TFN exemption or ABN**

Collection of a Unitholder's TFN is authorised and its use and disclosure strictly regulated by the tax laws and the Privacy Act. Investors may quote a TFN or claim a TFN exemption in relation to their investment in the Fund when completing their Application Form. Investors may quote an ABN instead of a TFN if they are making this investment in the course of an enterprise carried out by them.

If an investor chooses not to quote a TFN, TFN exemption or ABN, the Responsible Entity may be required to deduct tax at the prescribed rate from that investor's income distribution.

## **Moving Units between the Australian Register and South African Register**

There should be no CGT or loss or stamp duty payable by a unitholder in relation to a request to move their Units between the Australian Register and South African Register. This is on the basis that changing the subregister upon which the unit ownership is recorded does not result in the cancellation or sale of existing Units (i.e. no capital gains event occurs) or a change in rights attaching to the Units, rather the Units are removed from one subregister and placed on another.

### **10.1.4. Non-resident Investors**

The following comments are general in nature. Non-resident investors should seek independent tax advice before investing, taking into account their particular circumstances including whether they may be eligible for any concessions under a relevant double taxation agreement between Australia and their country of residence. Non-resident investors may be subject to withholding tax on amounts distributed or attributed to them by the Fund. The withholding tax rate depends on the character of the income distributed or attributed, and the residency of investors. The Fund currently qualifies as a withholding MIT. The Responsible Entity will monitor the requirements with the aim that the Fund continues to qualify as a withholding tax MIT.

#### **Withholding tax on income**

The Responsible Entity is required to withhold tax on a non-resident investor's behalf in respect of any Australian taxable income distributed or attributed by the Fund. The tax required to be withheld will be deducted out of Distributions payable to the non-resident investor.

Where the Distribution or attribution of income by the Fund includes Australian sourced interest, a final withholding tax of 10% will apply to that component. A concessional final withholding tax rate of 15% will apply to Distributions or attributions of fund payments (which qualify as concessional MIT income) to South African investors and other investors that are tax residents in certain countries approved as 'exchange of information countries'. A fund payment is a Distribution or attribution of a taxable amount other than amounts referable to interest, dividends, royalties, non-taxable Australian real property capital gains or amounts that are not from an Australian source.

A final withholding tax rate of 30% will apply to fund payments attributed or distributed to investors that are not resident of exchange of information countries or are fund payments of non-concessional MIT income derived by the Fund.

The withholding tax is final. This means that the withholding tax is deducted from the relevant component of the investor's Distribution or Fund attribution and the investor is not required to lodge an Australian tax return in respect of this component. Further, expenses incurred in connection with deriving this income cannot be claimed as a deduction against this income in Australia.

The Fund may also derive capital gains in respect of which the CGT discount has been applied. In calculating the withholding tax on income distributed or attributed to investors, the Fund will be required to gross up the capital gain (i.e. remove the effect of the discount).

Currently, the Fund also derives New Zealand source income and the Fund is taxed on this New Zealand source income at the corporate tax rate in New Zealand (currently 28%). Amounts of such income distributed or attributed to non-resident investors are not fund payments as described above and should not be subject to Australian tax or Australian withholding tax.

## **Disposal of Units**

South African and other non-Australian tax resident Unitholders who hold Units on capital account will not be subject to Australian CGT on the disposal of Units unless the Unitholder, together with associates, has a unitholding of at least 10% of all the issued Units (non-portfolio interest) at the time of disposal, or throughout a continuous period of 12 months within the two years before the disposal and at the time of disposal, more than 50% of the market value of the assets of the Fund is represented (directly or indirectly) by real property interests in Australia.

South African and other non-Australian tax resident Unitholders are not entitled to discount capital gains in respect of the disposal of Units.

South African and other non-Australian tax resident Unitholders who have a non-portfolio interest together with their associates in the circumstances described above should seek specific Australian tax advice. Such Unitholders that have previously been Australian tax residents should also seek specific Australian tax advice.

### **10.1.5. Foreign resident capital gains withholding tax**

Specific provisions also require a buyer of units in land rich Australian unit trusts (together with other direct or indirect interests in Australian real property assets) to withhold and remit to the Australian Taxation Office an amount equal to 12.5% of (broadly) the purchase price of the units, for Australian CGT purposes.

This withholding does not apply to investors subscribing for new Units under the Offer, or transactions on an approved stock exchange (including the buying and selling of Units on the JSE and the ASX) or conducted using a broker-operated crossing system that falls within the market integrity rules as defined under section 798G of the Corporations Act. However, where a transaction which is not on either exchange is contemplated (i.e. an off market transaction), it is recommended that Unitholders and potential buyers of Units obtain specific taxation advice in respect of the application of the provisions to their own specific circumstances.

### **10.1.6. Stamp duty**

No Australian duty should be payable by the investors on the issue of Units pursuant to the Offer, nor on any subsequent disposal of those Units.

There should be no duty implications relating to moving Units from the Australian Register to the South African Register as there is no cancellation or sale of the Units or a change in rights attaching to the Units.

### **10.1.7. GST**

The acquisition or disposal of Units will generally be financial supplies and as such, no GST should be payable on these transactions.

The ability for recovery of input tax credits on related transaction costs may be restricted and as such, any entity that is registered or required to be registered for GST should seek independent tax advice regarding their GST position.

## **10.2. South African foreign tax-credit provisions**

### **Preliminary**

The following taxation summary only addresses the South African foreign tax-credit consequences to South African resident Unitholders in respect of Distributions/attribution received from the Fund and MIT withholding tax paid in respect of those Distributions/attribution.

The taxation summary provided is of a general nature and should not be relied upon by a Unitholder as specific South African taxation advice. It does not purport to be a complete analysis of the potential South African tax consequences to Unitholders upon receipt of Distributions/attribution from the Fund. Unitholders should obtain and rely on their own independent professional advice about the consequences of acquiring, holding and disposing of Units having regard to their own circumstances.

The following tax comments are based on the tax law in South Africa in force as at the PDS Date. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in South African tax law or future judicial interpretations of law after this time. The comments in this Section 10.2 also do not take into account tax legislation of any country other than South Africa.

## Tax consequences

Where such amounts are paid to non-residents in the same year as received, by virtue of the application of the general foreign-tax credit provisions<sup>73</sup>, all the South African investors (other than the investor, who is a REIT, as defined for South African income tax purposes) should be entitled to claim the MIT withholding tax paid in respect of the receipt of fund payments as a tax credit, when determining their respective liabilities for South African normal (income) tax. The allowable rebate is, however, limited to the lesser of:

- > the sum of the qualifying foreign taxes; or
- > an amount determined in accordance with the following limitation formula:

$$\frac{\text{Taxable income derived from all foreign sources}}{\text{Taxable income derived from all sources}} \times \text{Normal tax payable in South Africa on taxable income derived from all sources}$$

Any balance of excess foreign taxes may be carried forward for seven years, calculated from the year of assessment in which the balance was carried forward for the first time.

The investor who is a REIT, as defined for South African income tax purposes, is subject to specific provisions regulating the taxation of REITs in South Africa. In terms of these provisions, REITs are to claim foreign taxes as a deduction for the purposes of determining their taxable incomes. This deduction is limited to the amount of taxable income, in respect of which the foreign tax was paid, as is included in the taxable income of the REIT, before taking deductions for qualifying Distributions into consideration.

South African resident taxpayers may elect, whether they apply for relief in terms of the relevant domestic foreign-tax credit provisions or an applicable double tax agreement. Where a resident elects the relief provided under a tax treaty, none of the provisions of the domestic foreign-tax credit provisions (including the entitlement to carry forward excess foreign taxes (please see above)) apply. Instead, relief is to be sought in accordance with the wording of the particular tax treaty.

The double tax agreement between South Africa and Australia allows, as a rebate against a resident's liability for normal tax, all Australian taxes paid on items of income taxed in accordance with the double tax agreement. This deduction from South African normal tax is limited in accordance with the following formula:

$$\frac{\text{Taxable income liable to tax in Australia in accordance with the DTA}}{\text{Taxable income derived from all sources}} \times \text{Normal tax payable in South Africa on taxable income derived from all sources}$$

## South African tax implications in relation to moving Units from one subregister to another

Moving Units from the South African Register to the Australian Register (or vice versa), should not:

- > result in any South African income tax consequences for the unitholders; or
- > be subject to securities transfer tax.

This is on the basis:

- > moving a Unit between the South African Register and the Australian Register, does not comprise a disposal as defined for CGT purposes, since:
  - the change in registration does not vary the rights attached to the Units; and
  - also does not result in the transfer of the Unit from one holder to another holder; and
- > moving Units from the South African Register and the Australian Register (or vice versa) should also not be subject to securities transfer tax, because:
  - the Units comprise an interest in a trust (as opposed to a share in a company); and
  - such change in registration does not result in a change of beneficial ownership of the Unit.

<sup>73</sup> Section 6quat of the Income Tax Act, No 58 of 1962.

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## Fees and other costs



# Fees and other costs **11**

## 11.1. Consumer advisory warning

The Corporations Act requires the Responsible Entity to include the following consumer advisory warning, which is standard across all product disclosure statements for Managed Investment Schemes.

### **DID YOU KNOW?**

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period

(for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower administration fees. Ask the Fund or your financial adviser.

### **TO FIND OUT MORE**

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

## 11.2. Fees and other costs

This PDS shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Information about taxes is set out in Section 10 of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Unless otherwise stated, all fees in this Section 11 are inclusive of non-recoverable GST, less a full input tax credit or reduced input tax credit, as applicable. For additional information in relation to the taxation implications of an investment in the Fund, please see Section 10 of this PDS.

A schedule of fees and charges and maximum commissions is available from the Responsible Entity on request.

# 11 Fees and other costs Continued

Table 1

| Type of fee or cost <sup>74</sup>  | Amount  | How and when paid  |
|--|---|--|
| <b>Fees when your money moves in or out of the Fund</b>                          |   |  |
| <b>Establishment fee</b><br>The fee to open your investment                      | Not applicable  | Not applicable   |
| <b>Contribution fee</b><br>The fee on each amount contributed to your investment | Not applicable  | Not applicable   |
| <b>Withdrawal fee</b><br>The fee on each amount you take out of your investment  | Not applicable  | Not applicable   |
| <b>Exit fee</b><br>The fee to close your investment                              | Not applicable  | Not applicable   |
| <b>Management costs</b>  |   |  |
| <b>The fees and costs for managing your investment</b>                           | <b>Waiver of Responsible Entity fee</b><br>The Responsible Entity is entitled to receive out of the Fund an annual management fee of 0.025% pa of Enterprise Value. However, the Responsible Entity has agreed to waive its right to receive this fee.  | Not applicable   |
|  | <b>Operating expenses</b><br>The Responsible Entity will recover its costs in operating the Fund (" <b>Operating Expenses</b> "). This includes the Manager's fee for managing the Fund's investments, and other expenses such as custody and audit fees for the Fund and the Sub Trusts. The aggregate of the Operating Expenses of the Fund are estimated at 0.68% pa of the NAV of the Fund, i.e. AUD 340.00 for every AUD 50,000 invested in Units. | To be reimbursed from the assets of the Fund as the Responsible Entity incurs the Operating Expenses.                              |
|  | <b>Indirect costs</b><br>The trustee of the trusts owned by the Fund do not charge any trustee or management fees or operating expenses to those trusts. The net amount of the asset management fees and property management fees paid to the Manager from the Sub Trusts not recovered from tenants is estimated to total 0.07% pa of the NAV of the Fund, i.e. AUD 35.00 for every AUD 50,000 invested.   | To be paid from the assets of the relevant Sub Trust as incurred.  |
|  | <b>Offer costs<sup>75</sup></b><br>Estimated at AUD 6.5 million, being 0.9% of NAV of the Fund i.e. AUD 450.00 for every AUD 50,000 invested in Units.  | One-off expenditure incurred upon the ASX Listing to be paid by the Responsible Entity and reimbursed from the assets of the Fund. |
| <b>Service fees</b>  |   |  |
| <b>Switching fees</b><br>The fee for changing investment options                 | Not applicable  | Not applicable   |

<sup>74</sup> Fees in Table 1 marked "Not applicable" are not applicable because, amongst other reasons, such fees are not charged by the Responsible Entity. Fees may be charged by your local CSDP or broker.

<sup>75</sup> This includes an amount payable to an adviser (see Section 11.5.2 of this PDS).



### 11.3. Example of annual fees and costs

Tables 2 and 3 give examples of how the fees and costs in relation to the Fund can affect your investment over each of the first two years of your investment in the Fund. These examples are illustrative only.

You should use these tables to compare this product with other managed investment products.

**Table 2: First year after the issue of Units**

| Example   | Amount                       | Balance of AUD 50,000   |
|---|------------------------------|---|
| Contribution fee  | Nil                          | Nil   |
| <b>PLUS management costs</b>                            |                              | For every AUD 50,000 you have in the Fund, you will be charged the following amounts in the first year:           |
| Manager's fees  | 0.57% pa of NAV              | AUD 285.00  |
| Operating expenses of the Fund including manager's fees | Estimated at 0.11% pa of NAV | Estimated at AUD 55.00  |
| Indirect costs  | Estimated at 0.07% pa of NAV | Estimated at AUD 35.00  |
| Offer costs   | Estimated at 0.9% pa of NAV  | Estimated at AUD 450.00   |
| <b>EQUALS cost of the Fund</b>                          |                              | If you had an investment of AUD 50,000 at the beginning of the year, you would be charged fees of:<br>AUD 825.00* |

\* Additional fees may apply.

**Table 3: Second year after the issue of Units**

| Example                            | Amount                    | Balance of AUD 50,000   |
|------------------------------------|---------------------------|---|
| Contribution fee                   | Nil                       | Nil   |
| <b>PLUS management costs</b>       |                           | For every AUD 50,000 you have in the Fund, you will be charged the following amounts in the second year:  |
| Manager's fees                     | 0.57% pa of NAV           | AUD 285.00  |
| Net operating expenses of the Fund | Estimated at 0.11% of NAV | Estimated at AUD 55.00  |
| Indirect costs                     | Estimated at 0.07% of NAV | Estimated at AUD 35.00  |
| <b>EQUALS cost of the Fund</b>     |                           | If you had an investment of AUD 50,000 at the beginning of the year, you would be charged:<br>AUD 375.00* |

\* Additional fees may apply.

### 11.4. Additional explanation of fees and costs

#### Responsible Entity's fee

Under the Constitution, the Responsible Entity is entitled to receive out of the Fund an annual management fee of 0.025% per annum of Enterprise Value. The Responsible Entity has waived this right, and does not charge this fee. The waiver is conditional on the Responsible Entity or a related body corporate being responsible entity of the Fund.

# 11 Fees and other costs Continued

## Operating expenses of the Fund

The Operating Expenses include fees and expenses paid to the Custodian as well as other costs and expenses payable by or reimbursable to the Responsible Entity out of the Fund.

They also include the asset management fee, property management fee and leasing fees payable to the Manager under the Management Agreement (as described in Section 12.2 of this PDS) to the extent they are not recovered from tenants.

Under the Constitution, the Responsible Entity is entitled to be reimbursed out of, or have paid from, the Fund all costs and liabilities incurred in the performance of its duties or the exercise of its powers, in the course of its office or in relation to the administration or management of the Fund. This includes the costs of capital raising (including fees payable to Brokers in respect of Applications), listing on the ASX as well as the Responsible Entity's internal running, administration and operating costs attributable to its role as responsible entity of the Fund (such as overheads, internal staff costs, including travel costs, amounts payable to directors, compliance costs, computer systems etc).

## Indirect costs

The Fund holds most of its Properties through Sub Trusts. There are no trustee fees or management fees charged at the level of the Sub Trusts, but there are some basic operating expenses such as the cost of accounts and audit attributable to the relevant Sub Trust, which are included in the amount shown for indirect costs above.

## Transactional and operational costs

These are costs incurred when buying or selling the Fund's assets, and include stamp duty. These costs are paid out of the Fund but are not included in the above figures for management costs. The Responsible Entity estimates the total amount of transactional and operational costs for the Fund to be 0.6% per annum of the average NAV of the Fund.

## Offer costs

These costs are one-off in nature and payable only during the financial year ending 31 March 2020. They have not been included in the forecast management costs of the Fund in subsequent years. Offer costs are payable from proceeds raised from the Offer. For details, see Section 11.5 of this PDS.

## Broker fees

Additional fees may be charged by your local CSDP or broker.

## 11.5. Fees and costs associated with the Offer

### 11.5.1. Offer costs

The total estimated net costs to the Fund in connection with the Offer, including fees for investment banking, legal, accounting, tax and stamp duty advice, listing and administrative fees as well as printing, advertising and other expenses, are currently estimated to be approximately \$6.5 million. This amount will be paid out of the Fund from the proceeds raised under the Offer. This also includes costs associated with obtaining Unitholder approval in connection with the Offer, in September 2018.

These costs are one-off in nature and have not been included in the fees and costs example for the second year after the ASX Listing.

### 11.5.2. Amounts payable to advisers

Brokers and other advisers may receive a fee for arranging subscriptions for Units. These fees are included in the amount of Offer costs shown above.

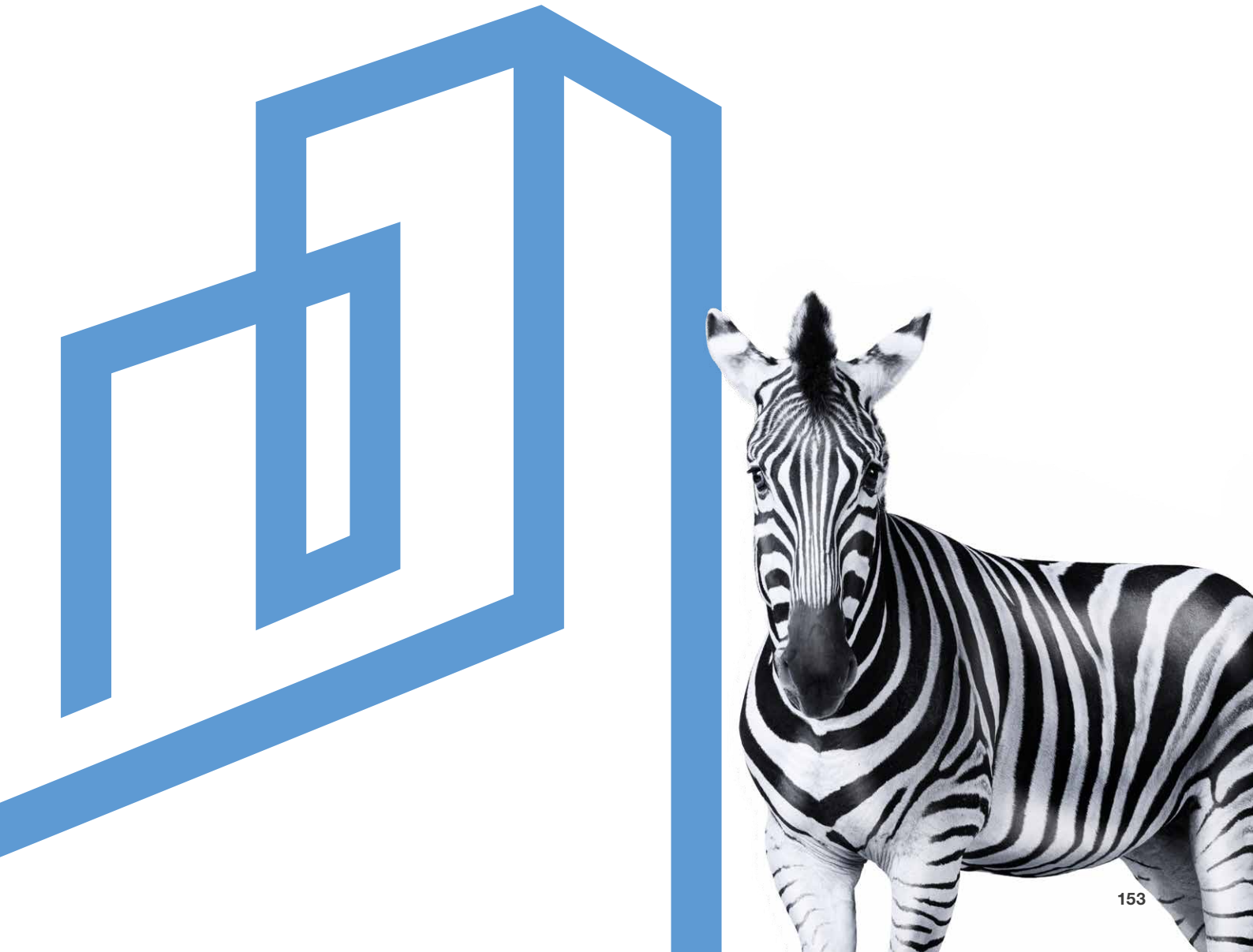
| Parties | Type of fee or cost             | Expected total  |
|---------|---------------------------------|-----------------|
| 3       | Offer management fees and costs | AUD 3.2 million |
| 19      | Advisers' and consultants' fees | AUD 3.3 million |

If you apply for the Subscription Units through an adviser, that adviser may require you to pay a handling fee. You will need to contact your adviser to determine the cost of that handling fee.

# 12

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## **Summary of important documents**



# 12 Summary of important documents

This Section 12 contains a summary of material contracts entered into by the Responsible Entity and its associated entities. The material contracts, including a brief description and the parties to the contract, are outlined in the following table:

| Title                                    | Parties   | Subject matter/description   | PDS section reference |
|--|---|--|-----------------------|
| <b>Structure of the Fund</b>             |   |  |                       |
| Constitution                             | Responsible Entity  | Constitution of the Fund which provides for the governance of the Fund and Unitholders' rights.  | Section 12.1          |
| Management Agreement                     | Responsible Entity and Manager                            | Sets out the terms under which the Manager will perform certain asset management and property management services for the Fund.                    | Section 12.2          |
| Custody Agreement                        | Responsible Entity and Custodian                          | Sets out the terms under which the Custodian will act as custodian of the Fund.  | Section 12.3          |
| Sponsor Agreement                        | Responsible Entity and Sponsor                            | Sets out the terms under which the Sponsor will ensure that the Fund is guided and advised to meet the JSE Listings Requirements.                  | Section 12.4          |
| Compliance Plan                          | Not applicable  | Sets out the measures the Responsible Entity will apply in operating the Fund to ensure compliance with the Corporations Act and the Constitution. | Section 12.5          |
| <b>Financing documentation</b>           |   |  |                       |
| Facility Agreement                       | Westpac, ANZ, Responsible Entity, Hold Trustee and others | Sets out the terms on which Westpac and ANZ will offer the Facility to the Fund.   | Section 12.6          |
| <b>Joint ownership arrangements</b>      |   |  |                       |
| Joint Owners Agreement                   | Sub Trustee and Abacus                                    | Sets out the rights and obligations of Abacus and the Sub Trustee as joint owners of the Queen Street Property.                                    | Section 12.7          |
| <b>Documents relating to the Offer</b>   |   |  |                       |
| Offer Management Agreement               | Responsible Entity and Joint Lead Managers                | Sets out the terms on which the Offer is managed by the Joint Lead Managers.   | Section 12.8.1        |
| Engagement of Bookrunner in South Africa | Responsible Entity and IBL                                | Sets out the terms under which IBL is engaged to act as financial advisor, Bookrunner in South Africa and sponsor to the Responsible Entity.       | Section 12.8.2        |

## 12.1. Summary of the Constitution

The Fund was constituted under a constitution dated 12 December 2012, as amended from time to time, and is registered as a Managed Investment Scheme under the Corporations Act. A general summary of some of the important features and rights attaching to the Units issued by the Fund is set out below. The Constitution is a lengthy and complex document. The following summary is not intended to be exhaustive, and is qualified by the terms of the Constitution itself, the Corporations Act, exemptions and declarations by ASIC, the JSE Listings Requirements and the ASX Listing Rules, waivers by ASX and the general law. A copy of the Constitution is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

| Term   | Description  |
|--|--|
| <b>Fees</b>                                      | <p>Under the Constitution, the Responsible Entity is entitled to receive out of the Fund an annual fee of 0.025% per annum of Enterprise Value. However, the Responsible Entity has agreed to waive its entitlement to this fee on and from the date of the ASX Listing so long as the Responsible Entity or another member of the Investec Group is the responsible entity of the Fund.</p> <p>The Responsible Entity is entitled to be reimbursed out of, or have paid from, the Fund all costs and liabilities incurred in the proper performance of its duties in relation to the administration or management of the Fund.</p>  |
| <b>Main Trading Exchange</b>                     | <p>After the Fund is listed on the ASX, the Main Trading Exchange of the Fund will be the JSE, unless in respect of a particular half year trading period, more Units by volume were traded on the ASX during the immediately preceding half year trading period, in which case the Main Trading Exchange for that particular trading period will be the ASX.</p> <p>If it is not possible for the Responsible Entity to comply with both the JSE Listings Requirements and the ASX Listing Rules, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time.</p> <p>Section 13 of this PDS includes a comparison of the key ASX Listing Rules and JSE Listings Requirements applicable to the Fund.</p> |
| <b>Change of Responsible Entity</b>              | <p>Under the Corporations Act, the Responsible Entity can retire or be removed by Unitholders. If the Responsible Entity wants to retire, the Responsible Entity must call a meeting of Unitholders, explain why it wants to retire and allow Unitholders to vote on a resolution to appoint a replacement responsible entity.</p> <p>Once the Fund is listed on the ASX, Unitholders will be able to appoint a replacement responsible entity by passing an ordinary resolution (passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution, including those not present in person or by proxy). The Responsible Entity has no current intention to retire as responsible entity of the Fund.</p>             |
| <b>Nature of, and rights attaching to, Units</b> | <p>The beneficial interest in the Fund is divided into Units. No Unit confers on a Unitholder an interest in a particular part of the Fund. All of the issued Units are of the same class and rank equally in every respect and accordingly, no Units in issue have any special right to Distributions, capital or profits or any other right, including on a winding up of the Fund.</p> <p>For so long as there is only one class of Units on issue, any variation in rights attaching to Units will require an amendment to the Constitution.</p>   |
| <b>Distributions</b>                             | <p>Only Unitholders registered in the Register on the record date for a Distribution will be entitled to receive the Distribution. The Responsible Entity will determine the record date in accordance with the Listings Requirements.</p>   |

# 12 Summary of important documents Continued

| Term                              | Description   |
|-----------------------------------|---|
| <b>Issue of Units and options</b> | <p>Subject to the Corporations Act, the Constitution and the Listings Requirements, the Responsible Entity is authorised to:</p> <ul style="list-style-type: none"> <li>&gt; Issue Units;</li> <li>&gt; Grant options over unissued Units;</li> <li>&gt; Where fractions of a Unit arise, round Units to a whole number; and</li> <li>&gt; Buy back and cancel Units.</li> </ul> <p>Under the terms of the Constitution, the Responsible Entity is authorised to issue Units under the Offer at the price obtained under a bookbuild, but subject to the Minimum Subscription Price.</p>  |
| <b>Transfer of Units</b>          | <p>While the Units are listed, all transfers of Units must be given effect in accordance with the JSE Listings Requirements and the ASX Listing Rules (each as applicable).</p>   |
| <b>Stapled securities</b>         | <p>The Constitution makes provision for the creation of stapled securities, which enables an investor to hold two or more securities which must be traded and otherwise dealt with together.</p>  |
| <b>Redemption of Units</b>        | <p>Under the Constitution, and subject to the Listings Requirements, only the Responsible Entity is able to initiate redemption of Units. The Responsible Entity may also undertake a compulsory redemption, but only in specific instances where it reasonably believes:</p> <ul style="list-style-type: none"> <li>&gt; That there are, or are reasonably likely to be, material adverse tax consequences for the Fund or any other Unitholder arising from the Unitholder remaining a holder of the relevant Units;</li> <li>&gt; That the Unitholder continuing to hold such Units would, or would be reasonably likely to, result in the Responsible Entity, the Fund, or any other Unitholder, incurring any material tax liability or suffering any other material financial disadvantage;</li> <li>&gt; That this is the most efficient means for returning capital of the Fund to Unitholders having regard to tax, legal and regulatory considerations; or</li> <li>&gt; The Responsible Entity has determined that the Unitholder is an excluded US Person and the relevant Units may not be held by any excluded US Persons.</li> </ul> <p>The Responsible Entity may require exemptions from the Corporations Act and the Listings Requirements to implement a compulsory redemption in these circumstances.</p> |
| <b>General meeting</b>            | <p>While the Fund is listed on the JSE, ASX, or both, the quorum for a meeting is three holders together holding not less than 25% of Units on issue.</p> <p>Subject to the Corporations Act, at any general meeting:</p> <ul style="list-style-type: none"> <li>&gt; On a show of hands, each Unitholder has one vote; and</li> <li>&gt; On a poll, each Unitholder has one vote for each dollar value of the total interests they have in the Fund.</li> </ul> <p>If a Unitholder present also represents by proxy one or more of the other Unitholders, on a show of hands, that Unitholder is entitled to:</p> <ul style="list-style-type: none"> <li>&gt; One vote only if on a poll the person would have cast all votes in the same direction; or</li> <li>&gt; One vote in each voting direction if the person would cast votes in different directions.</li> </ul> <p>While the Fund is JSE listed:</p> <ul style="list-style-type: none"> <li>&gt; At least 15 business days' (as defined in the Constitution) notice must be given of a meeting; and</li> <li>&gt; An annual general meeting must be held each year.</li> </ul>  |

# Summary of important documents Continued

| Term  | Description   |
|---|---|
| <b>Responsible Entity's powers, limitation of liability and indemnity</b> | <p>The Responsible Entity has all the powers that it is possible to confer on a trustee, and all the powers in relation to the assets of the Fund as if it were the absolute beneficial owner of the Fund. It may delegate the exercise of its powers, including by appointing the Manager and the Custodian. However, while the Fund is JSE listed, the Responsible Entity may not borrow in excess of a Gearing Ratio of 60%. The Responsible Entity also has certain powers to administer the Fund under the attribution managed investment trust (AMIT) regime.</p> <p>Except where the Corporations Act expressly provides otherwise:</p> <ul style="list-style-type: none"> <li>&gt; The Responsible Entity, and each director and officer of the Responsible Entity, are not personally liable to a Unitholder, or any other person, in connection with the office of the Responsible Entity or director or officer of the Responsible Entity; and</li> <li>&gt; The Responsible Entity will not be liable to any Unitholder to any greater extent than the extent to which it is entitled to be indemnified, and is in fact indemnified, out of the assets of the Fund actually vested in the Responsible Entity.</li> </ul> <p>The Responsible Entity has a right of indemnity out of the assets of the Fund in respect of any liability incurred by it in the proper performance of its duties or exercise of its powers (including in respect of the ASX Listing). This indemnity continues after the Responsible Entity retires or is removed as responsible entity of the Fund and is subject to the Corporations Act.</p> |
| <b>Unitholder's limitation of liability</b>                               | <p>Under the Constitution, the liability of each Unitholder in its capacity as such is limited to the Unitholder's investment in the Fund; however, the effectiveness of such provisions has not been confirmed by superior courts.</p>   |
| <b>Amendment of Constitution</b>  | <p>The Constitution may only be amended by the passing of a special resolution of Unitholders, or by the Responsible Entity if the Responsible Entity reasonably considers the change will not adversely affect Unitholders rights.</p>   |
| <b>Termination and winding up</b>   | <p>The term of the Fund ends on the earlier of:</p> <ul style="list-style-type: none"> <li>&gt; The date determined by the Responsible Entity as the date on which the Fund is to be terminated; and</li> <li>&gt; The date on which the Fund is terminated under the Constitution or by law.</li> </ul> <p>On winding up, each Unitholder is entitled to receive a share of the value of Fund's assets, after meeting all liabilities and expenses, proportionate to the number of fully paid Units held.</p>  |

# 12 Summary of important documents Continued

## 12.2. Summary of the Management Agreement

The Responsible Entity has entered into the Management Agreement with the Manager, under which the Manager will perform certain asset management and property management services for the Fund. The terms of the current Management Agreement were approved by Unitholders as a related party transaction in accordance with section 10 of the JSE Listings Requirements on 5 September 2018. A summary of the key terms of the Management Agreement, the services provided by the Manager, and the fees payable by the Fund under the Management Agreement is set out below. A copy of the Management Agreement is available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au).

| Term   | Description   |
|--|---|
| <b>Term of the Management Agreement and termination rights</b> | <p>For so long as the Fund is ASX Listed, the Manager is not appointed for a fixed term and its appointment may be terminated:</p> <ul style="list-style-type: none"> <li>&gt; Automatically if the Responsible Entity ceases to be the responsible entity of the Fund, including as a result of an ordinary resolution of Unitholders being passed to remove the Responsible Entity under the Corporations Act;</li> <li>&gt; On three months' notice from the Manager to the Responsible Entity;</li> <li>&gt; On 10 Business Days' notice if substantially all of the assets of the Fund are sold;</li> <li>&gt; With immediate effect by notice from the Manager to the Responsible Entity on the occurrence of a default or insolvency event of the Responsible Entity or the Fund; or</li> <li>&gt; With immediate effect by notice from the Responsible Entity to the Manager on the occurrence of a default or insolvency event of the Manager.</li> </ul>  |
| <b>Services provided by the Manager</b>                        | <p>Under the Management Agreement, the Manager provides the Responsible Entity asset management services, leasing services and property management services for the Fund and each trust through which the Fund holds its interests in any Property.</p> <p><b>Asset management services</b></p> <p>The asset management services provided by the Manager include making recommendations, providing advice to and consulting with the Responsible Entity and trustees of each trust through which the Fund holds its interests in any Property, in relation to:</p> <ul style="list-style-type: none"> <li>&gt; The management of the Portfolio;</li> <li>&gt; Investment, exit and divestment opportunities;</li> <li>&gt; Financing arrangements and preparation of annual budgets; and</li> <li>&gt; The appointment and engagement of property managers and leasing agents.</li> </ul> <p>The Manager is also responsible for (among other things):</p> <ul style="list-style-type: none"> <li>&gt; The day-to-day management of the Portfolio;</li> <li>&gt; Identifying appropriate risk management and compliance policies for the Fund;</li> <li>&gt; Arranging for insurance in relation to, and valuations for, the assets of the Fund and Sub Trusts;</li> <li>&gt; Financial, accounting and tax services in relation to the Fund; and</li> <li>&gt; Providing capital expenditure reports and implementing capital expenditure works in relation to the Properties.</li> </ul> <p><b>Leasing services</b></p> <p>The leasing services provided by the Manager include preparing a strategy for leasing vacant areas of the Properties, marketing the relevant Properties, sourcing appropriate tenants for the Properties, and negotiating commercial terms of leases for the Properties.</p> <p><b>Property management services</b></p> <p>The property management services provided by the Manager include lease administration, facilities management, financial administration, risk management, public relations and the delivery of monthly reports in relation to each Property.</p> |



# Summary of important documents Continued

# 12

| Term                               | Description  |
|------------------------------------|--|
| <b>No payments on termination</b>  | For so long as the Fund is ASX Listed, no termination fee will be payable to the Manager on termination or expiry of the Management Agreement.   |
| <b>Fees payable to the Manager</b> | <p>All of the costs and fees payable to the Manager under the Management Agreement will be paid out of the Fund:</p> <p><b>Base fee</b></p> <p>For so long as the Fund is ASX Listed, the Manager's fee will be 0.55% per annum (before GST) of Enterprise Value. Although under the Management Agreement the Manager is entitled to a base fee equal to 60 basis points per annum of Enterprise Value, with the base fee stepped down from 0.60% to 0.55% per annum on every dollar over AUD 1.5 billion, the Manager has formally waived part of the fee so that, in the circumstances stated above, only the 0.55% per annum fee (plus GST) will be charged on all Enterprise Value.</p> <p>The Responsible Entity will pay the Manager this base fee monthly in arrears, with Enterprise Value calculated as the sum of the Fund's market capitalisation (based on a 30 day VWAP) and net debt (i.e. total interest bearing borrowings less cash and cash equivalents held by the Fund).</p> <p>In the financial year ended 31 March 2019, the Manager was paid \$5,761,459 in base fees.</p> <p><b>Property management fee</b></p> <p>The Manager is entitled to receive property management fees for performing property management services in relation to the Properties, whether direct or indirect (including through the Sub Trusts).</p> <p>The property management fees will take into account the size, location and management complexity of each Property, and the additional services performed. These will be agreed between the Manager and the Responsible Entity on a case by case basis as Properties are acquired. The property management fee is calculated and payable monthly in arrears.</p> <p>In the financial year ended 31 March 2019, the Manager was paid \$1,305,528 in property management fees, the majority of which were passed on to third party property managers who performed certain property management functions on behalf of the Manager. In most instances, property management fees are recoverable from tenants through outgoings.</p> <p><b>Leasing fees</b></p> <p>The Manager is entitled to receive leasing fees for providing leasing services in relation to the Properties (as agreed between the Responsible Entity and the Manager).</p> <p>The leasing fee will take into account the size, location and leasing complexity of each Property. These will be agreed on a case by case basis and, when taken as a whole, would need to be reasonable in the circumstances if the Manager and Responsible Entity were dealing at arm's length.</p> <p>In the financial year ended 31 March 2019, no leasing fees were paid to the Manager.</p> <p>Where a third party leasing agent is engaged by the Manager to perform these functions, the Manager will not receive a leasing fee.</p> <p>If the Management Agreement is terminated, including because Investec Property Limited ceases to be the responsible entity of the Fund, the above fees (other than those accrued for the period prior to termination) would no longer be payable.</p> |

The Manager entered into a services agreement with Investec Australia under which Investec Australia agrees to make available essential services to the Manager such as staff, premises and systems to enable the Manager to perform its obligations under the Management Agreement.

# 12 Summary of important documents Continued

## **12.3. Summary of the Custody Agreement**

The Responsible Entity has entered into the Custody Agreement with the Custodian under which the Custodian will act as independent custodian and will hold the assets of the Fund that are transferred or delivered to the Custodian on behalf of the Responsible Entity. The Custodian is independent from the Investec Group.

Under the terms of the Custody Agreement, the Custodian is indemnified for a range of matters, including for liabilities incurred for acting as custodian and holding the assets of the Fund. The Custodian is also indemnified for the Responsible Entity's breaches and other misconduct. The Custody Agreement may be terminated on six months' notice (or such other period as the parties agree) by either party.

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

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

## **12.4. Summary of the Sponsor Agreement**

Under the terms of the Sponsor Agreement, the Sponsor ensures that the Fund is guided and advised in relation to its compliance with the JSE Listings Requirements, including providing the JSE with any information that the JSE may reasonably require for the purpose of verifying whether the JSE Listings Requirements have been complied with, and monitoring and assisting with the Fund's corporate governance.

In exchange for the provision of these sponsor services, the Fund pays an annual fee to the Sponsor, which may be increased from time to time having regard to prevailing market fees charged in respect of sponsor services. In the financial year ended 31 March 2019, AUD 23,788 in fees were paid to the Sponsor.

The Sponsor Agreement may be terminated immediately by the Fund at any time or may be terminated by the Sponsor with 30 days' written notice. If the Fund terminates the Sponsor's engagement with cause or if the Sponsor terminates without cause, the Sponsor will be obliged to reimburse the Fund's annual fee adjusted pro rata and calculated to the date of termination.

## **12.5. Summary of the Compliance Plan**

The Compliance Plan describes the procedures that the Responsible Entity will apply in operating the Fund to ensure compliance with the Corporations Act and the Constitution (in accordance with Part 5C of the Corporations Act). The Compliance Plan includes sections dealing with asset valuations, unit pricings, complaints, the holding of trust assets, audit of the Compliance Plan and record keeping. The Compliance Plan has been lodged with ASIC.

When the Responsible Entity issues Units, it will exercise any discretion it has under the Constitution in relation to unit pricing in accordance with its unit pricing discretions policy.

A copy of the Compliance Plan and the Fund's unit pricing discretions policy is available free of charge on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au) and can be requested from investor relations by email ([investorrelations@investec.com](mailto:investorrelations@investec.com)).

## 12.6. Summary of the Facility Agreement

The Fund has, through Hold Trust, entered into the Facility Agreement (with the Hold Trustee as borrower) as amended from time to time, which has the following key features:

| Term                               | Description  |
|------------------------------------|--|
| <b>Loan amount and purpose</b>     | <p>A facility of \$431.74 million to fund general corporate purposes including permitted acquisitions of Properties.</p> <p>The Facility has been advanced at the Hold Trust level (to Hold Trustee as borrower). There may be inter-entity loans between Hold Trust and the Sub Trusts to facilitate the acquisition of Properties within the Sub Trusts.</p>   |
| <b>Interest and fees</b>           | <p>The interest rate on each tranche is at the aggregate of the applicable base rate (being the Australian Bank Bill Swap Reference Rate (Bid) (BBSY)) plus the margin applicable to the relevant tranche.</p> <p>Interest will accrue on a daily basis and is payable on the last day of a draw period (and if greater than three months, at the end of each three month period during that draw period) during the term of the loan, and each date of repayment or prepayment of all or part of a draw.</p> <p>Line fees applicable to the relevant tranche are payable by the Hold Trustee quarterly in advance.</p> <p>With respect to any overdue amounts under the Facility Agreement, the interest rate will be the aggregate of 2% per annum plus the higher of:</p> <ul style="list-style-type: none"> <li>&gt; The rate applicable to the overdue amount immediately before the due date (or if no such rate applied, the financier's cost of funding the overdue amount); and</li> <li>&gt; The aggregate of the applicable base rate for bills having a tenor of 30 days and the applicable margin payable monthly and on demand.</li> </ul> |
| <b>Repayment terms</b>             | <p>Subject to the Hold Trustee's right to make voluntary prepayments, the Hold Trustee shall repay whatever the amount outstanding is in respect of a tranche in full on the termination date for that tranche.</p>  |
| <b>Prepayment and cancellation</b> | <p>The Hold Trustee is able to make voluntary prepayments of all or part of the outstanding amounts on giving not less than three business days' irrevocable written notice. Any prepayment must be in a minimum amount of AUD 500,000 and a multiple of AUD 500,000 unless otherwise agreed.</p> <p>Sale proceeds of any Property must be applied to the repayment of the amount outstanding until such time the loan-to-value ratio is less than or equal to 50%. In an event of default, 100% of sale proceeds of a Property must be applied to Facility repayment and cancellation.</p> <p>The Hold Trustee may be liable to pay break costs on any prepayment other than at the end of an interest period. Amounts prepaid will be available for redrawing. Amounts cancelled will not be available for redrawing.</p>  |
| <b>Security</b>                    | <p>The Facility will be secured by securities, including but not limited to:</p> <ul style="list-style-type: none"> <li>&gt; A first registered real property mortgage over each Property acquired;</li> <li>&gt; General security agreement granted by the Hold Trustee and the Sub Trustee over all the assets and undertakings of the Hold Trust and the Sub Trusts; and</li> <li>&gt; Specific security agreement granted by the Responsible Entity and the Custodian over their respective interests in the unitholdings of (and additional rights and proceeds relating to) the Fund and the Custodian in the Hold Trust, and any debt owed by the Hold Trust to the Fund (and subordination of that debt).</li> </ul>   |

# 12 Summary of important documents Continued

| Term                                       | Description  |
|--|--|
| <b>Undertakings and covenants</b>          | <p>The Facility Agreement contains a number of undertakings, covenants, representations and warranties, including but not limited to the following financial covenants:</p> <ul style="list-style-type: none"> <li>&gt; Group gearing ratio: Total liabilities to total tangible assets of the Group (calculated on a “look-through” basis) does not exceed 55%;</li> <li>&gt; Group interest cover ratio: The ratio of the Group’s consolidated operating profit (or loss) from ordinary operations before income tax and minority interests, depreciation, amortisation and interest expense to the Group’s interest expense for the preceding 12 month period is at least 2.00 times;</li> <li>&gt; Loan-to-value ratio: The ratio of borrowings outstanding under the Facility to the aggregate of the market value of the relevant secured real properties (based on the last acceptable valuation) does not exceed 55%; and</li> <li>&gt; Borrower Interest cover ratio: The ratio of net income to interest expense of the Hold Trustee for the preceding 12 month period is at least 2.00 times.</li> </ul> <p>The Hold Trustee is also required to hedge at least 50% of its interest rate exposure under the Facility.</p> |
| <b>Events of default and review events</b> | <p>The Facility Agreement contains certain events of default, including but not limited to:</p> <ul style="list-style-type: none"> <li>&gt; Non-payment;</li> <li>&gt; Breach of financial covenants and other obligations;</li> <li>&gt; Misrepresentation;</li> <li>&gt; Cross-default;</li> <li>&gt; Judgement;</li> <li>&gt; Cessation or change of business;</li> <li>&gt; Insolvency;</li> <li>&gt; Loss of material authorisations;</li> <li>&gt; Compulsory acquisition;</li> <li>&gt; Termination of the Fund;</li> <li>&gt; Material adverse events; and</li> <li>&gt; Environmental liability.</li> </ul>   |
| <b>Review events</b>                       | <p>The Facility may be reviewed on the occurrence of certain events, including without limitation, if:</p> <ul style="list-style-type: none"> <li>&gt; One or more persons acquires control of the Fund or the Hold Trust or a trustee of the Fund, the Hold Trust or a Sub Trust;</li> <li>&gt; Units are removed from the official list of the JSE of any exchange on which they are listed or are suspended from trading for five consecutive trading days; or</li> <li>&gt; There is a change to the trustee of the Fund, the Hold Trust or a Sub Trust, or any step is taken to appoint a new or additional trustee, except where the lenders are satisfied the new trustee is acceptable.</li> </ul>   |

Other than the Facility described above, the Fund has not received any material loans or issued any loan stock or other form of loan capital and does not have any off-balance sheet financial commitments. The Fund did not have any material loans receivable nor did it furnish any loan for the benefit of any Director or manager or any associate of any Director or manager.

## 12.7. Summary of joint ownership arrangements

The Sub Trustee (in its capacity as trustee for the Investec Australia Sub Trust No. 16) and Abacus<sup>76</sup> are joint owners of the Queen Street Property, each holding a 50% interest in the Queen Street Property. The Sub Trustee and Abacus have entered into a Joint Owners Agreement which regulates their rights and obligations as joint owners of the Queen Street Property.

| Term                            | Description   |
|---------------------------------|---|
| <b>Joint ownership</b>          | The joint owners bear all obligations and expenses in relation to the Queen Street Property in their relevant proportions, and are entitled to receive all gross rentals and incidental benefits attributable to the Queen Street Property in their relevant proportions.   |
| <b>Permitted disposal</b>       | Each joint owner is permitted to dispose of its interest in the Queen Street Property where the disposal is made to a member of its group (including, in the case of the Sub Trustee, any entity which holds assets for a trust or registered Managed Investment Scheme for which Investec Australia, the Responsible Entity or their related body corporate is the trustee or responsible entity) who is reasonably able to meet the obligation of the joint owner.  |
| <b>Restrictions on disposal</b> | <p>The Joint Owners Agreement contains a number of provisions which impact the disposal of the joint owner's direct or indirect interest in the Queen Street Property. For example:</p> <ul style="list-style-type: none"> <li>&gt; Except as otherwise agreed, each joint owner must at all times maintain a 50% interest in the Queen Street Property and may only dispose of its entire interest; and</li> <li>&gt; If a joint owner wishes to dispose of its interest in the Queen Street Property (other than in the case of a permitted disposal described above), the other joint owner will have a pre-emptive right over the disposing joint owner's interest. In the event that a pre-emptive right is not exercised and the interest is sold to a third party, tag along or drag along rights may be exercised.</li> </ul> |
| <b>Security</b>                 | Each joint owner's interest and rights in the Queen Street Property, the Joint Owners Agreement and other documents relating to the joint ownership arrangements (including the property management agreement) in respect of the Queen Street Property are secured by securities granted in favour of ANZ Fiduciary Services Pty Ltd (in the case of Abacus) and Westpac (in the case of the Sub Trustee).  |
| <b>Governance</b>               | The joint owners must establish a committee which has the power to make decisions in relation to the Queen Street Property (including approval of the budget, incurring material capital expenditure and entering into material leases or licences) except for certain reserved matters which require a unanimous resolution of the joint owners.   |
| <b>Fees</b>                     | <p>Under the Joint Owners Agreement, in consideration of providing accounting, administration and general management assistance, Abacus is entitled to an annual fee of \$300,000. Abacus has agreed to waive 50% of this fee for the period from 1 April 2019 until 30 June 2020, such that the fee for that period is calculated based on an annual fee of \$150,000.</p> <p>In consideration of performing the property management services, the property manager (currently Abacus Property Services Pty Limited) is entitled to a management fee of 2.5% of the gross rentals.</p>   |
| <b>Default</b>                  | <p>A default under the Joint Owners Agreement arises if there is a material breach of the Joint Owners Agreement (including failure to fund) or an insolvency event which is not remedied. Where a joint owner is in default, the non-defaulting joint owner shall have an option to:</p> <ul style="list-style-type: none"> <li>&gt; Purchase all of the defaulting joint owner's interest at a price agreed between the parties or if the joint owners cannot agree, a price determined by an expert; or</li> <li>&gt; Require that the defaulting joint owner's interest or the entire interest in the Queen Street Property be offered for public sale in accordance with the process set out in the Joint Owners Agreement.</li> </ul>   |

<sup>76</sup> Abacus' interest in the Queen Street Property is held by Perpetual Trustee Company Limited as custodian for Abacus.

# 12 Summary of important documents Continued

## 12.8. Summary of the Offer management arrangements

The Joint Lead Managers and the Responsible Entity have entered into an Offer Management Agreement in respect of the Offer. The Responsible Entity has also engaged IBL as financial adviser, Bookrunner in South Africa and sponsor in respect of the Offer.

### 12.8.1. Offer Management Agreement

Under the Offer Management Agreement, the Responsible Entity on behalf of the Fund appoints the Joint Lead Managers as lead managers for the Offer, and the Joint Lead Managers agree to arrange and manage the Offer, including managing the institutional bookbuild, and to provide settlement support for the Institutional Offer and the Broker Firm Offer.

The Joint Lead Managers have not agreed to underwrite the Offer nor do they guarantee that the Offer will be successful.

The following is a summary of the principal provisions of the Offer Management Agreement.

| Term                     | Description   |
|--------------------------|---|
| <b>Fees and expenses</b> | <p><b>Joint Lead Manager fee</b></p> <p>On the date of Settlement, the Responsible Entity must by 4.00 pm (Sydney time) pay the Joint Lead Managers in their relevant proportions (being equal proportions to J.P. Morgan and Macquarie) out of the proceeds of the Offer in immediately available funds, a selling and management fee equal to the greater of:</p> <ul style="list-style-type: none"><li>(a) 2.00% of the gross proceeds raised by the Fund through the issue of Subscription Units under the Offer, excluding the proceeds of Subscription Units issued to Investec Clients; and</li><li>(b) 1.60% of the gross proceeds raised by the Fund through the issue of Subscription Units under the Offer.</li></ul> <p>The Responsible Entity must also pay Macquarie out of the proceeds of the Offer in immediately available funds, an additional financial advisory fee of 0.50% of the gross proceeds raised by the Fund through the issue of Subscription Units under the Offer.</p> <p><b>Incentive fee</b></p> <p>The Responsible Entity may, in its discretion acting reasonably and in good faith, pay the Joint Lead Managers in their relevant proportions an offer incentive fee of up to 0.25% of the gross proceeds raised by the Fund through the issue of Subscription Units under the Offer (excluding the proceeds of Subscription Units issued to Investec Clients) by 5.00 pm on the day which is 14 days after the date of Settlement out of the proceeds of the Offer in immediately available funds.</p> <p><b>Other costs</b></p> <p>The broker firm fees and other fees payable to any co-lead managers, co-managers and Brokers will be paid by the Joint Lead Managers out of the Joint Lead Manager fee noted above.</p> <p>The Responsible Entity must also pay or reimburse the Joint Lead Managers for the reasonable costs of and incidental to the Offer incurred by them.</p> |

# Summary of important documents Continued

| Term   | Description  |
|--|--|
| <b>Termination events not limited by materiality</b> | <p>Each Joint Lead Manager may terminate its obligations under the Offer Management Agreement without cost or liability on or before 4.00 pm (Sydney time) on the date of Settlement, or at any other time as specified below, on the occurrence of any of the following termination events:</p> <p>(a) <b>(delisting)</b> JSE announces that the Fund will be removed from the official list of the JSE or that any Units will be delisted or suspended from quotation by JSE for any reason;</p> <p>(b) <b>(disclosures)</b> a statement in the PDS (including any supplementary or replacement document), the roadshow presentation or any public and other media statements is or becomes false, misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from the PDS (including any supplementary or replacement document) or the roadshow presentation;</p> <p>(c) <b>(supplementary PDS)</b> the Responsible Entity issues or in the reasonable opinion of the terminating Joint Lead Manager, is required to issue, a supplementary or replacement product disclosure statement to comply with section 1016E of the Corporations Act or lodges a supplementary or replacement product disclosure statement in a form that has not been approved by the Joint Lead Managers;</p> <p>(d) <b>(forecasts)</b> there are not, or there cease to be, reasonable grounds in the opinion of the terminating Joint Lead Manager (acting reasonably) for any statement or estimate in the Offer Documents which relates to a future matter or any statement or estimate in the Offer Documents which relates to a future matter is in the opinion of the terminating Joint Lead Manager (acting reasonably), unlikely to be met in the projected timeframe (including in each case financial forecasts);</p> <p>(e) <b>(fraud)</b> the Responsible Entity or any of its Directors or officers engages, or has engaged since the date of the Offer Management Agreement in, any fraudulent conduct or activity;</p> <p>(f) <b>(listing and quotation)</b> approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:</p> <p>a. The Fund's admission to the Official List on or before 5.00 pm on Friday, 24 May 2019; or</p> <p>b. The quotation of all of the Units, including the Subscription Units, on the ASX, to be traded through CHESSE on or before Tuesday, 28 May 2019,</p> <p>or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;</p> <p>(g) <b>(mutual recognition)</b> the Responsible Entity fails in a material respect to comply with the requirements of the New Zealand Mutual Recognition Regime to enable the Offer into New Zealand to proceed on the basis of the PDS, under those regulations;</p> |

# 12 Summary of important documents Continued

| Term  | Description  |
|---|--|
| <b>Termination events not limited by materiality</b><br>continued | <p>(h) (<b>notifications</b>) any of the following notifications are made in respect of the Offer:</p> <ul style="list-style-type: none"> <li>a. ASIC issues an order (including an interim order) under section 1020E of the Corporations Act in relation to the Offer or the PDS or ASIC prosecutes or commencing proceedings in relation to the Offer or the PDS;</li> <li>b. ASIC holds a hearing under section 1020E(4) of the Corporations Act except where such hearing does not become publicly known and is withdrawn within two Business Days of commencing (or if it is held within two Business Days prior to the date of Settlement it has been withdrawn prior to the date of Settlement);</li> <li>c. CIPC issues an order (including an interim order) in relation to the Offer or this PDS or CIPC prosecutes or commences proceedings in relation to the Offer or this PDS;</li> <li>d. An application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document except where such application, investigation or hearing does not become publicly known and is withdrawn within two Business Days of being made (or if it is made within two Business Days prior to the date of Settlement, it has not been withdrawn prior to the date of Settlement);</li> <li>e. Any person (other than the terminating Joint Lead Manager) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent;</li> <li>f. Any person (other than the terminating Joint Lead Manager) gives a notice under sections 1021J(3) or 1021L(2) of the Corporations Act in relation to an Offer Document; or</li> <li>g. The application for admission of the Subscription Units for listing and trading on the JSE is refused by the JSE or, having been granted by the JSE, such admission is subsequently cancelled or suspended by the JSE;</li> </ul> <p>(i) (<b>certificate not provided</b>) the Responsible Entity does not provide a closing certificate as and when required by the Offer Management Agreement;</p> <p>(j) (<b>material contracts</b>) if any of the obligations (other than immaterial ones) of the relevant parties under any of the material contracts set out in Sections 12.2, 12.3, 12.4, 12.6 or 12.7 of this PDS are not capable of being performed in accordance with their terms or if all or any part of any such contract is amended or varied without the consent of the Joint Lead Managers (acting reasonably), is terminated, ceases to have effect, or is or becomes void, voidable, illegal, invalid or unenforceable or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;</p> <p>(k) (<b>withdrawal</b>) the Responsible Entity withdraws the PDS or the Offer or indicates that it does not intend to proceed with the Offer or any part of it;</p> <p>(l) (<b>insolvency events</b>) the Responsible Entity or any member of the Group becomes insolvent, or there is an act or omission which is likely to result in any of them becoming insolvent;</p> <p>(m) (<b>timetable</b>) an event specified in the timetable (set out in the Offer Management Agreement) up to and including the date of Settlement is delayed by more than two Business Days for any event due to occur on or before the opening of the bookbuild or more than one Business Day for any event due to occur after opening of the bookbuild including the close of the bookbuild (other than any delay agreed between the Responsible Entity and the Joint Lead Managers or a variation or delay that results from an extension of the Exposure Period by ASIC);</p> |



# Summary of important documents Continued

| Term  | Description   |
|---|---|
| <b>Termination events not limited by materiality</b><br>continued | <p>(n) (<b>unable to issue Subscription Units</b>) the Responsible Entity is prevented from allotting and issuing the Subscription Units within the time required by the timetable (set out the Offer Management Agreement), the Offer Documents, the ASX Listing Rules, the South African Financial Sector Conduct Authority, the JSE, applicable laws, an order of a court of competent jurisdiction or a governmental agency;</p> <p>(o) (<b>change to structure</b>) other than as disclosed in this PDS or as otherwise permitted by the Offer Management Agreement, the Responsible Entity, without the prior written consent of the Joint Lead Managers:</p> <ol style="list-style-type: none"> <li>a. Alters the issued capital of the Fund or subsidiaries; or</li> <li>b. Disposes or attempts to dispose of a substantial part of the business or property of the Fund or a material subsidiary of Fund;</li> </ol> <p>(p) (<b>regulatory approvals</b>) if a regulatory body withdraws, revokes or amends in an adverse manner any regulatory approvals required for the Responsible Entity to perform its obligations under the Offer Management Agreement or to carry out the transactions contemplated by the Offer Documents;</p> <p>(q) (<b>force majeure</b>) there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under the Offer Management Agreement, or to market, promote or settle the Offer;</p> <p>(r) (<b>change in management</b>) a change in the board of directors of the Responsible Entity occurs (other than the appointment of an additional independent director as disclosed in the PDS) or any one of Graeme Katz, Zach McHerron or Kristie Lenton cease to be a member of senior management (and is not appointed as a director) of the Responsible Entity, or a change in the responsible entity of Fund occurs;</p> <p>(s) (<b>vacancy in office</b>) the chairman, chief executive officer or chief financial officer of the Responsible Entity vacates his or her office;</p> <p>(t) (<b>prosecution</b>) any of the following occur:</p> <ol style="list-style-type: none"> <li>a. A Director or proposed director of the Responsible Entity named in the PDS is charged with an indictable offence;</li> <li>b. Any governmental agency commences any public action against the Responsible Entity or any of its Directors in that capacity or announces that it intends to take action; or</li> <li>c. Any Director or proposed director of the Responsible Entity named in the PDS is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;</li> </ol> <p>(u) (<b>legal proceedings</b>) any regulatory body commences any claim, investigation, enquiry, order, action, suit, charge or other proceeding (whether commenced, announced or threatened) against the Responsible Entity or a member of the Group in relation to the Offer or the Offer Documents, except where it does not become publically known and is withdrawn within two Business Days of commencing (or if it commences within two Business Days of the date of Settlement it has been withdrawn prior to the date of Settlement); or</p> <p>(v) (<b>debt covenants</b>) the Responsible Entity or any member of the Group is in breach of any debt covenant.</p> |

# 12 Summary of important documents Continued

| Term                                      | Description   |
|---|---|
| Termination events limited by materiality | <p>Each Joint Lead Manager may terminate its obligations under the Offer Management Agreement without cost or liability on or before 4.00 pm (Sydney time) on the date of Settlement, or at any other time as specified below if that Joint Lead Manager has reasonable grounds to believe that any of the following events: (a) has or is likely to have a materially adverse effect on the success, settlement or marketing of the Offer or on the ability of the Joint Lead Managers to market, promote or settle the Offer, or on the likely price at which the Subscription Units will trade on the ASX, or the willingness of investors to subscribe for the Subscription Units under the Offer; or (b) will, or is likely to, give rise to a liability of the Joint Lead Manager or one of its affiliates under, or give rise to, or result in, a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law:</p> <p>(a) <b>(new circumstances)</b> there occurs a new circumstance that arises after the PDS is lodged that would have been required to be included in the PDS if it had arisen before lodgement;</p> <p>(b) <b>(material contracts)</b> if any of the obligations (other than immaterial ones) of the relevant parties under any of the material contracts set out in Sections 12.2, 12.3, 12.4, 12.6 or 12.7 of this PDS is breached;</p> <p>(c) <b>(disclosures in the due diligence report and any other information)</b> the due diligence report or verification material or any other information supplied by or on behalf of the Responsible Entity to the Joint Lead Managers in relation to the Group or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;</p> <p>(d) <b>(adverse change)</b> any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Fund, the Responsible Entity and the Group (insofar as the position in relation to the Responsible Entity or an entity in the Group affects the overall position of the Fund);</p> <p>(e) <b>(change of law)</b> there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, South Africa or the Reserve Bank of New Zealand or any State or Territory of Australia a new law, or the Reserve Bank of Australia or New Zealand, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy;</p> <p>(f) <b>(breach of laws)</b> there is a contravention by the Responsible Entity or any member of the Group of the Corporations Act, the <i>Competition and Consumer Act 2010</i> (Cth), ASIC Act, the Constitution, the ASX Listing Rules, the JSE Listings Requirements, the South African Companies Act or the CIS Act;</p> <p>(g) <b>(compliance with law)</b> any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules, the JSE Listings Requirements, the South African Companies Act, the CIS Act or any other applicable law or regulation;</p> <p>(h) <b>(representations and warranties)</b> a representation, warranty or undertaking or obligation contained in the Offer Management Agreement on the part of the Responsible Entity is breached, becomes not true or correct or is not performed;</p> <p>(i) <b>(breach)</b> the Responsible Entity defaults on one or more of its obligations under the Offer Management Agreement;</p> <p>(j) <b>(Constitution)</b> the Responsible Entity varies any term of the Constitution without the prior written consent of the Joint Lead Managers;</p> |

# Summary of important documents Continued

| Term  | Description  |
|---|--|
| <b>Termination events limited by materiality</b><br>continued | <p>(k) <b>(legal proceedings)</b> any of the following occurs:</p> <ul style="list-style-type: none"> <li>a. The commencement of legal proceedings against the Responsible Entity, any member of the Group or against any director of the Responsible Entity or any member of the Group in that capacity; or</li> <li>b. Any regulatory body commences any claim, investigation, enquiry, order, action, suit, charge or other proceeding (whether commenced, announced or threatened) in relation to the Responsible Entity, the Group or any of the Responsible Entity's officers or directors (in their capacity as such) or public action against the Responsible Entity or a member of the Group, except where it does not become publically known and is withdrawn within two Business Days of commencing (or if it commences within two Business Days of the date of settlement it has been withdrawn prior to the date of Settlement);</li> </ul> <p>(l) <b>(hostilities)</b> hostilities not presently existing commence or an escalation in existing hostilities occurs involving any one or more of Australia, New Zealand, the United States, the United Kingdom or the People's Republic of China, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;</p> <p>(m) <b>(certificate incorrect)</b> a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect (including by way of omission); or</p> <p>(n) <b>(disruption in financial markets)</b> any of the following occurs:</p> <ul style="list-style-type: none"> <li>a. A general moratorium on commercial banking activities in Australia, South Africa, New Zealand, Hong Kong, the United Kingdom or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;</li> <li>b. Any adverse effect on the financial markets in Australia, South Africa, New Zealand, Hong Kong, the United Kingdom or the United States, or in foreign exchange rates in any of those countries; or</li> <li>c. trading in all securities quoted or listed on the ASX, JSE, the New Zealand Exchange, New York Stock Exchange, London Stock Exchange or Hong Kong Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.</li> </ul> |
| <b>Effect of termination</b>                                  | <p>If a Joint Lead Manager terminates its obligations under the Offer Management Agreement, that Joint Lead Manager will be immediately relieved of its obligations under the Offer Management Agreement and the Responsible Entity will be immediately relieved of any obligation to pay that Joint Lead Manager any fees which are not yet accrued at the date of termination.</p> <p>If a Joint Lead Manager gives notice to the other Joint Lead Manager and the Responsible Entity of its intention to terminate its obligations under the Offer Management Agreement, the remaining Joint Lead Manager may, within two Business Days, elect to assume all the obligations of the terminating Joint Lead Manager under the Offer Management Agreement or nominate a proposed replacement lead manager to assume all the obligations of the terminating Joint Lead Manager (subject to an accession deed to the Offer Management Agreement being executed by the replacement lead manager and the Responsible Entity). If the remaining Joint Lead Manager does not elect to assume all the obligations of the terminating Joint Lead Manager or nominate a replacement lead manager within two Business Days, the remaining Joint Lead Manager is deemed to have also terminated its remaining obligations under the Offer Management Agreement.</p>  |

# 12 Summary of important documents Continued

| Term   | Description  |
|--|--|
| <b>Representation, warranties and undertakings</b> | <p>The Responsible Entity gives various representations, warranties and undertakings to the Joint Lead Managers under the Offer Management Agreement which are standard for an agreement of this nature.</p> <p>These representations, warranties and undertakings relate to matters such as power and authorisations, compliance with applicable laws and the Listings Requirements, the Offer Documents, financial information, the conduct of the Offer and the due diligence process, solvency, litigation, working capital, encumbrances, licences, insurance, distributions, title to property, environmental matters, internal controls and tax.</p> <p>The Responsible Entity has agreed that, other than pursuant to the Offer and subject to certain other limited exceptions, between the date of the Offer Management Agreement and the date that is 120 days after Completion, it will not, without the prior written consent of the Joint Lead Managers, issue, transfer or allot, or agree to issue, transfer or allot any units or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity in the Fund, the Responsible Entity or any member of the Group (except where that equity is issued to the Responsible Entity, a wholly owned member of the Group or to the Fund) or enter into any swap or other arrangement that transfers to another, in whole or in part any of the economic consequences of ownership of securities of that type however settled (or indicate in any way that it will or may do any of the foregoing).</p> |
| <b>Indemnity</b>                                   | <p>Subject to certain exclusions relating to, among other things, fraud, recklessness, wilful misconduct or gross negligence by an indemnified party, the Responsible Entity unconditionally and irrevocably agrees to indemnify and hold harmless the Joint Lead Managers and their affiliates and officers, directors, employees, partners, contractors, agents, advisers and representatives of the Joint Lead Managers and/or of their affiliates from losses incurred in connection with the Offer, the appointment of the Joint Lead Managers or the use of the Offer Documents.</p>   |
| <b>IPF Sale</b>                                    | <p>Should the IPF Sale proceed the Joint Lead Managers agree that:</p> <ul style="list-style-type: none"> <li>&gt; the number of Units to be allocated under the IPF Sale, and the Institutional Investors to whom the Units under the IPF Sale will be allocated, will be determined by the Joint Lead Managers and the Responsible Entity to the exclusion of IPF;</li> <li>&gt; the Joint Lead Managers will keep the Responsible Entity reasonably informed regarding the progress of the IPF Sale;</li> <li>&gt; the transfer of the Units under the IPF Sale will occur on the Allotment Date;</li> <li>&gt; the Responsible Entity does not and will not have any obligation or liability under the Offer Management Agreement in connection with the IPF Sale except as expressly agreed; and</li> <li>&gt; no fees, costs or expenses will be payable by the Responsible Entity to the Joint Lead Managers in connection with the IPF Sale.</li> </ul>  |

## 12.8.2. Engagement of IBL as Bookrunner in South Africa

In addition to the Offer Management Agreement, the Responsible Entity has engaged IBL to act as financial advisor, Bookrunner in South Africa and sponsor to the Responsible Entity in connection with the Offer under the terms of an engagement letter dated 23 April 2018.

| Term                     | Description   |
|--------------------------|---|
| <b>Services</b>          | IBL provides financial, strategic and other advisory services to the Responsible Entity in relation to the ASX Listing and the Offer including arranging participation of Institutional Investors in South Africa in the Offer.   |
| <b>Fees</b>              | <p>In respect of the services for the ASX Listing, the Responsible Entity will pay:</p> <ul style="list-style-type: none"> <li>&gt; a retainer of ZAR 150,000 payable monthly in arrears with effect from 1 March 2018 and for the duration of the ASX Listing process. This retainer can be offset against the fee payable below; and</li> <li>&gt; a fee of ZAR 2,000,000 when the ASX Listing has been formally approved by the ASX.</li> </ul> <p>In respect of the services provided as Bookrunner in South Africa, the Responsible Entity will pay an equity raising fee of 0.75% based on the proceeds from the Offer received by the Responsible Entity or the Fund from South African based investors.</p> |
| <b>Expenses</b>          | All costs and disbursements which may be incurred by IBL in pursuance of the ASX Listing and the Offer shall be reimbursed by the Responsible Entity.   |
| <b>Termination event</b> | The engagement continues until Completion unless terminated by either party by giving not less than 10 days written notice.   |
| <b>Indemnity</b>         | Subject to certain exclusions, the Responsible Entity indemnifies IBL and its associates and the directors, officers, employees and agents of Investec Group Entities from loss incurred as a result of the engagement or related transaction.  |

# 13

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## **Comparison of the ASX Listing Rules and JSE Listings Requirements**



# Comparison of the ASX Listing Rules and JSE Listings Requirements 13

As a dual listed entity (with a primary listing on both the ASX and the JSE), the Fund must comply with both the ASX Listing Rules and the JSE Listings Requirements. However, under the Constitution as described in Section 12.1 of this PDS, if it is not possible for the Responsible Entity to comply with both sets of Listings Requirements, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time.

After the Fund is listed on the ASX, the Main Trading Exchange of the Fund will be the JSE, unless in respect of a particular half year trading period, more Units by volume were traded on the ASX than on the JSE during the immediately preceding half year trading period, in which case the Main Trading Exchange for that particular trading period will be the ASX.

In particular, while the Main Trading Exchange of the Fund is the JSE, it is intended that the Fund's interim and final Distributions will be paid in the months of June and December respectively, in accordance with the Constitution and the corporate actions timetables under the JSE Listings Requirements. If the Main Trading Exchange becomes the ASX, the Responsible Entity will comply with the Distribution timetables under the ASX Listing Rules.

The table below provides a summary of the key differences (and/or similarities) between the ASX Listing Rules and the JSE Listings Requirements for comparison purposes'.

| Issue                          | Position under ASX Listing Rules  | Position under JSE Listings Requirements   |
|--------------------------------|---|--|
| <b>1. Securities</b>           |   |  |
| <b>Issue of new securities</b> | <p><b>Issue of new securities of up to 15% does not require approval and issue of new securities &gt;15% requires security holders' approval (subject to exceptions including a pro rata offer)</b></p> <p>The Fund must not issue equity securities that represent more than 15% of its equity capital without security holders' approval (ASX Listing Rule 7.1). There is no pre-emption right in favour of existing security holders but a rights offering is an exception to this 15% capacity rule.</p> <p>There are exceptions to the 15% threshold (ASX Listing Rule 7.2), including where the issue is:</p> <ul style="list-style-type: none"> <li>&gt; pro rata issue to existing holders;</li> <li>&gt; issue under a takeover bid (excluding a reverse takeover) or under a merger by way of scheme of arrangement;</li> <li>&gt; issue on the conversion of convertible securities (provided the original issue of the convertible securities was compliant);</li> <li>&gt; issue under an employee incentive scheme (subject to meeting certain requirements);</li> <li>&gt; issue under a dividend or distribution plan; and</li> <li>&gt; issue made with the approval of security holders.</li> </ul> | <p><b>Issue of new equity securities &lt;30% may be implemented under a security holders' general approval and issue of new equity securities ≥30% requires security holders' specific approval (subject to exceptions including a pro rata offer/right of pre-emption)</b></p> <p>A right of pre-emption applies in respect of unissued equity securities (in favour of existing security holders). The Responsible Entity may not issue unissued equity securities for cash unless these securities are first offered to the existing equity security holders in proportion to their existing holdings (JSE Listings Requirement 3.30). A pro rata offer of securities does not require security holders' approval.</p> <p>There are exceptions to the right of pre-emption where the issue is:</p> <ul style="list-style-type: none"> <li>&gt; a capitalisation issue (bonus issue);</li> <li>&gt; for the acquisition of assets, a vendor consideration placing related to an acquisition of assets, or an issue for the purposes of an amalgamation or merger with another entity in consideration for the securities of that other entity and specifically excluding issues for cash;</li> <li>&gt; an issue pursuant to options or conversion rights (however, issues of options and convertible securities must themselves be approved by security holders); and</li> <li>&gt; an issue in terms of a security incentive scheme approved in terms of the JSE Listings Requirements.</li> </ul> |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue   | Position under ASX Listing Rules  | Position under JSE Listings Requirements   |
|---|---|--|
| <p><b>Issue of new securities</b> continued</p> | <p>The following information must be included in the notice of meeting for the holders of existing securities to approve an issue of new securities (ASX Listing Rule 7.3):</p> <ul style="list-style-type: none"> <li>&gt; the maximum number of securities to be issued;</li> <li>&gt; the date by which the Fund will issue the securities, which, if the securities are being issued under or, to fund a reverse takeover, must be no later than six months after the date of the meeting or otherwise in all other cases no later than three months after the date of the meeting;</li> <li>&gt; the issue price of the securities, which must be either a fixed price or a minimum price (which must be fixed or at least equal to 80% of the VWAP calculated over the last five days);</li> <li>&gt; the name of the persons to whom the Fund will issue the securities, or the basis upon which those persons will be identified or selected;</li> <li>&gt; the terms of the securities;</li> <li>&gt; the intended use of the funds raised;</li> <li>&gt; the issue date or a statement that the issue will occur progressively;</li> <li>&gt; a voting exclusion statement, in certain circumstances; and</li> <li>&gt; if the securities are being issued under, or to fund a reverse takeover, information about the reverse takeover.</li> </ul> | <p>Securities may be issued for cash on terms that are:</p> <ul style="list-style-type: none"> <li>&gt; generally approved by equity security holders (by 75% of votes cast) in a general meeting or an annual general meeting by granting the Responsible Entity with the authority to issue securities up to a certain amount, which authority will be valid until the next annual general meeting or for 15 months from the date of the relevant resolution (whichever period is shorter); and</li> <li>&gt; specifically approved by equity security holders (by 75% of votes cast) in a general meeting in respect of a particular issue.</li> </ul> <p>An issue under general authority is subject to certain limitations (JSE Listings Requirement 5.52), including that:</p> <ul style="list-style-type: none"> <li>&gt; the maximum discount at which the equity securities may be issued is 10% of the 30 day VWAP of the equity securities prior to the date the issue price is agreed;</li> <li>&gt; the equity securities which are the subject of the general authority may not exceed more than 30% of the total listed equity securities as at the date of the relevant notice of meeting; and</li> <li>&gt; the equity securities must be issued to public security holders and not to related parties.</li> </ul> <p>An issue under specific authority is subject to the following (JSE Listings Requirement 5.51):</p> <ul style="list-style-type: none"> <li>&gt; no limitation on the number of equity securities, or the price at which the equity securities may be issued, applies;</li> <li>&gt; if any of the equity securities are to be issued to non-public security holders, this fact must be disclosed; and</li> <li>&gt; security holders' approval is not required if: <ul style="list-style-type: none"> <li>– the dilution, as a result of a once-off issue, is equal to or less than 0.25%; and</li> <li>– the price at which the equity securities are issued is equal to or at a premium to the 30 day VWAP prior to the date that the price of the issue is agreed in writing between the Fund and the party subscribing for the equity securities.</li> </ul> </li> </ul> |



# Comparison of the ASX Listing Rules and JSE Listings Requirements 13

Continued

| Issue   | Position under ASX Listing Rules  | Position under JSE Listings Requirements   |
|---|---|--|
| <b>Prescribed timetables and accelerated rights offerings</b> | <p><b>Required to comply with timetables and accelerated rights offerings are permitted</b></p> <p>The Fund must comply with the timetables set out in Appendices 6A or 7A of the ASX Listing Rules (as applicable) when undertaking certain corporate actions (ASX Listing Rules 6.24 and 7.40).</p> <p>An accelerated rights offering can be conducted in accordance with the timetables set out in Appendix 7A of the ASX Listing Rules.</p> | <p><b>Required to comply with corporate action timetables and accelerated rights offerings are permitted</b></p> <p>The Fund is required to comply fully with the JSE Listings Requirements including the corporate action timetables in Schedule 2 Form H1 of the JSE Listings Requirements.</p> <p>With effect from 18 December 2017, the JSE amended the JSE Listings Requirements to include new measures on accelerated equity capital raises in the form of:</p> <ul style="list-style-type: none"> <li>&gt; accelerated specific issues of securities for cash, which will be approved by the JSE within 48 hours (JSE Listings Requirements 11.19B and 16.3); and</li> <li>&gt; non-renounceable rights offers, which may be done in accordance with an accelerated timetable determined by the JSE from time to time, provided the maximum discount at which the securities are to be offered does not exceed 10% of the VWAP of such equity securities measured over the 30 business days prior to the date that the issue price was determined (JSE Listings Requirement 5.23(b)).</li> </ul> |
| <b>Stapled securities</b>                                     | <p><b>Stapled securities permitted at the discretion of the ASX</b></p> <p>The ASX may admit more than one entity to the Official List on the basis that the listed entities' securities will be stapled together and jointly quoted.</p>   | <p><b>Stapled securities permitted at the discretion of the JSE</b></p> <p>The JSE Listings Requirements do not prohibit the issue of stapled securities, but the JSE has a general discretion to allow or disallow such an issue, having regard to the circumstances of each case.</p>  |
| <b>Settlement of securities traded on the exchange</b>        | <p><b>Settlement on a T+2 basis</b></p> <p>Securities traded on the ASX are settled on a T+2 basis.</p>   | <p><b>Settlement on a T+3 basis</b></p> <p>Securities traded on the JSE are settled on a T+3 basis.</p>  |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue                   | Position under ASX Listing Rules  | Position under JSE Listings Requirements  |
|-------------------------|---|---|
| <b>2. Distributions</b> |   |   |
| <b>Distributions</b>    | <p><b>Required to comply with distributions timetable</b></p> <p>The Fund must comply with the timetables for paying distributions set out in Appendix 6A of the ASX Listing Rules (subject to applicable ASX waivers), including:</p> <ul style="list-style-type: none"> <li>&gt; setting the distribution record date at least four business days after announcement of the distribution and record date; and</li> <li>&gt; payment of the distribution any time after the record date.</li> </ul> <p>The Fund has applied for a waiver such that the rate of a Distribution need not be advised to the ASX on the date the record date is announced on the condition that an estimated Distribution rate is advised to the ASX on that date and the actual rate is advised to the ASX as soon as it becomes known.</p> | <p><b>Required to comply with corporate action timetable for distributions</b></p> <p>The Fund must comply with the corporate action timetables of the JSE Listings Requirements (Schedule 2 Form H1) in respect of the payment of distributions, including:</p> <ul style="list-style-type: none"> <li>&gt; publication of declaration data at least 13 business days prior to the record date, and finalisation information at least eight business days prior to the record date;</li> <li>&gt; securities trading “ex” distribution two business days prior to the record date; and</li> <li>&gt; payment of distribution must occur one business day following the record date.</li> </ul> <p>The record date for a distribution must be a Friday unless the Friday is a public holiday, in which case it will be on the last business day of that week.</p> <p>The Fund must immediately announce the declaration of dividends, interest and other similar payments by the Fund, or if the Fund decides not to declare such payments and such decision is deemed to be price sensitive (JSE Listings Requirements 3.11 and 3.12).</p> |

# Comparison of the ASX Listing Rules and JSE Listings Requirements 13 Continued

| Issue                              | Position under ASX Listing Rules   | Position under JSE Listings Requirements  |
|------------------------------------|--|---|
| <b>3. Continuous disclosure</b>    |  |   |
| <b>Price sensitive information</b> | <p><b>Obligations to disclose price sensitive information (subject to exceptions)</b></p> <p>The Fund must immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Fund's securities, unless the information is (i) confidential; (ii) a reasonable person would not expect it to be disclosed; and (iii) one of the following applies:</p> <ul style="list-style-type: none"> <li>&gt; it would be a breach of law to disclose the information;</li> <li>&gt; the information concerns an incomplete proposal or negotiation;</li> <li>&gt; the information comprises matters of supposition or is insufficiently definite to warrant disclosure;</li> <li>&gt; the information is generated for the internal management purposes of the Fund; or</li> <li>&gt; the information is a trade secret (ASX Listing Rules 3.1 and 3.1A).</li> </ul> | <p><b>Obligations to disclose price sensitive information (subject to exceptions)</b></p> <p>The Fund must release price sensitive information (i.e. unpublished information which is specific or precise, which if it were made public, would have a material effect on the price of the Fund's securities) without delay unless the information is confidential for a limited period of time (JSE Listings Requirement 3.4).</p> <p>The Fund must make a cautionary announcement immediately after the Fund (JSE Listings Requirement 3.9):</p> <ul style="list-style-type: none"> <li>&gt; knows of any price sensitive information and the necessary degree of confidentiality of such information cannot be maintained; or</li> <li>&gt; suspects that confidentiality has or may have been breached.</li> </ul> <p>Notwithstanding the disclosure obligations above, if the Directors consider that disclosure to the public of price sensitive information will, or probably will, prejudice the Fund's legitimate interests, the JSE may grant a dispensation from the requirement to make such information public (JSE Listings Requirement 3.10).</p> |
| <b>Trading update</b>              | <p><b>Trading update required if there is a significant change to financial results</b></p> <p>If the Fund becomes aware that its financial results will differ significantly (downwards or upwards) from any financial forecast it has published, or that its exploration or production results for a period will differ significantly (downwards or upwards) from any target it has published, it may have a legal obligation to notify the market of that fact (ASX Listing Rule 3.1).</p>  | <p><b>Trading update required if there is a significant change to financial results (quantitative thresholds apply)</b></p> <p>The Fund (if its quarterly results are not published) must publish a trading statement as soon as being satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by at least 20% (or 15% in limited circumstances) from the most recent financial results for the previous corresponding period or a profit forecast previously provided in relation to such period (JSE Listings Requirement 3.4(b)).</p>  |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue                             | Position under ASX Listing Rules  | Position under JSE Listings Requirements   |
|-----------------------------------|---|--|
| <p><b>Directors' dealings</b></p> | <p><b>Directors' dealings need to be announced/ disclosed within five business days</b></p> <p>The Fund must tell the ASX:</p> <ul style="list-style-type: none"> <li>&gt; the notifiable interests of a Director on the date the Fund is admitted to the Official List and on the date that a Director is appointed;</li> <li>&gt; a change to a notifiable interest of a Director, including whether the change occurred during a prohibited period under the Fund's trading policy, where prior written clearance was required and if so, whether such clearance was provided; and</li> <li>&gt; the notifiable interests of a Director when they cease to be a Director.</li> </ul> <p>A "notifiable interest of a Director", in relation to the Fund, is a relevant interest (within the meaning of section 9 of the Corporations Act) in securities of the Fund.</p> <p>These announcements must be given to the ASX no later than five business days after the triggering event occurs (ASX Listing Rule 3.19A).</p> | <p><b>Directors' dealings need to be announced/ disclosed within 24 hours</b></p> <p>The Fund must make an announcement of details of transactions in securities relating to the Fund by or on behalf of (JSE Listings Requirement 3.63(a)):</p> <ul style="list-style-type: none"> <li>&gt; a director and company secretary of the Responsible Entity;</li> <li>&gt; a director and company secretary of a major subsidiary of the Fund; or</li> <li>&gt; any associate of the director or company secretary of the Responsible Entity or major subsidiary of the Fund.</li> </ul> <p>Announcements of Directors' dealings in the Fund's securities must be made without delay and, in any event, by no later than 24 hours after receipt of the information from the Director concerned (JSE Listings Requirement 3.65).</p> <p>Directors (excluding their associates) must get clearance to trade in the Fund's securities under section 3.66 of the JSE Listings Requirements.</p> <p>Clearance will not be granted during prohibited periods. A "prohibited period" is (i) a closed period, and (ii) any period where there exists any matter which constitutes price sensitive information in relation to the Fund's securities (whether or not the Director has knowledge of such matter). A closed period is:</p> <ul style="list-style-type: none"> <li>&gt; the date from the financial year end up to the date of earliest publication of the preliminary, abridged or provisional report;</li> <li>&gt; the date from the expiration of the first six month period of the financial year up to the publication of the interim results;</li> <li>&gt; the date from expiration of the second six month period of a financial year up to the date of publication of the second interim results, in cases where the financial period covers more than 12 months;</li> <li>&gt; if reporting is done on a quarterly basis, the date from the end of the quarter up to the date of publication of the quarterly results; and</li> <li>&gt; any period where an issuer is trading under a cautionary announcement.</li> </ul> |

# Comparison of the ASX Listing Rules and JSE Listings Requirements 13

Continued

| Issue                           | Position under ASX Listing Rules   | Position under JSE Listings Requirements   |
|---------------------------------|--|--|
| <b>4. Periodic disclosure</b>   |  |  |
| <b>Half year disclosure</b>     | <p><b>Half year reports due within two months</b></p> <p>The Fund must give the half year disclosure to the ASX in any event no later than two months after the end of the relevant accounting period (ASX Listing Rules 4.2A and 4.2B).</p>   | <p><b>Half year reports due within three months</b></p> <p>The Fund must publish the half year reports by no later than three months after the end of the relevant accounting period (JSE Listings Requirement 3.15).</p>  |
| <b>Annual disclosure</b>        | <p><b>Annual reports due within three months after financial year end</b></p> <p>The Fund must give the ASX a copy of its financial report and its Directors' report no later than three months after the end of the financial year (ASX Listing Rule 4.5).</p>  | <p><b>Annual reports due within four months after financial year end (and at least 15 business days before the annual general meeting)</b></p> <p>The Fund must distribute to its equity security holders within four months after each financial year and at least 15 business days before the date of the annual general meeting (JSE Listings Requirement 3.19):</p> <ul style="list-style-type: none"> <li>&gt; notice of the annual general meeting; and</li> <li>&gt; the annual financial statements for the relevant financial year, reported on by its auditor.</li> </ul> <p>Simultaneously, a copy of the notice of the annual general meeting and annual financial statements must be submitted to the JSE and a copy of the abridged annual financial statements published on SENS.</p> |
| <b>Quarterly disclosure</b>     | <p><b>Quarterly reports due within one month</b></p> <p>If the Fund is required to report on a quarterly basis, Appendix 4C must be completed immediately after the information is available and in any event within one month after the end of each quarter (ASX Listing Rule 4.7B).</p>  | <p><b>Quarterly reports due as soon as possible</b></p> <p>If the Fund reports on a quarterly basis, the quarterly reports must be published as soon as possible after the expiration of each quarter (JSE Listings Requirement 3.15).</p>   |
| <b>Preliminary final report</b> | <p><b>Preliminary final reports due within two months</b></p> <p>Following the financial year end, the Fund must lodge Appendix 4E by no later than two months after the financial year end (ASX Listing Rule 4.3A).</p> <p>The Fund must immediately disclose any circumstances which are likely to materially affect the results contained in Appendix 4E (ASX Listing Rule 4.3D).</p> | <p><b>Provisional annual financial statements due within three months</b></p> <p>If the Fund has not distributed annual financial statements within three months of its financial year end, provisional annual financial statements must be published within the three months, even if unaudited (JSE Listings Requirements 3.16 and 3.20).</p>  |
| <b>Forecast statement</b>       | <p>No equivalent requirement under the ASX Listing Rules.</p>  | <p>A forecast statement of comprehensive income is required on the subject matter of a Category 1 acquisition for the Fund (JSE Listings Requirement 13.7).</p>  |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue                                     | Position under ASX Listing Rules  | Position under JSE Listings Requirements   |
|---|---|--|
| <p><b>Compliance declaration</b></p>      | <p>No equivalent requirement under the ASX Listing Rules.</p>   | <p>A collective investment scheme in property (“CISIP”), such as the Fund, must submit a compliance declaration relating to certain listing criteria for property entities to the JSE within four months of the Fund’s financial year end (JSE Listings Requirement 13.56).</p> <p>The compliance declaration is signed by the Responsible Entity and directors of the Manager, and confirms that the CISIP has complied with JSE Listings Requirement 13.46(h).</p>   |
| <p><b>5. Significant transactions</b></p> |   |  |
| <p><b>Significant transactions</b></p>    | <p><b>Certain significant transactions require security holders’ approval</b></p> <p>If the Fund proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to the ASX as soon as possible and in any event, before making the change (ASX Listing Rule 11.1).</p> <p>ASX may require that the Fund:</p> <ul style="list-style-type: none"> <li>&gt; must get the approval of security holders; and</li> <li>&gt; meet the ASX Listing Rules requirements as if the Fund were applying for admission to the Official List.</li> </ul> <p>If the significant change involves the Fund disposing of its main undertaking, the Fund must get the approval of security holders (ASX Listing Rule 11.2).</p> | <p><b>Certain significant transactions require security holders’ approval and other steps being taken</b></p> <p>The JSE Listings Requirements classify transactions (as specified in JSE Listings Requirement 9.1) into Categories “1” or “2”, or reverse takeovers, depending on the “percentage ratio” of the transaction. Different requirements apply in respect of the different categories of transactions.</p> <p>The “percentage ratios” are figures, expressed as a percentage, resulting from the following calculations (JSE Listings Requirement 9.6):</p> <ul style="list-style-type: none"> <li>&gt; <i>Consideration-to-market-capitalisation percentage</i>: the consideration for the transaction divided by the aggregate market value of all the listed equity securities of the Fund (excluding treasury securities);</li> <li>&gt; <i>Dilution percentage</i>: the number of listed equity securities that will be issued by the Fund as consideration for the transaction, compared to those in issue (excluding treasury securities) prior to the transaction; and</li> <li>&gt; <i>For transactions to be settled partly in cash and partly in securities</i>: one should first assess the consideration-to-market-capitalisation percentage and then add this calculated percentage to the dilution percentage.</li> </ul> |

# Comparison of the ASX Listing Rules and JSE Listings Requirements 13

Continued

| Issue  | Position under ASX Listing Rules | Position under JSE Listings Requirements   |
|--|----------------------------------|--|
| <p><b>Significant transactions</b><br/>continued</p> |                                  | <p>Subject to certain exceptions, the JSE will require transactions completed during the 12 months prior to the date of the latest transaction to be aggregated with the latest transaction for the purposes of determining the below categorisation to apply to the latest transaction (JSE Listings Requirement 9.11). Transactions will normally only be aggregated if they (a) are entered into by the Fund with the same party or associates thereof; (b) involve the acquisition or disposal of securities or an interest in one particular company or asset; or (c) together lead to substantial involvement in a business activity that did not previously form a part of the Group's principal activities.</p> <p><b>Category 1 transactions</b> (JSE Listings Requirements 9.5(b) and 9.20 to 9.22) are transactions which have a percentage ratio (consideration-to-market-capitalisation percentage or dilution percentage) of 30% or more, or where the total consideration for the transaction is not subject to a maximum. Category 1 transactions require:</p> <ul style="list-style-type: none"> <li>&gt; an announcement;</li> <li>&gt; security holder approval;</li> <li>&gt; a circular, which must include information which would be in a pre-listing statement if the transaction would result in an issue of securities which would increase the securities of the same class issued by more than 50% (counted together with securities issued in previous three months); and</li> <li>&gt; immediate publication of announcement and despatch of a circular with notice of general meeting within 60 days of agreeing terms of the transaction.</li> </ul> <p><b>Category 2 transactions</b> (JSE Listings Requirements 9.5(a), 9.15 and 9.16) are transactions which have a percentage ratio (consideration-to-market-capitalisation percentage or dilution percentage) of 5% or more but both percentage ratios are less than 30%. Category 2 transactions:</p> <ul style="list-style-type: none"> <li>&gt; require an announcement and immediate publication of the announcement; but</li> <li>&gt; do not require security holder approval or a circular.</li> </ul> |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue                                       | Position under ASX Listing Rules   | Position under JSE Listings Requirements  |
|---|--|---|
| <p>Significant transactions continued</p>   |  | <p><b>Reverse takeovers</b> (JSE Listings Requirements 9.5(c), 9.23 and 9.24) are acquisitions which have a percentage ratio of 100% or more or acquisitions which would result in a fundamental change in the business, or a change in the board of directors of the Responsible Entity or voting control of the Fund, in which case this will be considered a new listing. Reverse takeovers require:</p> <ul style="list-style-type: none"> <li>&gt; an announcement;</li> <li>&gt; security holder approval;</li> <li>&gt; a circular and listing particulars; and</li> <li>&gt; immediate publication of announcement and despatch of a circular with notice of general meeting within 60 days of agreeing terms of transaction.</li> </ul> <p>For a CISIP, it may only issue further participatory interests by way of a rights issue to existing CISIP investors for cash or in consideration for the acquisition of a property investment. If it is in consideration for the acquisition of a property investment, the categories noted above would apply (JSE Listings Requirement 13.33).</p> |
| <p><b>6. Related party transactions</b></p> |  |   |
| <p>Related party transactions</p>           | <p><b>Related party transactions require security holders' approval</b></p> <p>The Fund must obtain the approval of its security holders before it may acquire or dispose of a substantial asset to (ASX Listing Rule 10.1):</p> <ul style="list-style-type: none"> <li>&gt; a related party;</li> <li>&gt; a subsidiary;</li> <li>&gt; a substantial holder, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the total votes attached to the voting securities;</li> <li>&gt; an associate of the above; and</li> <li>&gt; a person whose relationship to the Fund referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.</li> </ul> | <p><b>Related party transactions require security holders' approval</b></p> <p>A "related party transaction" is a transaction (as specified in section 9.1 of the JSE Listings Requirements) or other agreement, or any variation or novation of an existing agreement, between the Fund (or any of its subsidiaries) and a related party (JSE Listings Requirement 10.1(a)). In addition, notwithstanding the above definition, the JSE may, in its sole discretion, determine that a transaction is a related party transaction if extra-ordinary conditions exist (JSE Listings Requirement 10.1).</p>   |



# Comparison of the ASX Listing Rules and JSE Listings Requirements 13 Continued

| Issue  | Position under ASX Listing Rules   | Position under JSE Listings Requirements  |
|--|--|---|
| <b>Related party transactions</b><br>continued | <p>An asset is substantial if its value is 5% or more of the equity interests of the Fund as set out in the latest accounts given to the ASX (ASX Listing Rule 10.2).</p> <p>Security holders must be provided with a report on the transaction from an independent expert and a voting exclusion statement must be included in the notice of meeting (ASX Listing Rule 10.10).</p> <p>Subject to certain exceptions, unless prior security holders' approval is obtained, the Fund must not issue or agree to issue equity securities to a related party or to a person whose relationship with the Fund or a related party is, in the ASX's opinion, such that approval should be obtained (ASX Listing Rule 10.11).</p> | <p>The following scenarios are not considered related party transactions (JSE Listings Requirement 10.6):</p> <ul style="list-style-type: none"> <li>&gt; a transaction with a related party where both of the percentage ratios are equal to or less than 0.25%; and</li> <li>&gt; in respect of other agreements, (i) the grant of credit by a related party to the Fund on normal commercial terms and on an unsecured basis; (ii) a benefit arising to a Director from an employment agreement or employee option/incentive scheme; (iii) indemnification and Directors' insurance; (iv) financial assistance to related parties for subscription of securities in the Fund; (v) loans and other financial assistance to Directors; and (vi) an underwriting agreement with a related party where the fees are not greater than the current market related rates.</li> </ul> <p>A transaction with a related party where the percentage ratios fall between 0.25% and 5% (5% inclusive) are considered "small related party transactions" but do not require security holders' approval (provided the independent professional expert referred to below confirms in its fairness opinion that the transaction is fair insofar as securities holders are concerned). However, the JSE must be informed of the transaction and an announcement must be made. A fairness opinion is also required from an independent professional expert (JSE Listings Requirement 10.7).</p> <p>Transactions with a related party where the percentage ratios exceed 5%, as well as small related party transactions which are considered unfair by the independent professional expert, are considered related party transactions and require security holders' approval and require (JSE Listings Requirement 10.4):</p> <ul style="list-style-type: none"> <li>&gt; an announcement;</li> <li>&gt; submission of the agreement to the JSE;</li> <li>&gt; a circular; and</li> <li>&gt; a fairness opinion from an independent professional expert and fairness statement from the Directors.</li> </ul> |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue                                       | Position under ASX Listing Rules | Position under JSE Listings Requirements  |
|---|----------------------------------|---|
| <p>Related party transactions continued</p> |                                  | <p>The Fund is exempt from providing a fairness opinion where a related party transaction involves property the subject of a valuation report, as set out below (see ‘Valuation report’ in paragraph 12 below) (JSE Listings Requirement 13.10).</p> <p>The JSE will require all transactions to be aggregated that are entered into by the Fund, or any of its subsidiaries, with the same related party, and/or any of its associates, in any 12 month period and which have not been approved by shareholders or announced (JSE Listings Requirement 10.8).</p> <p>A “related party” means (JSE Listings Requirement 10.1(b)):</p> <ul style="list-style-type: none"> <li>&gt; a material security holder (any person who is, or within the previous 12 months was, holder of 10% or more of the voting participatory interests in the Fund);</li> <li>&gt; a director, or a director within the previous 12 months, of the Responsible Entity or of the Fund’s holding entity, including a person who is or was not a Director but in accordance with whose directions or instructions the Directors are or were accustomed to act;</li> <li>&gt; an adviser of the Fund that has, or within the previous 12 months had, a beneficial interest (whether direct or indirect) in the Fund or its associates;</li> <li>&gt; a person that holds, or within the previous 12 months held, a position as a principal executive officer of the Responsible Entity;</li> <li>&gt; the Manager, including anyone whose assets the Manager manages or administers;</li> <li>&gt; the controlling security holders of the persons in the above paragraph; or</li> <li>&gt; an associate of any of the persons listed above.</li> </ul> |

# Comparison of the ASX Listing Rules and JSE Listings Requirements 13

Continued

| Issue                     | Position under ASX Listing Rules   | Position under JSE Listings Requirements   |
|---------------------------|--|--|
| <b>Prohibited actions</b> | <p><b>Directors' dealings in securities are prohibited during certain periods and subject to a trading policy</b></p> <p>The Fund is required to have a trading policy that specifies fixed periods when its key management personal are prohibited from trading in the Fund's securities (ASX Listing Rule 12.9).</p> <p>Part 7.10 of the Corporations Act deals with prohibited conduct relating to financial products, including:</p> <ul style="list-style-type: none"> <li>&gt; market manipulation;</li> <li>&gt; false trading and market rigging;</li> <li>&gt; dissemination of information about illegal transactions;</li> <li>&gt; false or misleading statements;</li> <li>&gt; inducing persons to deal;</li> <li>&gt; misleading and deceptive conduct; and</li> <li>&gt; insider trading.</li> </ul> | <p><b>Directors' dealings in securities are prohibited during certain periods</b></p> <p>The JSE Listings Requirements prohibit Directors (and their associates who are considered "controlled" associates) from dealing in the Fund's securities during prohibited periods as set out above (see 'Directors' dealings' in paragraph 3 above).</p> <p>Section 80 of the Financial Markets Act No. 19 of 2012 ("FMA") contains a list of prohibited trading practices. These include any practice that would create a false or deceptive appearance of the demand for, supply of, or trading activity of a security or create an artificial price for that security.</p> <p>Section 81 of the FMA regulates false, misleading or deceptive statements, promises or forecasts.</p> |
| <b>7. Constitution</b>    |  |  |
| <b>Constitution</b>       | <p><b>Can be amended by special resolution or by Responsible Entity if no adverse effect on member rights but must meet certain standards</b></p> <p>The Constitution may be amended by means of a special resolution (i.e. at least 75% of the votes exercised on the resolution). The Constitution can also be amended by the Responsible Entity if it reasonably considers that the change will not adversely affect members' rights. Such change will need to be made by a deed poll and will take effect once a copy of the amended constitution is lodged with ASIC.</p>   | <p><b>Can be amended by special resolution but must meet certain standards</b></p> <p>The Constitution may be amended by means of a special resolution of the equity security holders (i.e. at least 75% of the votes exercised on the resolution).</p> <p>The Constitution must comply with Schedule 10 of the JSE Listings Requirements (i.e. certain provisions must be included in the Constitution including clauses regulating unissued securities, transferability of securities and transfer of securities, ratification of ultra vires acts, preferences, rights, limitations and other terms of securities, dividends and payments to security holders, other corporate actions, resolutions and meetings etc).</p>  |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue   | Position under ASX Listing Rules  | Position under JSE Listings Requirements  |
|---|---|---|
| <b>8. Trading halts, suspension and delisting</b> |   |   |
| <p><b>Trading halts</b></p>                       | <p><b>Trading halt can be requested due to risk of uninformed market and time required to correct disclosure</b></p> <p>The ASX may grant a trading halt at the written request of the Fund (ASX Listing Rule 17.1).</p> <p>Interruptions to trading (including trading halts) should only be permitted where:</p> <ul style="list-style-type: none"> <li>&gt; there is a material risk that trading in a particular security might occur while the market as a whole is not reasonably informed; or</li> <li>&gt; it is needed to correct or prevent a false or disorderly market.</li> </ul> <p>The Fund should consider requesting a trading halt whenever it becomes aware of information that a reasonable person would expect to have a material effect on the price or value of its securities but it is not in a position to make an announcement about the information to the market promptly and without delay.</p> <p>If the ASX agrees to a trading halt, the written request for the trading halt will be published on the ASX Market Announcements Platform.</p> <p>The ASX may impose trading halts on receipt of market sensitive announcements (such as a takeover bid or a scheme of arrangement) or in cases of extreme trading.</p> | <p><b>Trading halt can be requested due to risk of market manipulation and announcement required on decision to request trading halt</b></p> <p>The JSE Listings Requirements do not deal with trading halts, which take place in accordance with the JSE Equity Rules under Market Regulation.</p> <p>Under the JSE Equity Rules, the Director (Market Regulation) (of the JSE) may declare a trading halt in the circumstances where they determine that the trading activity in any equity security:</p> <ul style="list-style-type: none"> <li>&gt; is being or could be undertaken by persons possessing unpublished price sensitive information that relates to that security;</li> <li>&gt; is being influenced by a manipulative or deceptive trading practice; or</li> <li>&gt; may otherwise give rise to an artificial price for that equity security.</li> </ul> <p>In these exceptional circumstances, it is recommended that the Fund should request a trading halt.</p> <p>Immediately following a trading halt, the Fund must release a SENS announcement explaining the circumstances leading to the decision.</p> |

# Comparison of the ASX Listing Rules and JSE Listings Requirements 13

Continued

| Issue                       | Position under ASX Listing Rules   | Position under JSE Listings Requirements   |
|-----------------------------|--|--|
| <b>Voluntary suspension</b> | <p><b>Voluntary suspension can be granted due to risk of uninformed market and time required to correct disclosure</b></p> <p>The ASX may at any time suspend the Fund's securities, or a class of them, from quotation at the written request of the Fund (ASX Listing Rule 17.2).</p> <p>Interruptions to trading (including voluntary suspension) should only be permitted where:</p> <ul style="list-style-type: none"> <li>&gt; there is a material risk that trading in a particular security might occur while the market as a whole is not reasonably informed; or</li> <li>&gt; it is needed to correct or prevent a false or disorderly market.</li> </ul> <p>The Fund should consider requesting a voluntary suspension:</p> <ul style="list-style-type: none"> <li>&gt; whenever it is necessary to manage its continuous disclosure obligations and to avoid trading in its securities happening on a basis that is not reasonably informed;</li> <li>&gt; where it anticipates not being able to make an announcement to satisfy those obligations for a longer period than the maximum permitted duration of a trading halt; and</li> <li>&gt; where it has been in a trading halt pending an announcement and it becomes clear that it will not be in a position to make the anticipated announcement before the end of the trading halt.</li> </ul> | <p><b>Voluntary suspension can be granted due to uninformed market and announcement required on decision to request suspension</b></p> <p>The JSE may suspend the listing of securities in the following circumstances (JSE Listings Requirement 1.10), being where:</p> <ul style="list-style-type: none"> <li>&gt; the Fund is placed under provisional liquidation, has adopted a special resolution to be wound up voluntarily or is placed under business rescue proceedings;</li> <li>&gt; a written request is made by the Directors to the effect that there are two levels of information in the market and that the situation cannot be remedied by the immediate publication of an announcement; or</li> <li>&gt; the Fund has ceased to do business.</li> </ul> <p>Immediately following a suspension, the Fund must release a SENS announcement explaining the circumstances leading to the decision.</p> |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue   | Position under ASX Listing Rules  | Position under JSE Listings Requirements   |
|---|---|--|
| <p><b>Suspension or removal by the exchange</b></p> | <p><b>ASX may initiate removal or suspension of listing</b></p> <p>The ASX may initiate the suspension and removal of the listing of securities:</p> <ul style="list-style-type: none"> <li>&gt; following compulsory acquisition (ASX Listing Rules 17.4 and 17.14);</li> <li>&gt; for failure to pay annual listing fee (ASX Listing Rules 17.6 and 17.15);</li> <li>&gt; if the Fund is unwilling or unable to comply with, or breaks, any ASX Listing Rule (ASX Listing Rules 17.3.1 and 17.12);</li> <li>&gt; if the Fund has no quoted securities (ASX Listing Rule 17.12);</li> <li>&gt; if it is appropriate for some other reason (ASX Listing Rule 17.12); or</li> <li>&gt; if the Fund has been suspended for a continuous period of three years (paragraph 3.4, ASX Guidance Note 33).</li> </ul> | <p><b>JSE may initiate removal or suspension of listing</b></p> <p>The JSE may, subject to the removal provisions of the FMA, initiate the removal of the listing of securities (JSE Listings Requirement 1.12) if:</p> <ul style="list-style-type: none"> <li>&gt; it furthers one of the objects in section 2 of the FMA (e.g. to ensure that the South African financial markets are fair, efficient and transparent), which may also include if it is in the public interest to do so; or</li> <li>&gt; the Fund has failed to comply with the JSE Listings Requirements and it is in the public interest to do so,</li> </ul> <p>provided the listing of such securities shall first have been suspended as set out below.</p> <p>The JSE may also, subject to the suspension provisions of the FMA, suspend the listing of securities in the following circumstances (JSE Listings Requirement 1.6), being if:</p> <ul style="list-style-type: none"> <li>&gt; it furthers one of the objects in section 2 of the FMA, which may also include if it is in the public interest to do so; or</li> <li>&gt; the Fund has failed to comply with the JSE Listings Requirements and it is in the public interest to do so.</li> </ul> <p>In addition, the JSE may suspend the listing of securities when, in the JSE's opinion, there are two levels of information in the market and the situation has not been remedied by the Directors in a timely manner (JSE Listings Requirement 1.9).</p> <p>If the listing of securities is suspended and the Fund fails to take adequate action to enable the JSE to reinstate the listing within a reasonable period of time, the JSE may remove the listing (JSE Listings Requirement 1.8).</p> <p>Immediately following a suspension, the Fund must release a SENS announcement explaining the circumstances leading to the decision.</p> |

# Comparison of the ASX Listing Rules and JSE Listings Requirements 13 Continued

| Issue     | Position under ASX Listing Rules   | Position under JSE Listings Requirements  |
|-----------|--|---|
| Delisting | <p><b>Fund may request to delist, subject to the ASX's approval and security holders' approval (unless as a result of a takeover or scheme)</b></p> <p>The Fund may request to be removed from the Official List (ASX Listing Rule 17.11). The ASX's decision to act upon a request from the Fund for removal from the Official List would usually be subject to the satisfaction of certain conditions, such as security holders' approval where the securities are not readily able to be traded on another exchange. In such case, the ASX may impose voting exclusions on large/controlling security holders.</p> <p>Security holders' approval is not required following a takeover bid under certain conditions, including that:</p> <ul style="list-style-type: none"> <li>&gt; the relevant bidder and its related bodies corporate own or control at least 75% of the Fund but have not met the conditions to proceed to compulsory acquisition of the remaining securities under the Corporations Act; and</li> <li>&gt; the bidder foreshadowed in its bidder's statement that it intended, if it secured control of the Fund, to cause the Fund to apply for removal from the Official List (ASX Guidance Note 33).</li> </ul> | <p><b>Fund may request to delist, subject to security holders' approval (unless as a result of a takeover or scheme)</b></p> <p>The securities of the Fund may be delisted at the request of the Fund. Under those circumstances, the Fund must send a circular to the security holders and obtain security holders' approval by means of an ordinary resolution excluding any controlling security holder, its associates and any party acting in concert.</p> <p>In addition, an offer must be made to the Fund's security holders, a fairness opinion obtained from an independent expert must confirm that such offer is fair insofar as security holders (excluding any related parties) are concerned and the Directors must include a fairness statement in the circular (JSE Listings Requirements 1.14 to 1.16).</p> <p>A circular and security holders' approval are not required if delisting is intended (JSE Listings Requirement 1.17) following:</p> <ul style="list-style-type: none"> <li>&gt; a takeover offer in respect of a company under section 124 of the South African Companies Act (which 90% of the security holders have accepted) and notice has been given by the relevant bidder of its intention to cancel the listing of the securities; or</li> <li>&gt; the completion of a scheme of arrangement in respect of a company with security holders in terms of section 114 of the South African Companies Act, as a result of which either all the securities have been acquired or the JSE is satisfied that the Fund no longer qualifies for listing.</li> </ul> |

# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue                          | Position under ASX Listing Rules  | Position under JSE Listings Requirements  |
|--------------------------------|---|---|
| <b>9. Dual listed entities</b> |   |   |
| <b>Reporting</b>               | <p><b>ASX Listing Rules apply in full</b></p> <p>The Fund, as a dual listed entity with a primary/standard listing on the ASX (unlike a foreign exempt listing), is required to comply with the ASX Listing Rules in full.</p> <p>The Fund must immediately give to the ASX a copy of any document it gives to the other overseas exchange that will be made public by that overseas exchange and includes financial information and is not materially the same as another document that the Fund has already given to the ASX (ASX Listing Rule 3.17B).</p>  | <p><b>JSE Listings Requirements apply in full</b></p> <p>The Fund, as a dual listed entity with a primary listing on the JSE, must fully comply with the listing rules of the JSE Listings Requirements (despite being listed on a foreign exchange and subject to their listing rules) (JSE Listings Requirement 18.2).</p> <p>If the respective exchanges have different financial reporting standards or anomalies/uncertainties arise, the Fund would need a standing ruling or an exemption from the JSE (e.g. for the foreign exchange's listing rules to take precedence).</p> |
| <b>Trading halt/suspension</b> | <p><b>Trading halt/suspension should be requested on both exchanges</b></p> <p>If the Fund is trading on another exchange while it is in a trading halt or voluntary suspension on the ASX, it may be appropriate for it to publish a notice to that other exchange that an announcement is pending and investors should be wary of buying or selling securities ahead of that announcement.</p> <p>If the Fund is given a trading halt or voluntary suspension on another exchange for a period during which the ASX is also trading, it will need to contact the ASX to request an equivalent trading halt or voluntary suspension (paragraph 5, ASX Guidance Note 16).</p> | <p><b>Trading halt/suspension should be requested on both exchanges (but the JSE not required to implement a suspension or trading halt instituted by the ASX).</b></p> <p>Where the Fund has a dual listing, and there is a suspension or trading halt in the primary market, the JSE will generally follow the regulatory approach of the primary market and mirror the suspension or trading halt on the JSE. However, the JSE will not be obliged to implement a suspension or trading halt instituted by the other exchange.</p>   |



# Comparison of the ASX Listing Rules and JSE Listings Requirements 13

Continued

| Issue                                       | Position under ASX Listing Rules   | Position under JSE Listings Requirements  |
|---|--|---|
| <b>10. Authority of the ASX and the JSE</b> |  |   |
| <b>Authority of the ASX and the JSE</b>     | <p><b>The ASX has authority to amend or waive ASX Listing Rules and suspend or remove securities from the Official List for breaches of ASX Listing Rules</b></p> <p>The ASX has the power to initiate the suspension and removal of a listing of securities (as described above) (ASX Listing Rule 17).</p> <p>In relation to its application of the ASX Listing Rules, the ASX has the power to, among other things:</p> <ul style="list-style-type: none"> <li>&gt; waive an ASX Listing Rule or part of a rule (with or without conditions) (ASX Listing Rule 18.1);</li> <li>&gt; vary and revoke decisions at any time (ASX Listing Rule 18.3);</li> <li>&gt; ask an entity to give any information, document or explanation to the ASX to enable the ASX to be satisfied that the entity is or has been complying with the ASX Listing Rules (ASX Listing Rule 18.7);</li> <li>&gt; publish correspondence between it and an entity if the ASX has reserved the right to do so and considers it necessary for an informed market (ASX Listing Rule 18.7A); and/or</li> <li>&gt; change an entity's admission category to another category at the request of the entity or on its own accord (ASX Listing Rule 18.9).</li> </ul> | <p><b>The JSE has authority to amend or waive JSE Listings Requirements and impose a broader range of penalties for breaches of the JSE Listings Requirements</b></p> <p>The JSE may exercise any powers granted to it in terms of the FMA in its sole discretion, and subject to certain exceptions, including judicial review and the appeal provisions in the FMA, the JSE's rulings shall be final (JSE Listings Requirement 1.3). The JSE has the power to, among other things (JSE Listings Requirements 1.1 and 1.21):</p> <ul style="list-style-type: none"> <li>&gt; grant, defer, refuse, suspend or remove a listing of securities;</li> <li>&gt; prescribe, from time to time, the JSE Listings Requirements with which the Fund, the Responsible Entity's directors, officers, agents, sponsors and certain other advisors must comply;</li> <li>&gt; alter or rescind a JSE Listings Requirement;</li> <li>&gt; impose a private or public censure on the Fund and/or the Responsible Entity's directors and/or officers;</li> <li>&gt; impose a fine;</li> <li>&gt; disqualify the Responsible Entity's directors and/or officers from holding office; and/or</li> <li>&gt; issue any other appropriate penalty.</li> </ul> <p>The JSE may elect, in its discretion, to publicise the imposition of a penalty and/or to convene an investigation or hearing, in which the Fund or the Responsible Entity's directors will bear the costs incurred (JSE Listings Requirement 1.22).</p> |

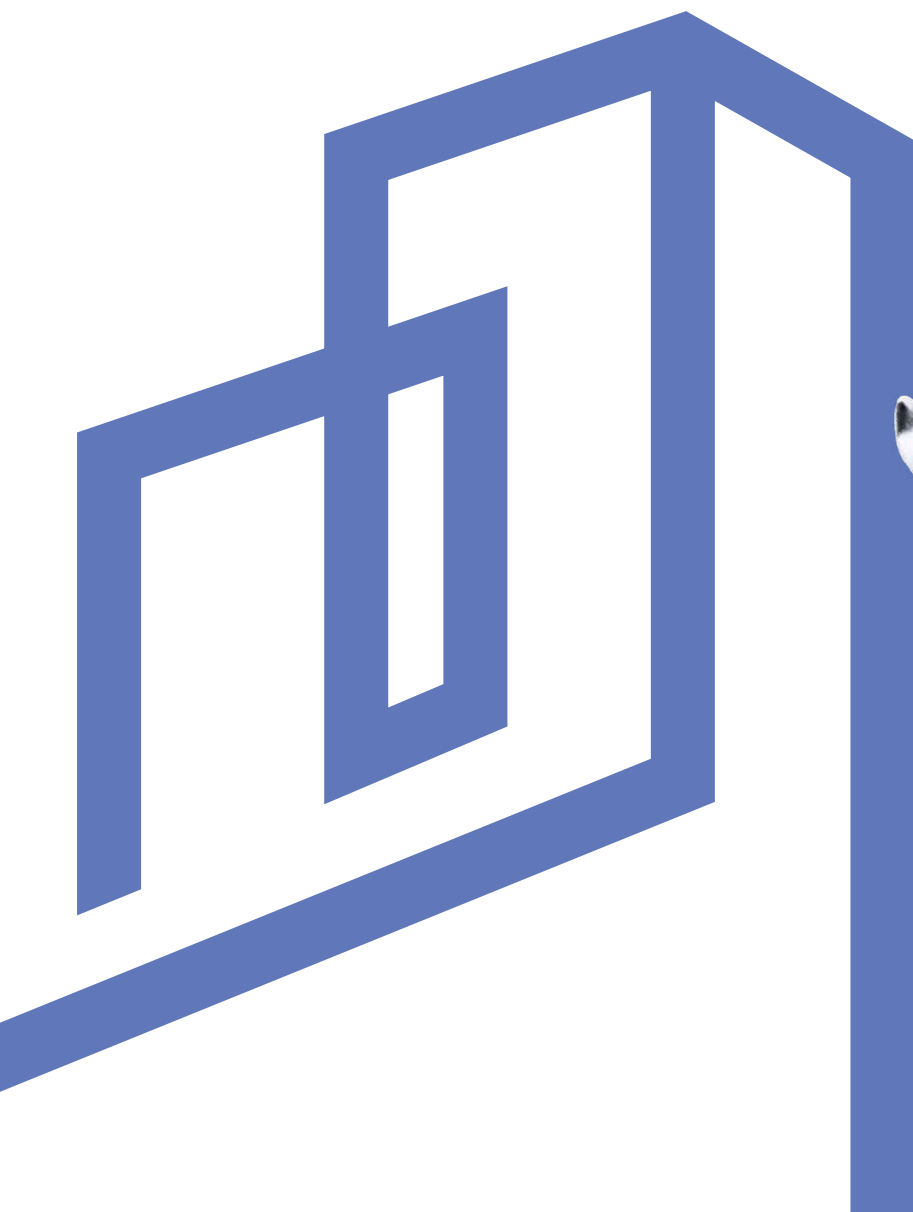
# 13 Comparison of the ASX Listing Rules and JSE Listings Requirements Continued

| Issue   | Position under ASX Listing Rules  | Position under JSE Listings Requirements  |
|---|---|---|
| <b>11. Spread requirements</b>  |   |   |
| <p><b>Spread requirements</b></p>   | <p><b>The Fund must maintain sufficient spread (as specified by ASX)</b></p> <p>The Fund must maintain a spread of security holdings in its main class which, in the ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. If the ASX requires the Fund to obtain a sufficient spread, the Fund must:</p> <ul style="list-style-type: none"> <li>&gt; obtain the required spread within three months after the date the ASX requires it to do so; and</li> <li>&gt; inform all security holders that if the required spread is not obtained within three months after such date, the ASX may suspend quotation of the Fund's securities.</li> </ul> <p>The ASX's requirement is not met if the spread is obtained by artificial means (ASX Listing Rule 12.4).</p> | <p><b>The Fund must use best endeavours to maintain sufficient spread (quantitative threshold applies)</b></p> <p>The Fund must use its best endeavours to ensure that a minimum of 20% of each class of securities is held by the public to ensure reasonable liquidity (JSE Listings Requirement 3.37).</p>   |
| <b>12. Requirement to obtain valuation or independent experts' reports</b>    |   |   |
| <p><b>Requirement to obtain valuation or independent experts' reports</b></p> | <p><b>Independent valuation report must be obtained in certain circumstances</b></p> <p>An independent expert report must be obtained by the Fund in certain circumstances, including, among other things in connection with:</p> <ul style="list-style-type: none"> <li>&gt; seeking security holder approval for related party transactions (as described above) (ASX Listing Rule 10.10); and</li> <li>&gt; the participation by option holders in new issues of securities which are approved by security holders (in which event the notice of meeting must contain an independent expert report on the effect of the proposed right of participation) (ASX Listing Rule 6.20.3).</li> </ul>   | <p><b>Independent valuation report must be obtained in certain circumstances</b></p> <p>A valuation report prepared by an independent registered valuer must be obtained by (JSE Listings Requirement 13.20):</p> <ul style="list-style-type: none"> <li>&gt; a new entity applying for listing on the JSE, if it is a property entity;</li> <li>&gt; an issuer that is the subject of a reverse listing into the property sector;</li> <li>&gt; an issuer, on the subject of any property transaction that is a Category 1 transaction, as set out above (see 'Significant transactions' in paragraph 5 above);</li> <li>&gt; an issuer, on the subject of any related party transaction involving property, which transaction requires a circular to be prepared as set out above (see 'Related party transactions' in paragraph 6 above); or</li> <li>&gt; an applicant issuer with a substantial property asset preparing a prelisting statement or revised listing particulars.</li> </ul> |

14

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## **Additional information**



# 14 Additional information

## 14.1. Interests relating to existing major Unitholders

Those Unitholders who, as at the PDS Date and insofar as is known to the Fund, directly or indirectly, were beneficially interested in 5% or more of the issued Units or have 5% or more of the voting rights in the Units are set out in the below table. The below table also sets out their expected unitholdings on Completion:

| Unitholder        | Number of Units as at PDS Date | Ownership percentage (pre-Completion) | Percentage ownership on Completion (no IPF Sale) | Percentage ownership on Completion (with maximum 45 million Units sold under IPF Sale) |
|-------------------|--------------------------------|---------------------------------------|--|--|
| IPF <sup>77</sup> | 100,147,030                    | 20.92%                                | 18.02%   | 9.92%  |
| IBL <sup>77</sup> | 72,172,172                     | 15.07%                                | 12.99%   | 12.99%   |
| IWI <sup>78</sup> | 83,575,858                     | 17.46%                                | 15.04%   | 15.04%   |
| <b>Total</b>      | <b>255,895,060</b>             | <b>53.44%</b>                         | <b>46.05%</b>                                    | <b>37.95%</b>  |

In addition, at the PDS Date and insofar as is known to the Fund, there are 19,735,774 Units held by or on behalf of clients of IAM which are managed or advised by IAM (comprising 4.12% of Units).

IBL and IPF, who are the two largest Unitholders as at the PDS Date, have confirmed that they will not participate in the Offer. Following the issue of 76,923,077 Subscription Units on Completion, it is expected that their combined interest in the Fund will be reduced from 35.99% as at the PDS Date, to 31.01% (assuming no Units are sold under the IPF Sale). IPF is a public company REIT listed on the JSE which is managed by the Investec Group in South Africa. If the maximum 45 million Units held by IPF are sold under the IPF Sale, IBL and IPF's combined interests in the Fund will reduce to 22.91%.

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

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

IBL and IPF may also be restricted from participating in certain equity issues under applicable laws (including Australian takeovers prohibitions which will apply to the Fund from ASX Listing). Accordingly, if such issues are undertaken by the Responsible Entity in the future, this may result in a further dilution of their holding in the Fund.

The Directors' interests in the Units as at the PDS Date and their expected interests in Units following Completion are set out in Section 5.4.1 of this PDS.

## 14.2. Existing and proposed capital structure of the Fund

IAPF has 478,802,454 Units on issue with a market capitalisation of approximately AUD 638 million<sup>79</sup>.

| Category of security     | Number of securities | Class of security         |
|--------------------------|----------------------|---------------------------|
| Units currently on issue | 478,802,454          | Fully paid ordinary units |

On Completion, the Fund is expected to have 555,725,531 Units on issue, representing approximately \$722.4 to \$750.2 million of equity<sup>80</sup>.

<sup>77</sup> Comprises the Principal Stake held by IPF or IBL (as applicable).

<sup>78</sup> Comprises Units held by or on behalf of clients of IWI (including Units held through Ferbros Nominees) which are managed or advised by IWI.

<sup>79</sup> Based on the ZAR:AUD exchange rate as at 26 April 2019 as published by Bloomberg.

<sup>80</sup> Based on the Indicative Price Range.

### 14.3. Child entities

The following table sets out the child entities of the Fund, their asset holdings and role, and IAPF's equity holding in the relevant entity.

| Child entity                        | Real estate assets/nature of business and % ownership in Property interests  | IAPF equity holding in child entity |
|-------------------------------------|--|-------------------------------------|
| Investec Australia Hold Trust No. 1 | Intermediary hold trust that holds 100% of the equity in each of Investec Australia Sub Trust No. 1 – Investec Australia Sub Trust No. 21.<br><br>Borrower under the Facility Agreement.     | 100%                                |
| Investec Australia Sub Trust No. 1  | 24 Sawmill Circuit, Hume ACT (100%)<br>44 Sawmill Circuit, Hume ACT (100%)<br>47 Sawmill Circuit, Hume ACT (100%)<br>57 Sawmill Circuit, Hume ACT (100%)<br>2-8 Mirage Road, Direk SA (100%) | 100%                                |
| Investec Australia Sub Trust No. 2  | 35-49 Elizabeth Street, Richmond VIC (100%)  | 100%                                |
| Investec Australia Sub Trust No. 3  | 449 Punt Road, Cremorne VIC (100%)   | 100%                                |
| Investec Australia Sub Trust No. 4  | 2404 Logan Road, Eight Mile Plains QLD (100%)  | 100%                                |
| Investec Australia Sub Trust No. 5  | 186 Reed Street, Greenway ACT (100%)   | 100%                                |
| Investec Australia Sub Trust No. 6  | 757 Ann Street, Fortitude Valley QLD (100%)  | 100%                                |
| Investec Australia Sub Trust No. 7  | 30-48 Kellar Street, Berrinba QLD (100%)   | 100%                                |
| Investec Australia Sub Trust No. 8  | 165 Newton Road, Wetherill Park NSW (100%)<br>24 Spit Island Close, Newcastle NSW (100%)   | 100%                                |
| Investec Australia Sub Trust No. 9  | 67 Calarco Drive, Derrimut VIC (100%)  | 100%                                |
| Investec Australia Sub Trust No. 10 | 21-23 Solent Circuit, Baulkham Hills NSW (100%)  | 100%                                |
| Investec Australia Sub Trust No. 11 | 66 Glendenning Road, Glendenning NSW (100%)  | 100%                                |
| Investec Australia Sub Trust No. 12 | 85 Radius Drive, Larapinta QLD (100%)  | 100%                                |
| Investec Australia Sub Trust No. 13 | 54 Miguel Road, Bibra Lake WA (100%)   | 100%                                |
| Investec Australia Sub Trust No. 14 | 266 King Street, Newcastle NSW (100%)  | 100%                                |
| Investec Australia Sub Trust No. 15 | 113 Wicks Road, Macquarie Park NSW (100%)  | 100%                                |
| Investec Australia Sub Trust No. 16 | 324 Queen Street, Brisbane QLD (50%)   | 100%                                |
| Investec Australia Sub Trust No. 17 | 6-8 and 11 Siddons Way, Hallam VIC (100%)  | 100%                                |
| Investec Australia Sub Trust No. 18 | 2 Richardson Place, North Ryde NSW (100%)  | 100%                                |
| Investec Australia Sub Trust No. 19 | 20 Rodborough Road, Frenchs Forest NSW (100%)<br>24 Rodborough Road, Frenchs Forest NSW (100%)   | 100%                                |
| Investec Australia Sub Trust No. 20 | 36-42 Hydrive Close, Dandenong South VIC (100%)  | 100%                                |
| Investec Australia Sub Trust No. 21 | 24 Wormald Street, Symonston ACT (100%)  | 100%                                |

Each of the Sub Trusts in the table above was established in New South Wales. The trustee of each of the Sub Trusts is the Sub Trustee.

# 14 Additional information Continued

## 14.4. ASX waivers and confirmations

The Responsible Entity through its legal representative has applied for waivers/confirmations on behalf of itself as responsible entity of the Fund from/of a number of ASX Listing Rules.

| Category                      | Waiver/condition   |
|-------------------------------|--|
| <b>Suitability of listing</b> | <ul style="list-style-type: none"><li>&gt; ASX Listing Rule 1.1, condition 1 – confirmation that the Fund is appropriate for listing on the ASX, in accordance with condition 1 of ASX Listing Rule 1.1 which provides that the entity's structure and operations must be appropriate for a listed entity.</li><li>&gt; ASX Listing Rule 1.1, condition 1 – confirmation that the Management Agreement is acceptable for the purposes of ASX Listing Rule 1.1 condition 1.</li><li>&gt; Confirmation that the ASX has no objections to the Constitution for the purposes of the ASX Listing Rules.</li></ul>   |
| <b>Standard trust relief</b>  | <ul style="list-style-type: none"><li>&gt; ASX Listing Rule 1.1, condition 18 – a waiver from ASX Listing Rule 1.1 condition 18 so that the Responsible Entity is not required to have a remuneration committee for the purpose of the ASX Listing Rules if the Fund is to be included in the S&amp;P/ASX 300 Index on admission to the Official List.</li><li>&gt; ASX Listing Rule 6.24 in respect of clause 1 of Appendix 6A of the ASX Listing Rules – a waiver to the extent necessary that the rate of a Distribution need not be advised to the ASX on the date the record date is announced on the condition that an estimated Distribution rate is advised to the ASX on that date and the actual rate is advised to the ASX as soon as it becomes known.</li></ul> |

## 14.5. ASIC relief

On 2 July 2013, ASIC granted relief from Chapter 5C.6 of the Corporations Act to permit the Responsible Entity to conduct on-market buy-backs of Units that are listed on the JSE (ASIC Instrument 13-0380). Following ASX Listing, the Fund will continue to be authorised to buy back Units in the ordinary course of trading on the JSE in accordance with the Corporations Act as modified by ASIC Instrument 13-0380. In addition, the Fund will be able to conduct on-market buy-backs on the ASX in accordance with ASIC Instrument 2016/1159 which applies to ASX Listed registered managed investment schemes.

On 6 September 2018, the Responsible Entity issued a notice that it will rely on ASIC Class Order 13/655, which is consistent with the intention disclosed in the Circular. Reliance on ASIC Class Order 13/655 allows more flexibility for capital raising by the Fund, including in relation to setting the issue price of Units, although it does not relieve the Responsible Entity from its obligations to comply with the Listings Requirements in relation to the issue of Units.

## 14.6. Litigation and claims

As at the PDS Date, the Board is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past (being the previous 12 months) a material effect on the Fund's financial position.

## 14.7. Interests and benefits

Section 5.4 of this PDS outlines the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out in this PDS, no:

- > Director;
- > Person named in this PDS and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this PDS; or
- > Promoter of the Fund,

holds at PDS Lodgement, or has held in the two years before PDS Lodgement, an interest in:

- > The formation or promotion of the Fund;
- > Property acquired or proposed to be acquired by the Fund in connection with its formation or promotion, or in connection with the Offer; or
- > The Offer,

and no amount (whether in cash, Units or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Fund or the Offer or to any Director to induce them to become, or qualify as, a Director to procure acquisitions of interests in the Fund or for services provided under the Constitution.

#### 14.8. Related party transactions

The Responsible Entity is a member of the Investec Group. The Responsible Entity, in its capacity as the responsible entity of the Fund, will have an ongoing relationship with other entities in the Investec Group as set out in this PDS, including:

- > The Manager as manager of the Fund under the Management Agreement; and
- > IBL as sponsor of the Fund under the Sponsor Agreement.

In addition, IBL is engaged as Bookrunner in relation to the Offer in South Africa.

Each of these agreements and arrangements is summarised in Section 12 of this PDS and the fees payable to the Responsible Entity under the Constitution and the fees payable to the Manager under the Management Agreement are described in Sections 11 and 12 of this PDS.

See Section 5.7.5 of this PDS for information in relation to the related party policy and the conflicts of interest policy which have been implemented by the Board.

#### 14.9. Complaints and dispute resolution

If you have a complaint, please contact the Responsible Entity directly. The Responsible Entity has a complaints handling and dispute resolution procedure which it follows to acknowledge, investigate, respond to and resolve complaints by Unitholders.

The Responsible Entity will endeavour to acknowledge both written and verbal complaints immediately and in any event within five Business Days following receipt. The Responsible Entity will investigate the complaint with a view to resolving it and advise you as soon as possible. The Responsible Entity will finally resolve the complaint within 45 days of receipt of the complaint.

If you are not satisfied with the Responsible Entity's response you can also refer your complaint to the Australian Financial Complaints Authority, an external complaints handling body that provides an independent assessment of your complaint.

Contact details are:

Australian Financial Complaints Authority  
GPO Box 3, Melbourne VIC 3001  
Telephone (free call): 1800 931 678  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Website: <https://www.afca.org.au/>

#### 14.10. Consents

Each of the parties referred to below (each a "Consenting Party" and together the "Consenting Parties") has given, and has not, before the PDS Lodgement, withdrawn its written consent to being named in this PDS in the form and context in which it is named:

- > J.P. Morgan as a Joint Lead Manager and Bookrunner to the Offer;
- > Macquarie as a Joint Lead Manager and Bookrunner to the Offer;
- > IBL as Sponsor and Bookrunner to the Offer in South Africa;
- > Ord Minnett Limited (ACN 002 733 048) as a Co-Manager to the Offer;
- > Macquarie Equities Limited (ACN 002 574 923) as a Co-Manager to the Offer;

# 14 Additional information Continued

- > King & Wood Mallesons as Australian legal adviser (other than in relation to taxation matters) to the Fund in relation to the Offer;
- > Cliffe Dekker Hofmeyr Inc as South African legal adviser (other than in relation to taxation matters) to the Fund in relation to the Offer;
- > KPMG as taxation adviser;
- > KPMG as auditor of the Fund in Australia;
- > KPMG Inc. as auditor of the Fund in South Africa;
- > KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd, as Investigating Accountant and to the inclusion in this PDS of its Investigating Accountant's Report set out in Section 9 of this PDS in the form and context in which it is included;
- > Jones Lang LaSalle (NSW) Pty. Limited as industry expert with respect to the Australian industrial property market and to the inclusion in this PDS of its industry report, as set out in Section 4 of this PDS, in the form and context in which it is included;
- > Computershare Investor Services Pty Limited (ABN 48 078 279 277) and Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07) as the Registry; and
- > Perpetual Corporate Trust Limited (ACN 000 341 333) as Custodian.

No Consenting Party has made any statement that is included in this PDS or any statement on which a statement made in this PDS is based, except as stated above. None of the Consenting Parties has authorised or caused the issue of this PDS. None of the Consenting Parties makes any offer of Units and, subject to the law, expressly disclaims and takes no responsibility for any statements or omissions in this PDS, except as stated above.

## 14.11. Copies of documents

The following documents, or copies thereof, will be available free of charge for inspection during normal business hours at the Australian and South African offices of the Responsible Entity, from the PDS Date:

- > The Constitution;
- > The Compliance Plan;
- > The Circular;
- > Annual reports (which include the audited financial statements of the Fund) for the financial years ended 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019; and
- > The Fund's announcement on the JSE relating to the Pre-Allotment Distributions and the Fund's 31 March 2019 financial results made on 3 May 2019.

These documents are also available on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au) and can be requested from investor relations by email ([investorrelations@investec.com](mailto:investorrelations@investec.com)).

Copies of documents lodged with ASIC in relation to the Fund can be obtained from ASIC, or inspected at an ASIC office.

## 14.12. Access to information

Following ASX Listing, the Responsible Entity will communicate with Unitholders through:

- > Audited annual financial reports;
- > Reviewed half year financial reports; and
- > Any continuous disclosure notices given by the Responsible Entity.

All announcements made to the market, including half year and annual financial results, will be posted on the Fund's website at [www.iapf.com.au](http://www.iapf.com.au) as soon as they have been released by the Responsible Entity on the ASX and the JSE.



**14.13. Anti-money laundering**

The Responsible Entity is bound by laws relating to the prevention of money laundering and the financing of terrorism, including the AML/CTF Laws. By completing an Application Form, you agree that:

- > You do not subscribe for the Subscription Units under an assumed name;
- > Any money used by you to invest in the Subscription Units is not derived from or related to any criminal activities;
- > Any proceeds of your investment will not be used in relation to any criminal activities;
- > If the Responsible Entity asks, you will provide the Responsible Entity with additional information it reasonably requires for the purposes of AML/CTF Laws (including information about a holder of a Unit, any beneficial interest in the Units, or the source of funds used to invest);
- > The Responsible Entity may obtain information about you or any beneficial owner of a Unit from third parties if it believes this is necessary to comply with AML/CTF Law; and
- > In order to comply with AML/CTF Laws, the Responsible Entity may be required to take action, including:
  - Delaying or refusing the processing of any Application or withdrawal; or
  - Disclosing information that it holds about you or any beneficial owner of the Units to its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia).

**14.14. Governing law**

This PDS and the contracts that arise from the acceptance of the Applications and bids under this PDS are governed by the laws applicable in New South Wales, and each Applicant under this PDS submits to the non-exclusive jurisdiction of the courts of New South Wales.

**14.15. Statement of Directors**

This PDS is authorised by each Director, who consents to its lodgement with ASIC and its issue.

# 15

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## Glossary



| Defined term            | Meaning   |
|-------------------------|---|
| \$ or AUD               | Australian dollars, being the lawful currency of Australia.   |
| AAS                     | Australian Accounting Standards and other authoritative announcements issued by the AASB.   |
| AASB                    | Australian Accounting Standards Board.  |
| Abacus                  | Abacus Funds Management Limited (ACN 007 415 590).  |
| ABN                     | Australian Business Number.   |
| ACN                     | Australian Company Number.  |
| AFFO                    | Adjusted funds from operations, calculated in line with the Property Council Guidelines, being FFO adjusted for maintenance capital expenditure, cash and cash equivalent incentives (including rent free incentives) given to tenants during the period and other one-off items which have not been adjusted in determining FFO. |
| AFSL                    | Australian financial services licence issued under the Corporations Act.  |
| Allotment               | The allotment of the Subscription Units following acceptance of an Application.   |
| Allotment Date          | The date on which Completion occurs, expected to be Tuesday, 28 May 2019.   |
| AMIT Regime             | The regime for the taxation of Attribution MITs.  |
| AML/CTF Laws            | <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).  |
| ANZ                     | Australia and New Zealand Banking Group Limited (ACN 005 357 522).  |
| Applicant               | A person who submits a valid Application Form pursuant to this PDS.   |
| Application             | An application for the Subscription Units under the Offer as described in this PDS.   |
| Application Form        | The relevant form attached to, or accompanying, this PDS pursuant to which Applicants apply for the Subscription Units.   |
| Application Monies      | The monies paid by an Applicant in respect of being issued the Subscription Units under this PDS.   |
| ARSN                    | Australian Registered Scheme Number.  |
| ASIC                    | Australian Securities and Investments Commission.   |
| ASIC Act                | <i>Australian Securities and Investments Commission Act 2001</i> (Cth).   |
| ASX                     | ASX Limited (ACN 008 624 691) and, where applicable, the Australian securities exchange operated by ASX Limited.  |
| ASX Guidelines          | ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as amended from time to time.   |
| ASX Listing             | The listing of the Fund on the ASX and the official quotation of the Units by the ASX, and "ASX Listed" has a corresponding meaning.  |
| ASX Listing Rules       | The listing rules of the ASX, and other rules of the ASX which are applicable to the Fund while the Fund is ASX Listed, as amended from time to time.   |
| ASX Settlement Rules    | The ASX settlement operating rules.   |
| Attribution MIT or AMIT | As defined in section 276-10 of the <i>Income Tax Assessment Act 1997</i> (Cth).  |

# 15 Glossary Continued

| Defined term                          | Meaning   |
|---------------------------------------|---|
| <b>Audit and Risk Committee</b>       | The audit and risk committee of the Board.  |
| <b>Australia</b>                      | The Commonwealth of Australia.  |
| <b>Australian Register</b>            | The register of Unitholders maintained by, or on behalf of, the Responsible Entity in Australia, which is a subregister of the Register.  |
| <b>Australian REIT</b>                | An Australian domiciled real estate investment trust that is a Managed Investment Scheme.   |
| <b>Board</b>                          | The board of Directors, as further detailed in Section 5.2 of this PDS.   |
| <b>Board Charter</b>                  | The board charter adopted by the Board.   |
| <b>Bookrunners</b>                    | J.P. Morgan, Macquarie and IBL.   |
| <b>Broker</b>                         | A broker appointed by the Joint Lead Managers to act as a participating broker to the Offer.  |
| <b>Broker Firm Offer</b>              | The broker firm offer set out in Section 8.8 of this PDS.   |
| <b>Broker Firm Offer Closing Date</b> | The date on which the Broker Firm Offer will close, expected to be Monday, 20 May 2019.   |
| <b>Broker Firm Offer Opening Date</b> | The date on which the Broker Firm Offer will open, expected to be Monday, 13 May 2019.  |
| <b>BSX</b>                            | Bermuda Stock Exchange.   |
| <b>Business Day</b>                   | A day on which the ASX is open for trading in securities and banks are open for general business in Sydney, Australia.  |
| <b>Capitalisation Rate</b>            | The return of a property or portfolio of properties calculated by dividing the market level of Net Property Income of that property or portfolio by the assessed independent valuation of that property or portfolio. |
| <b>CDI</b>                            | CHESS Depository Instrument.  |
| <b>CGT</b>                            | Capital gains tax.  |
| <b>CHESS</b>                          | Clearing House Electronic Subregister System, operated under the Corporations Act.  |
| <b>Circular</b>                       | The circular to the Unitholders dated 6 August 2018 relating to the extraordinary general meeting of Unitholders held on 5 September 2018.  |
| <b>CIS Act</b>                        | <i>Collective Investment Schemes Control Act, No. 45 of 2002</i> of South Africa.   |
| <b>CISIP</b>                          | A CISIP as defined in section 13.1(e) of the JSE Listings Requirements.   |
| <b>Collective Investment Scheme</b>   | A collective investment scheme as defined in section 1 of the CIS Act.  |
| <b>Co-Managers</b>                    | Ord Minnett Limited (ACN 002 733 048) and Macquarie Equities Limited (ACN 002 574 923).   |
| <b>Completion</b>                     | Completion of the Allotment under the Offer.  |
| <b>Compliance Plan</b>                | The compliance plan of the Fund, as amended from time to time.  |
| <b>Constitution</b>                   | The constitution (otherwise known as the trust deed) of the Fund, as amended from time to time, the key details of which are set out in Section 12.1 of this PDS.   |

| Defined term                   | Meaning   |
|--------------------------------|---|
| <b>Corporations Act</b>        | <i>Corporations Act 2001</i> (Cth).   |
| <b>CPI</b>                     | The All Groups Consumer Price Index, as issued by the Australian Bureau of Statistics as a general indicator of the rate of change in prices paid for consumer goods and services.  |
| <b>CSDP</b>                    | Central Securities Depository Participant.  |
| <b>Custodian</b>               | Perpetual Corporate Trust Limited (ACN 000 341 533).  |
| <b>Custody Agreement</b>       | The custody agreement entered into between the Responsible Entity and the Custodian dated 2 April 2013, described in Section 12.3 of this PDS, as amended from time to time.  |
| <b>Dematerialised Units</b>    | Units which have been incorporated into the Strate system and which are no longer evidenced by Unit certificates, certified transfer deeds, balance receipts or any other physical documents of title.  |
| <b>Director</b>                | A director of the Responsible Entity as at the PDS Date.  |
| <b>Distribution Statements</b> | The distribution statements for FY19 and FY20.  |
| <b>Distribution Yield</b>      | The rate of return represented by the Distribution per Unit divided by the Final Subscription Price.  |
| <b>Distributions</b>           | The distributions made in relation to the Units.  |
| <b>ECL</b>                     | Expected credit loss.   |
| <b>Enterprise Value</b>        | The market price of a Unit as at the relevant date multiplied by the average number of Units on issue over the period of 30 consecutive business days (as defined in the JSE Listings Requirements) immediately before the relevant date and the total amount of debt owing by the Fund and all Sub Trusts as at the relevant date, less the total amount of cash and cash equivalents held by the Fund and all Sub Trusts as at the relevant date. |
| <b>EOI</b>                     | Exchange of information.  |
| <b>Existing Units</b>          | Units on issue and quoted on the JSE as at the PDS Date.  |
| <b>Exposure Period</b>         | Seven days after the date of the PDS Lodgement which may be extended by ASIC for up to a further seven days.  |
| <b>Facility</b>                | The debt facility of up to AUD 431.74 million made available by Westpac and ANZ to the Hold Trust under the Facility Agreement.   |
| <b>Facility Agreement</b>      | The agreement between the Custodian, Westpac, ANZ and others under which the Facility has been made available to the Fund, as amended from time to time.  |
| <b>Ferbros Nominees</b>        | Ferbros Nominees (Pty) Ltd (Registration number 1946/023363/07), a private company duly incorporated in accordance with the laws of South Africa and an indirect, wholly owned subsidiary of Investec Limited.  |
| <b>FFO</b>                     | Funds from operations calculated in accordance with the Property Council Guidelines, determined by adjusting statutory net profit (under AAS) for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gain/loss on sale of investment properties, straight-line rental revenue adjustments, non-FFO tax expenses/benefits and other unrealised one-off items.             |
| <b>FFO Yield</b>               | The rate of return represented by the FFO per Unit divided by the Final Subscription Price.   |

# 15 Glossary Continued

| Defined term                          | Meaning   |
|---------------------------------------|---|
| <b>Final Subscription Price</b>       | The price payable in respect of each Subscription Unit under the Offer, as determined through the institutional bookbuild on or about Tuesday, 21 May 2019 in accordance with the Constitution (and subject to the Minimum Subscription Price).   |
| <b>Financial Information</b>          | The Statutory Historical Financial Information, the Pro Forma Balance Sheet and the Forecast Financial Information as set out in Section 6 of this PDS.   |
| <b>FMA</b>                            | <i>Financial Markets Act, No. 19 of 2012</i> of South Africa.   |
| <b>Forecast Financial Information</b> | The forecast financial information prepared by the Responsible Entity which includes the Statutory Forecast Income Statement and the Pro Forma Forecast Income Statement.   |
| <b>Fund or IAPF</b>                   | Investec Australia Property Fund (ARSN 162 067 736), duly registered as a Managed Investment Scheme under the Corporations Act; also recognised as a foreign Collective Investment Scheme and authorised to solicit investments in the Fund from members of the public in South Africa under section 65 of the CIS Act. |
| <b>FY17</b>                           | The financial year ended 31 March 2017.   |
| <b>FY18</b>                           | The financial year ended 31 March 2018.   |
| <b>FY19</b>                           | The financial year ended 31 March 2019.   |
| <b>FY20</b>                           | The financial year ending 31 March 2020.  |
| <b>GBP</b>                            | Great British pound.  |
| <b>Gearing Ratio</b>                  | the total liabilities of the Group (adding back a Group member's share of any liabilities for equity accounted investments) divided by the total tangible assets of the Group (less any equity accounted assets).   |
| <b>GLA</b>                            | Gross lettable area.  |
| <b>Gross Lease</b>                    | A lease under which all operating costs on the property are included in the rental charged.   |
| <b>Gross Property Income</b>          | All rents, licence or other fees, or contributions towards or reimbursement of outgoings received or receivable in respect of Properties.   |
| <b>Group</b>                          | The Fund and its controlled entities.   |
| <b>GST</b>                            | Goods and services tax.   |
| <b>Hold Trust</b>                     | Investec Australia Hold Trust No. 1, an intermediary holding trust that is wholly owned by IAPF and is the holding trust of the Sub Trusts that own the Portfolio.  |
| <b>Hold Trustee</b>                   | Investec Wentworth Pty Limited (ACN 003 388 725) (in its capacity as trustee of the Hold Trust), which is ultimately wholly owned by Investec Plc.  |
| <b>IAM</b>                            | Investec Asset Management Holdings (Pty) Limited (Registration number 1997/000445/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Investec Limited.   |
| <b>IBL</b>                            | Investec Bank Limited (Registration number 1969/004763106), a private company duly incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Investec Limited.  |
| <b>IFRS</b>                           | International Financial Reporting Standards.  |
| <b>Indicative Price Range</b>         | The indicative price range for subscription of the Subscription Units of \$1.30 to \$1.35 per Unit, the lower end of the Indicative Price Range being the Minimum Subscription Price.   |

| Defined term                             | Meaning  |
|--|--|
| <b>Institutional Investor</b>            | A person to whom offers and issues of Units may lawfully be made without the need for disclosure under Part 7.9 of the Corporations Act or without any other lodgement, registration or approval with or by a government agency.                     |
| <b>Institutional Offer</b>               | The offer under this PDS to certain Institutional Investors to apply for the Subscription Units.   |
| <b>Investec Australia</b>                | Investec Australia Limited (ACN 140 381 184), which is ultimately wholly owned by Investec Plc.  |
| <b>Investec Client</b>                   | A person who as at the date of the Offer Management Agreement is a client of IBL, is a resident of South Africa and is issued Subscription Units that are tradable on the JSE (rather than on the ASX).  |
| <b>Investec Group</b>                    | Investec Limited and Investec Plc, being the head entities of the dual listed companies structure comprising the Investec Group, and each of their subsidiaries.   |
| <b>Investec Group Entity</b>             | Each of the following companies and, as the context requires, any other Investec Group entity: <ul style="list-style-type: none"> <li>&gt; IBL;</li> <li>&gt; IPF;</li> <li>&gt; IWI; and</li> <li>&gt; IAM.</li> </ul>                              |
| <b>Investec Limited</b>                  | Investec Limited (Registration number 1925/002833/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE, with secondary listings on the Botswana Stock Exchange and the Namibian Stock Exchange. |
| <b>Investec Plc</b>                      | Investec plc (Registration number 3633621), a company registered in England and Wales and listed on the London Stock Exchange, with a secondary listing on the JSE.  |
| <b>Investigating Accountant</b>          | KPMG Transaction Services.   |
| <b>Investigating Accountant's Report</b> | The report prepared by KPMG Transaction Services referred to in Section 9 of this PDS.   |
| <b>IPF</b>                               | Investec Property Fund Limited, a public company REIT (Registration number 2008/011366/06) incorporated in accordance with the laws of South Africa.   |
| <b>IPF Sale</b>                          | The potential sale of up to 45 million Units held by IPF at the Final Subscription Price per Existing Unit, to satisfy oversubscriptions from certain Institutional Investors under the Offer, as described in Section 8.4 of this PDS.              |
| <b>ISIN</b>                              | International securities identification number.  |
| <b>IWI</b>                               | Investec Wealth and Investment Management (Pty) Limited (Registration number 2013/001592/07), a private company duly incorporated in accordance with the laws of South Africa and an indirect, wholly owned subsidiary of Investec Limited.          |
| <b>J.P. Morgan</b>                       | J.P. Morgan Securities Australia Limited (ACN 003 245 234).  |
| <b>Johannesburg time</b>                 | South African Standard Time.   |
| <b>Joint Lead Managers</b>               | J.P. Morgan and Macquarie.   |
| <b>Joint Owners Agreement</b>            | The joint owners agreement between the Sub Trustee (in its capacity as trustee for the Investec Australia Sub Trust No. 16) and Abacus dated 10 October 2016 in relation to the Queen Street Property.   |

# 15 Glossary Continued

| Defined term                                 | Meaning   |
|--|---|
| <b>JSE</b>                                   | JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and, where applicable, the exchange operated by JSE Limited in accordance with its licence under the <i>Financial Markets Act, No. 19 of 2012</i> of South Africa.                                 |
| <b>JSE Equity Rules</b>                      | JSE equity rules and directives as defined in the JSE Listing Requirements.   |
| <b>JSE Listings Requirements</b>             | The listings requirements of the JSE, as amended from time to time.   |
| <b>King IV Code</b>                          | King IV Report on Corporate Governance for South Africa 2016.   |
| <b>KPMG Transaction Services</b>             | KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd.  |
| <b>Listings Requirements</b>                 | The JSE Listings Requirements and the ASX Listing Rules.  |
| <b>Macquarie</b>                             | Macquarie Capital (Australia) Limited (ACN 123 199 548).  |
| <b>Main Trading Exchange</b>                 | The JSE, unless in respect of a particular half year trading period, more Units by volume are traded on the ASX than on the JSE during the immediately preceding half year trading period, in which case the main trading exchange for that particular trading period will be the ASX.  |
| <b>Managed Investment Scheme</b>             | A managed investment scheme that has been registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act.   |
| <b>Management Agreement</b>                  | The management agreement between the Responsible Entity and the Manager dated 1 August 2013, as amended from time to time, the key details of which are set out in Section 12.2 of this PDS.  |
| <b>Manager</b>                               | Investec Property Management Pty Limited (ACN 161 587 391), which has been contracted under the Management Agreement to provide certain asset management and property management services to the Fund, and is ultimately wholly owned by Investec Plc.  |
| <b>Market Regulation</b>                     | The JSE Market Regulation division.   |
| <b>Minimum Subscription Price</b>            | \$1.30, which represents the Fund's NAV per Unit as at 31 March 2019 as reported in the Fund's 2019 annual report, being the amount calculated in accordance with the mechanism under the Constitution to determine the minimum subscription price for the Subscription Units (as approved by the Unitholders on 5 September 2018). |
| <b>MIT</b>                                   | A managed investment trust under section 275-10 of the <i>Income Tax Assessment Act 1997</i> (Cth).   |
| <b>NAV</b>                                   | Net asset value.  |
| <b>Net Property Income</b>                   | Gross Property Income less non-recoverable outgoings.   |
| <b>New Zealand Mutual Recognition Regime</b> | The mutual recognition regime established under subpart 6 of Part 9 of the <i>Financial Markets Conduct Act 2013</i> of New Zealand and Part 9 of the <i>Financial Markets Conduct Regulations 2014</i> of New Zealand.   |
| <b>NZ</b>                                    | New Zealand.  |
| <b>NZD</b>                                   | New Zealand dollars.  |
| <b>Offer</b>                                 | The offer of 76,923,077 Subscription Units, at the Final Subscription Price on the terms described in this PDS, being the Specific Issue of Units for Cash approved by the Unitholders on 5 September 2018.   |



| Defined term                               | Meaning   |
|--|---|
| <b>Offer Documents</b>                     | This PDS (including any supplementary or replacement PDS) and certain other documents (including roadshow presentation and ASX announcements) issued or published by, or on behalf of, and with the prior approval of, the Responsible Entity in respect of the Offer, and in a form approved by the Joint Lead Managers. |
| <b>Offer Information Line</b>              | 1300 171 786 (within Australia) or +61 3 9415 4087 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday (excluding public holidays).   |
| <b>Offer Management Agreement</b>          | The offer management agreement between the Responsible Entity and the Joint Lead Managers dated 3 May 2019, summarised in Section 12.8.1 of this PDS.   |
| <b>Offer Period</b>                        | 9.00 am (Sydney time) on Monday, 13 May 2019 to 5.00 pm (Sydney time) on Monday, 20 May 2019.   |
| <b>Official List</b>                       | The official list of entities that the ASX has admitted and not removed from listing.   |
| <b>Operating Expenses</b>                  | The cost of operating the Fund, the key details of which are set out in Section 11.2 of this PDS.   |
| <b>PDS</b>                                 | This product disclosure statement dated 3 May 2019 in relation to the Offer, being a product disclosure statement for the purposes of Part 7.9 of the Corporations Act (including the electronic form of this document) and any supplementary or replacement PDS.   |
| <b>PDS Date</b>                            | The date of this PDS, being the date that the PDS was lodged with ASIC.   |
| <b>PDS Lodgement</b>                       | The lodgement of this PDS with ASIC.  |
| <b>Portfolio</b>                           | The portfolio of Properties owned by the Fund at the PDS Date as set out in Section 3 of this PDS.  |
| <b>Pre-Allotment Distributions</b>         | The following Distributions: <ul style="list-style-type: none"> <li>&gt; A final Distribution for the six month period from 1 October 2018 to 31 March 2019; and</li> <li>&gt; A special Distribution for the period from 1 April 2019 to 27 May 2019.</li> </ul>   |
| <b>Principal Stake</b>                     | Units which are directly or indirectly owned by IBL or IPF (as applicable) on their own behalf from time to time.   |
| <b>Privacy Act</b>                         | <i>Privacy Act 1988</i> (Cth).  |
| <b>Pro Forma Balance Sheet</b>             | The pro forma historical consolidated statement of financial position as at 31 March 2019 contained in Section 6.4 of this PDS.   |
| <b>Pro Forma Forecast Income Statement</b> | The pro forma forecast consolidated statement of comprehensive income for FY20 set out in Section 6.3.4 of this PDS.  |
| <b>Properties</b>                          | All properties owned by the Fund from time to time.   |
| <b>Property Council Guidelines</b>         | Version 2 of the Property Council of Australia's "Voluntary Best Practice Guidelines for Disclosing FFO and AFFO", published in December 2017 and available at <a href="http://www.propertycouncil.com.au">www.propertycouncil.com.au</a> .   |

| Defined term                 | Meaning  |
|------------------------------|--|
| <b>Qualifying Investor</b>   | <p>An investor who is:</p> <ul style="list-style-type: none"> <li>&gt; A person to whom offers and issues of the Subscription Units may lawfully be made without the need for disclosure under Part 7.9 of the Corporations Act or without any other lodgement, registration or approval with or by a government agency (other than one with which the Responsible Entity, in its absolute discretion, is willing to comply);</li> <li>&gt; A person to whom offers are made in South Africa who falls within any of the categories envisaged in section 96(1)(a) of the South African Companies Act and/or selected persons who subscribe for the Subscription Units at a total contemplated acquisition cost equal to or greater than ZAR 1,000,000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the South African Companies Act);</li> <li>&gt; A person who is a Retail Investor (as defined in Chapter 7 of the Corporations Act) who may be offered the Subscription Units without the need for disclosure under Part 7.9 of the Corporations Act or is offered the Subscription Units under this PDS; or</li> <li>&gt; A member of the Board or management team of the Fund who is offered the Subscription Units under this PDS, or who may otherwise be offered the Subscription Units without the need for disclosure under Part 7.9 of the Corporations Act.</li> </ul> |
| <b>Queen Street Property</b> | The property situated at 324 Queen Street, Brisbane, QLD.  |
| <b>Register</b>              | The register of Unitholders maintained by, or on behalf of, the Responsible Entity pursuant to Chapter 2C of the Corporations Act and in accordance with the Listings Requirements, which incorporates the Australian Register and the South African Register.   |
| <b>Registry</b>              | Computershare Investor Services Pty Limited (ABN 48 078 279 277), a private company duly incorporated in accordance with the laws of Australia and Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa having its address at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107).   |
| <b>REIT</b>                  | Real estate investment trust.  |
| <b>Rental Guarantees</b>     | The amounts provided by Fund to cover committed lease incentives and future lease expiries.  |
| <b>Repositioning Fee</b>     | The fee payable by Unitholders to move their Units between the Australian Register and the South African Register.   |
| <b>Responsible Entity</b>    | Investec Property Limited (ACN 071 514 246, AFSL 290909) (in its capacity as the responsible entity of the Fund), which is ultimately wholly owned by Investec Plc.  |
| <b>Retail Investor</b>       | A person who is a resident of Australia or New Zealand who is neither in the United States nor acting for the account or benefit of a person in the United States, and is not otherwise treated as an Institutional Investor.  |
| <b>SENS</b>                  | Stock Exchange News Service.   |
| <b>Settlement</b>            | Settlement in respect of the Subscription Units under the Offer Management Agreement.  |
| <b>SFA</b>                   | <i>Securities and Futures Act</i> , Chapter 289 of Singapore.  |
| <b>SFC</b>                   | The Securities and Futures Commission in Hong Kong.  |
| <b>SFO</b>                   | <i>Securities and Futures Ordinance (Cap. 571)</i> of the Laws of Hong Kong.   |
| <b>South Africa</b>          | The Republic of South Africa.  |

| Defined term                                      | Meaning  |
|---|--|
| <b>South African Broker</b>                       | Any natural person registered as a member of the South African Institute of Stockbrokers in terms of the Equities Rules of the JSE read with the <i>Financial Markets Act, No. 19 of 2012</i> of South Africa.   |
| <b>South African Companies Act</b>                | <i>Companies Act No. 71 of 2008</i> of South Africa.   |
| <b>South African Register</b>                     | The register of Unitholders maintained by, or on behalf of, the Responsible Entity in South Africa, which is a subregister of the Register.  |
| <b>Specific Issue of Units for Cash</b>           | The issue of up to a maximum of 180 million new Units in conjunction with the ASX Listing to Qualifying Investors at the subscription price determined on the terms described in the Circular.   |
| <b>Sponsor</b>                                    | IBL.   |
| <b>Sponsor Agreement</b>                          | The sponsor agreement between the Responsible Entity and the Sponsor dated 24 October 2013, as amended from time to time, the key details of which are set out in Section 12.4 of this PDS.  |
| <b>sqm</b>  | Square metres.   |
| <b>Statutory Forecast Income Statement</b>        | The statutory forecast consolidated statement of comprehensive income for FY20 as set out in Section 6.3.2 of this PDS.  |
| <b>Statutory Historical Balance Sheet</b>         | The statutory historical consolidated statement of financial position of the Fund as at 31 March 2019.   |
| <b>Statutory Historical Financial Information</b> | The Statutory Historical Income Statements as set out in Section 6.3.1 of this PDS.  |
| <b>Statutory Historical Income Statements</b>     | The statutory historical consolidated statements of comprehensive income for FY17, FY18 and FY19.  |
| <b>Strate</b>                                     | Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system on the JSE.  |
| <b>Sub Trustee</b>                                | Investec Propco Pty Limited (ACN 161 587 186) (in its capacity as trustee of each of the Sub Trusts), which is ultimately wholly owned by Investec Plc.  |
| <b>Sub Trusts</b>                                 | Investec Australia Sub Trust No. 1, Investec Australia Sub Trust No. 2, Investec Australia Sub Trust No. 3, Investec Australia Sub Trust No. 4, Investec Australia Sub Trust No. 5, Investec Australia Sub Trust No. 6, Investec Australia Sub Trust No. 7, Investec Australia Sub Trust No. 8, Investec Australia Sub Trust No. 9, Investec Australia Sub Trust No. 10, Investec Australia Sub Trust No. 11, Investec Australia Sub Trust No. 12, Investec Australia Sub Trust No. 13, Investec Australia Sub Trust No. 14, Investec Australia Sub Trust No. 15, Investec Australia Sub Trust No. 16, Investec Australia Sub Trust No. 17, Investec Australia Sub Trust No. 18, Investec Australia Sub Trust No. 19, Investec Australia Sub Trust No. 20, Investec Australia Sub Trust No. 21, and any other subsidiary trust of Hold Trust created to hold assets of the Fund, including the Properties. |
| <b>Subscription Units</b>                         | The new Units to be issued under the Offer.  |
| <b>Sydney time</b>                                | Australian eastern daylight time.  |
| <b>TFN</b>  | Tax file number.   |

# 15 Glossary

| Defined term               | Meaning   |
|----------------------------|---|
| <b>Transaction Costs</b>   | The transaction costs associated with the Offer.  |
| <b>United States or US</b> | The United States of America, its territories and possessions, any State of the United States, and the District of Columbia.            |
| <b>Unit</b>                | An undivided participatory interest in the Fund.  |
| <b>Unitholder(s)</b>       | Holders of Units.   |
| <b>US Person</b>           | Has the meaning given to that term in Rule 902(k) under the US Securities Act.  |
| <b>US Securities Act</b>   | <i>US Securities Act of 1933</i> , as amended from time to time.  |
| <b>VWAP</b>                | Volume weighted average price.  |
| <b>WACR</b>                | The average Capitalisation Rate across the Portfolio or group of properties, weighted by independent valuation.                         |
| <b>WALE</b>                | The average lease term remaining to expiry across the Portfolio or a property or group of properties, weighted by gross passing income. |
| <b>WARR</b>                | The average rent review across the Portfolio or a property or group of properties, weighted by gross passing income.                    |
| <b>Westpac</b>             | Westpac Banking Corporation (ACN 007 457 141).  |
| <b>ZAR</b>                 | South African Rand, being the lawful currency of South Africa.  |



## How to complete this Broker Firm Offer Application Form

### A Application Monies

Enter the amount of Application Monies in Australian dollars. The Application must be for a minimum of A\$5,000. Applications for greater than A\$5,000 must be in multiples of \$500. Your Broker may impose a higher minimum Application amount.

### B Applicant Name(s)

Enter the full name you wish to appear on the statement of unitholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

### C Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

### D Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

### E CHES

Investec Australia Property Fund participates in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Units issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Investec Australia Property Fund and allocated a Securityholder Reference Number (SRN).

### F Payment

If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Product Disclosure Statement to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Units in Investec Australia Property Fund is upon and subject to the terms of the Product Disclosure Statement and the Constitution of Investec Australia Property Fund, agrees to take any number of Units that may be issued to the Applicant(s) pursuant to the Product Disclosure Statement and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

### Lodgement of Application

The Broker Firm Offer opens from 9.00am (Sydney time) 13 May 2019 and is expected to close at 5.00pm (Sydney time) 20 May 2019. Investec Property Limited as the responsible entity of Investec Australia Property Fund and the Joint Lead Managers, J.P. Morgan and Macquarie Capital (Australia) Limited, may elect to extend the Broker Firm Offer or vary the Broker Firm Offer period.

If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Do NOT lodge this Application form with the Share Registry.

Your Broker must receive your completed Application Form and Application Monies (if applicable) in time to arrange settlement on your behalf by the relevant closing date for the Broker Firm Offer.

### Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

### Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Units. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Investec Australia Property Fund. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor  | Correct Form of Registration   | Incorrect Form of Registration                         |
|---|--|--|
| Individual: use given names in full, not initials   | Mr John Alfred Smith   | JA Smith   |
| Company: use the company's full title, not abbreviations  | ABC Pty Ltd  | ABC P/L or ABC Co                                      |
| Joint Holdings: use full and complete names   | Mr Peter Robert Williams & Ms Louise Susan Williams                      | Peter Robert & Louise S Williams                       |
| Trusts: use the trustee(s) personal name(s)   | Mrs Susan Jane Smith<br><Sue Smith Family A/C>                           | Sue Smith Family Trust                                 |
| Deceased Estates: use the executor(s) personal name(s)  | Ms Jane Mary Smith & Mr Frank William Smith<br><Est John Smith A/C>      | Estate of late John Smith<br>or<br>John Smith Deceased |
| Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation | Mr John Alfred Smith<br><Peter Smith A/C>                                | Master Peter Smith                                     |
| Partnerships: use the partners personal names   | Mr John Robert Smith & Mr Michael John Smith<br><John Smith and Son A/C> | John Smith and Son                                     |
| Long Names  | Mr John William Alexander Robertson-Smith                                | Mr John W A Robertson-Smith                            |
| Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)                         | Mr Michael Peter Smith<br><ABC Tennis Association A/C>                   | ABC Tennis Association                                 |
| Superannuation Funds: use the name of the trustee of the fund   | Jane Smith Pty Ltd<br><Super Fund A/C>                                   | Jane Smith Pty Ltd Superannuation Fund                 |



## How to complete this Broker Firm Offer Application Form

### **A** Application Monies

Enter the amount of Application Monies in Australian dollars. The Application must be for a minimum of A\$5,000. Applications for greater than A\$5,000 must be in multiples of \$500. Your Broker may impose a higher minimum Application amount.

### **B** Applicant Name(s)

Enter the full name you wish to appear on the statement of unitholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

### **C** Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

### **D** Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

### **E** CHES

Investec Australia Property Fund participates in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Units issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Investec Australia Property Fund and allocated a Securityholder Reference Number (SRN).

### **F** Payment

If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Product Disclosure Statement to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Units in Investec Australia Property Fund is upon and subject to the terms of the Product Disclosure Statement and the Constitution of Investec Australia Property Fund, agrees to take any number of Units that may be issued to the Applicant(s) pursuant to the Product Disclosure Statement and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

### Lodgement of Application

The Broker Firm Offer opens from 9.00am (Sydney time) 13 May 2019 and is expected to close at 5.00pm (Sydney time) 20 May 2019. Investec Property Limited as the responsible entity of Investec Australia Property Fund and the Joint Lead Managers, J.P. Morgan and Macquarie Capital (Australia) Limited, may elect to extend the Broker Firm Offer or vary the Broker Firm Offer period.

If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Do NOT lodge this Application form with the Share Registry.

Your Broker must receive your completed Application Form and Application Monies (if applicable) in time to arrange settlement on your behalf by the relevant closing date for the Broker Firm Offer.

### Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

### Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Units. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Investec Australia Property Fund. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor  | Correct Form of Registration   | Incorrect Form of Registration                         |
|---|--|--|
| Individual: use given names in full, not initials   | Mr John Alfred Smith   | JA Smith   |
| Company: use the company's full title, not abbreviations  | ABC Pty Ltd  | ABC P/L or ABC Co                                      |
| Joint Holdings: use full and complete names   | Mr Peter Robert Williams & Ms Louise Susan Williams                      | Peter Robert & Louise S Williams                       |
| Trusts: use the trustee(s) personal name(s)   | Mrs Susan Jane Smith<br><Sue Smith Family A/C>                           | Sue Smith Family Trust                                 |
| Deceased Estates: use the executor(s) personal name(s)  | Ms Jane Mary Smith & Mr Frank William Smith<br><Est John Smith A/C>      | Estate of late John Smith<br>or<br>John Smith Deceased |
| Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation | Mr John Alfred Smith<br><Peter Smith A/C>                                | Master Peter Smith                                     |
| Partnerships: use the partners personal names   | Mr John Robert Smith & Mr Michael John Smith<br><John Smith and Son A/C> | John Smith and Son                                     |
| Long Names  | Mr John William Alexander Robertson-Smith                                | Mr John W A Robertson-Smith                            |
| Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)                         | Mr Michael Peter Smith<br><ABC Tennis Association A/C>                   | ABC Tennis Association                                 |
| Superannuation Funds: use the name of the trustee of the fund   | Jane Smith Pty Ltd<br><Super Fund A/C>                                   | Jane Smith Pty Ltd Superannuation Fund                 |



# Corporate Directory

## Responsible Entity

### Investec Property Limited

Level 23, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Australia

## Australian Legal Adviser

### King & Wood Mallesons

Level 61, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
Australia

## South African Legal Adviser

### Cliffe Dekker Hofmeyr Inc

11 Buitengracht Street  
Cape Town  
Western Cape 8001  
South Africa

## Joint Lead Managers and Bookrunners

### J.P. Morgan Securities Australia Limited

Level 18, J.P. Morgan House  
85 Castlereagh Street  
Sydney NSW 2000  
Australia

### Macquarie Capital (Australia) Limited

50 Martin Place  
Sydney NSW 2000  
Australia

## Sponsor and Bookrunner in South Africa

### Investec Bank Limited

100 Grayston Drive  
Sandown  
Sandton 2196  
South Africa

## Co-Managers

### Macquarie Equities Limited

Level 6, 50 Martin Place  
Sydney NSW 2000  
Australia

### Ord Minnett Limited

Level 8, NAB House  
255 George Street  
Sydney NSW 2000  
Australia

## Investigating Accountant

### KPMG Transaction Services

Level 38, Tower Three, International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000  
Australia

## Tax Adviser

### KPMG

Level 38, Tower Three, International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000  
Australia

## Auditor

### KPMG

Level 38, Tower Three, International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000  
Australia

### KPMG Inc.

KPMG Crescent  
85 Empire Road  
Parktown 2193  
South Africa

## Offer Information Line

Within Australia: 1300 171 786 or  
Outside Australia: +61 3 9415 4087

## Offer Website

[www.iapf.com.au](http://www.iapf.com.au)

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Australia Property Fund

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