

28 May 2019

Pre-Quotation Disclosure

The following information is required to be provided to ASX Limited (**ASX**) for release to the market in connection with the admission to the official list and official quotation on a deferred settlement trading basis of the fully paid ordinary units in Investec Australia Property Fund (ARSN 162 067 735) (the **Fund**).

Capitalised terms which have not been otherwise defined in this document have the meaning given to them in the product disclosure statement lodged by Investec Property Limited (ABN 93 071 514 246) as responsible entity of the Fund (**Responsible Entity**) with the Australian Securities and Investments Commission on 3 May 2019 (**PDS**).

1. Basis of allocation and procedures for determining allocations

The basis of allocation of Subscription Units under the PDS for each component of the Offer was as follows:

- a) **Broker Firm Offer:** for Broker Firm Offer participants, it is a matter for the relevant Broker as to how they allocate the Subscription Units amongst their eligible retail clients; and
- b) **Institutional Offer:** the allocation of Subscription Units among applicants under the Institutional Offer was determined by agreement between the Joint Lead Managers and the Responsible Entity. The Joint Lead Managers have advised successful applicants in the Institutional Offer of their allocations.

Further information on the basis of allocation is set out in section 8.6 of the PDS.

Applicants can confirm their allocation of Subscription Units and make general enquiries regarding the Offer by contacting 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). As set out in paragraph 3 below, it is intended that CHESS allotment notices, issuer sponsored holding statements and any refund money will be sent on Wednesday, 29 May 2019.

Applicants under the Broker Firm Offer can also confirm their allocations through the Broker from whom they received their allocations.

2. Number of Subscription Units issued under the Offer

Prior to Completion, the Fund had 478,802,454 units on issue.

The total number of Subscription Units issued under the Offer is 76,923,077, which is allocated under each component of the Offer as follows:

- a) Broker Firm Offer – 20,693,340
- b) Institutional Offer – 56,229,737

Successful applicants under the Offer will pay the Final Subscription Price, being A\$1.32 per Subscription Unit.

The total number of Units to be quoted on Completion is 555,725,531.

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3. Despatch date

The intended date for sending CHES allotment notices, issuer sponsored holdings statements and any refund money is Wednesday, 29 May 2019.

4. Updated pro-forma statement of financial position

Set out below is an updated pro-forma statement of financial position reflecting the impact of the Offer based on the actual funds raised under the Offer. This statement should be read in conjunction with the basis of preparation set out in section 6.2.3 of the PDS.

A\$million	Notes	31 March 2019	Offer	Pro Forma
Assets				
Current assets		14.2	0.0	14.2
Cash and cash equivalents	2	7.8		7.8
Trade and other receivables		6.4		6.4
Non-current assets		1,069.2	0.0	1,069.2
Investment properties	3	1,062.8		1,062.8
Financial instruments held at fair value		6.4		6.4
Total assets		1,083.4	0.0	1,083.4
Current liabilities		60.3	(28.6)	31.7
Borrowings		28.6	(28.6)	0.0
Trade and other payables		6.9		6.9
Distributions payable		24.8		24.8
Non-current liabilities		401.6	(66.4)	335.2
Long-term borrowings	4	375.2	(66.4)	308.8
Trade and other payables		5.3		5.3
Financial instruments held at fair value		21.2		21.2
Total liabilities		461.9	(95.0)	366.9
Net assets		621.5	95.0	716.5
Contributed equity	5	515.2	99.4	614.6
Retained earnings	6	106.3	(4.3)	101.9
Total equity		621.5	95.0	716.5
Units in issue		478.8	76.9	555.7
NAV		1.30		1.29
Gearing (%)	7,8	38.1%		29.2%

Notes:

- The Fund had net current liabilities of A\$46.1 million as at 31 March 2019. The net pro forma liability position was principally due to the Distribution declared (A\$24.8 million) as at 31 March 2019, along with borrowings to fund the acquisition of 24 Wormald Street, Symonston ACT (A\$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 the PDS).
- Cash and cash equivalents of A\$7.8 million assumed to be held for working capital.
- 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 A\$61.3 million.
5. The Final Subscription price per Unit translates to an additional A\$1.5 million of contributed equity raised under the Offer, and an additional A\$1.5 million of debt to be repaid.
6. Retained earnings adjustment represents expensed Transaction Costs in relation to the Offer of A\$4.3 million (see final paragraph below).
7. Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of the Group's investment properties.
8. 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 updated 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 A\$101.5 million through the issue of approximately 77 million Subscription Units under the Offer at a price of A\$1.32 per Subscription Unit, net of Transaction Costs payable by the Fund. In addition, 45 million units held by IPF will be sold under the IPF Sale at A\$1.32, and as a result A\$4.3 million of total Transaction Costs is expensed to the income statement and A\$2.2 million netted against contributed equity; and
- A\$95.0 million to fund the repayment of existing debt facilities.

5. IPF Sale

The Responsible Entity confirms that the IPF Sale will proceed.

Under the IPF Sale, Investec Property Fund Limited, the Fund's largest Unitholder, will transfer the maximum 45,000,000 Units to certain Institutional Investors¹ at the Final Subscription Price of A\$1.32 per Unit.

The transfer of Units under the IPF Sale is expected to occur on Tuesday, 28 May 2019.

6. Bookbuild

The Responsible Entity confirms that, in relation to the funds raised pursuant to the institutional bookbuild (as described in the PDS) (Bookbuild):

- a) The total number of Subscription Units allocated under the institutional offer is 56,229,737 at an issue price of A\$1.32 per Unit;
- b) A material number of securities have not been taken up under the Bookbuild by persons who are promoters or related parties of the Responsible Entity;
- c) There were no concessionary fee or other arrangements entered into which have had the result that the effective issue price paid by some allottees differed materially from the price determined by the Bookbuild as announced by the Responsible Entity;
- d) There were no arrangements entered into which have had the result that some allottees received a material benefit for agreeing to participate in the Bookbuild at the price determined by the Bookbuild as announced by the Responsible Entity and which is not received by other allottees; and

¹ These comprise institutional investors in Australia, New Zealand, Singapore, Hong Kong and South Africa who were eligible to participate in the Offer.

- e) There were no arrangements entered into with associates of the Responsible Entity or the Bookrunners to avoid a shortfall, or the appearance of a shortfall, in the Bookbuild.

7. Management Agreement

Section 12.2 of the PDS contains a summary of the key terms of the between the Responsible Entity and Investec Property Management Pty Limited (Manager) dated 1 August 2013, as amended from time to time (Management Agreement). A copy of the Management Agreement is available on the Fund's website at www.iapf.com.au.

The following table sets out additional information in respect of the Management Agreement:

Item	Summary
(a)	<p>Whether the Responsible Entity is precluded from appointing someone else to provide services of the kind being provided by the Manager.</p> <p>The Management Agreement does not preclude the Responsible Entity from appointing another person to provide services of the kind being provided by the Manager.</p> <p>Each time the Fund acquires an interest in a property, or the Fund requires leasing services in relation to a property, the Manager and Responsible Entity must in good faith consider whether the Manager's engagement will extend to cover the provision of property management services and/or leasing services in respect of that property.</p>
(b)	<p>Whether the Manager is precluded from providing management services to anyone else of a similar kind to those being provided to the Fund.</p> <p>The Management Agreement does not preclude the Manager from providing management services of a similar kind to those being provided to the Fund to other persons.</p>
(c)	<p>Any right the Manager may have to be issued securities of the Fund (whether in satisfaction of the amounts due under the Management Agreement or otherwise) including, where applicable, the number of securities in question and the basis on which the issue price will be calculated.</p> <p>The Management Agreement does not grant the Manager any rights to be issued any securities in the Fund.</p>
(d)	<p>Any entitlement the Manager may have to be reimbursed for out-of-pocket expenses or to have the Fund pay for third party charges incurred by the Manager.</p> <p>The Responsible Entity must pay, or reimburse, the Manager out of the Fund in connection with the proper provisions of services and performance of its functions and duties, including for (among other things):</p> <ul style="list-style-type: none"> • all tax, costs, charges and expenses reasonably incurred by the Manager in connection with providing the services, other than internal management costs; • all costs, charges and expenses of the Responsible Entity and any sub trustee of the Fund that the Manager pays for the Responsible Entity or sub trustee in respect of the Fund or sub trust (as applicable); • all costs, charges and expenses associated with the Responsible Entity, a sub trustee or the Manager giving information and other assistance required by any government agency as required by law relating to the Fund or any sub trust; and • costs or expenses in relation to the Manager's engagement of professional advisers, specialists and other experts as the

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	Item	Summary
		<p>Manager considers necessary, incidental or desirable for performing its functions and duties under the Management Agreement.</p>
(e)	<p>How the Fund proposes to manage its assets or business if the Management Agreement is terminated before its scheduled expiry.</p>	<p>For so long as the Fund is ASX listed, the Manager is not appointed for a fixed term. However, the Management Agreement may be terminated in the circumstances set out in section 12.2 of the PDS.</p> <p>The Responsible Entity will make a determination regarding how it will proceed following termination of the Management Agreement, and may seek to engage the services of a replacement manager.</p> <p>On termination of the Management Agreement, the Manager must, for up to 3 months after termination:</p> <ul style="list-style-type: none"> • co-operate with, and provide all reasonable assistance requested by the Responsible Entity and any successor service provider, as is reasonably necessary to ensure the smooth transition of the services to the Responsible Entity or a successor service provider and reasonable continuity of the services; and • give the Responsible Entity (or successor service provider) all data held by the Manager and access to all records in its possession which relate to the services.
(f)	<p>The procedures for making any amendments to the Management Agreement.</p>	<p>The Management Agreement may be amended in writing signed by the parties.</p> <p>In addition, while the Fund is ASX and JSE listed, any alterations to the Management Agreement can only be made if the applicable ASX Listing Rules and JSE Listings Requirements have been complied with (see below)</p>
(g)	<p>Whether security holder approval is required, or will be sought, for any material amendment to the Management Agreement.</p>	<p>The Responsible Entity has provided an undertaking to ASX that the Fund will obtain an ordinary resolution of unitholders for any material changes to the Management Agreement.</p> <p>In addition, under the JSE Listings Requirements, a variation or novation of the Management Agreement constitutes a “related party transaction”. Amendments to the Management Agreement require ordinary unitholder approval where the value of the related party transaction exceeds certain quantitative thresholds specified in the JSE Listings Requirements.</p>
(h)	<p>The powers and discretions the Manager will have under the Management Agreement (including, in particular, any powers it may have to acquire new assets for, or to dispose of assets of, the Fund).</p>	<p>The Manager is authorised to do all things on behalf of the Responsible Entity which the Manager reasonably considers necessary, incidental or desirable for the efficient provision of the asset management services, leasing services and property management services, and performance of its functions and duties under the Management Agreement.</p> <p>The functions and duties of the Manager are summarised in section 12.2 of the Management Agreement.</p> <p>As part of its asset management services, the Manager is responsible for the following in relation to acquisitions of assets:</p> <ul style="list-style-type: none"> • organising due diligence and assisting and arranging negotiations; • procuring and reviewing data, valuations and reports; • coordinating with advisers in relation to authorisations and regulatory approvals; and

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	Item	Summary
		<ul style="list-style-type: none"> procuring and reviewing financial modelling and structuring of transactions. <p>In relation to disposals of assets, the Manager is also responsible for:</p> <ul style="list-style-type: none"> appraisal of the market, evaluating and sourcing potential purchasers of properties; organising due diligence and assisting and arranging negotiations; procuring and reviewing research data; and co-ordinating advisers.
(i)	<p>The powers and discretions retained by the Fund under the Management Agreement (including, in particular, whether the board of the Responsible Entity is required to approve any acquisition or disposal of assets proposed by the Manager).</p>	<p>Under the Management Agreement, the Responsible Entity retains the power and discretion to:</p> <ul style="list-style-type: none"> approve the risk management and compliance policies and procedures for the Fund; approve annual and half year accounts and financial statements; approve annual tax returns for the Responsible Entity and sub trustees; approve reports in relation to capital expenditure works in relation to the properties; approve information technology services; approve each material lease; approve annual building plans; and approve reports and budgets for major risk items. <p>In addition, in performing its functions and duties, the Manager must comply with the Fund's investment policy from time to time, and any directions that the Responsible Entity gives the Manager. The Manager is not liable to the Responsible Entity for any loss to the Fund incurred as a result of the Manager acting in accordance with a direction given by the Responsible Entity.</p>
(j)	<p>If the Manager is permitted to provide management services to someone else of a similar kind to those being provided to the Fund, what processes will the Manager have in place to protect the confidentiality of information related to the Fund and its assets under management and to manage any potential conflicts that may arise between the interests of its various clients.</p>	<p>Under the Management Agreement, the Manager must keep confidential, and must not disclose, any confidential information of the Responsible Entity, other than in limited circumstances, namely:</p> <ul style="list-style-type: none"> where the Manager reasonably considers that the disclosure is necessary, incidental or desirable for purpose of the provision of the services, or performance of its functions and duties, in accordance with the Management Agreement; to an Investec Group Member (including their directors, officers and employees) or to their professional advisors, financiers or insurers, in which case the recipient must ensure the information is kept confidential except as permitted under the Management Agreement; where the Manager or its related body corporate (as defined in the Corporations Act 2001 (Cth) is required to disclose the information under applicable laws or the rules of a recognised stock exchange (following consultation with the Responsible Entity as to the form and content of the disclosure); where the disclosure is required for use in legal proceedings relating to this agreement; or where the Responsible Entity has given its prior consent to the disclosure.

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	Item	Summary
(k)	<p>If the Manager is empowered to engage a related party to provide ancillary services (for example, to provide brokerage or advisory services in relation to any acquisition or disposal of assets), what processes will be in place to ensure that this power is properly exercised and that any fees charged to the entity for the provision of those ancillary services are appropriate and reasonable.</p>	<p>The Manager may delegate the provision of any asset management services, leasing services and/or property management services, and the performance of its functions and duties to any Investec Group Member, any director, secretary, employee or agent of any Investec Group Member, or the Responsible Entity or associate of the Responsible Entity (except as prohibited by any law).</p> <p>The Manager must exercise reasonable care in selecting, appointing and agreeing the terms of appointment to any delegate. Delegation does not relieve the Manager of its responsibility to provide the services in accordance with the Management Agreement, and the Manager is liable to the Responsible Entity for any loss to the Fund caused by the delegation.</p> <p>Under the Management Agreement, the Manager must not receive, or permit its associates to receive, any benefits in the nature of soft dollar benefits in relation to the investment or management of the Fund and the assets of any sub trusts.</p> <p>In providing the services, the Manager must also act in accordance with any conflicts policies or protocols that are in place from time to time. In this regard, the Responsible Entity has adopted a Conflicts of Interest Policy and Related Party Policy, which outline how the Responsible Entity approaches transactions with related parties when acting as responsible entity of the Fund. The processes for approval of related party transactions under these policies is set out below.</p>
(l)	<p>What processes will be in place to manage the potential conflicts if the Manager proposes to the Fund that it acquire assets from, or dispose of assets to, the manager or an associate of the Manager.</p>	<p>The Related Party Policy sets out the process for seeking approvals of related party transactions, including the provision by the Manager of property management services in respect of new properties. In particular:</p> <ul style="list-style-type: none"> • The Responsible Entity must notify Investec Compliance of any related party transaction; • Approval must be obtained from a majority of the independent, non-executive and non-Investec associated directors of the Responsible Entity; • If the proposed transaction does not fall within the arms' length exception for related party transactions under the Corporations Act 2001 (Cth), unitholder approval must be sought; and • If the transaction is approved by the requisite majority of directors (and members if applicable), the transaction will be recorded on the Fund's related party register. Details of the transaction will also be reported to the Audit and Risk Committee.
(m)	<p>Any provisions triggered by a change of control of the Fund or the Manager.</p>	<p>Not applicable.</p>
(n)	<p>Any option, pre-emptive right, right of first refusal or other right the Manager may have to acquire any of the assets under management.</p>	<p>The Management Agreement does not grant the Manager any option, pre-emptive right, right of first refusal or other right to acquire any of the assets under management.</p>
(o)	<p>Any material right of indemnity or exclusion from liability the</p>	<p>The Responsible Entity indemnifies the Manager and its related persons against all loss suffered or incurred from, or in connection</p>

Item	Summary
<p>Manager may have under the Management Agreement.</p>	<p>with, the Manager’s functions under Management Agreement, except for loss caused by any breach, fraud, gross negligence, or wilful default of, the Manager or related persons.</p> <p>In addition, if the Manager ceases to provide one or more services under the Management Agreement at the Responsible Entity’s request, and the Manager no longer requires third party services as a result, the Responsible Entity must indemnify the Manager against any third party break costs the Manager incurs in good faith in connection with the termination, cancellation or variation of such third party services agreement.</p> <p>The Manager is not liable to the Responsible Entity for any loss except for losses suffered or reasonably incurred by the Responsible Entity (or Fund) caused by the fraud, gross negligence or a breach of the Management Agreement (involving wilful default, deceit, or lack of good faith) by the Manager or their related persons.</p>

8. Further information

The Offer Information Line administered by the Registry, which has been available since the start of the Offer Period, will remain open until after despatch of holding statements in order to deal with enquiries.

The Responsible Entity confirms that the number of available lines is expected to be sufficient to meet the anticipated volume of queries from Applicants.

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Sydney Level 23 The Chifley Tower 2 Chifley Square Sydney NSW 2000 T +61 (0)2 9293 6300 F +61 (0)2 9293 6301 Melbourne Level 49 120 Collins Street Melbourne VIC 3000 T +61 (0)3 8660 1000 F +61 (0)3 8660 1010

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