



Investec Australia Property Fund Product Disclosure Statement

Note: This document is a summary product disclosure statement required to be made available by the Financial Services Board and does not constitute a product disclosure statement for the purposes of the Australian Corporations Act 2001 (Cth)



TABLE OF CONTENTS

| | |
|--|-----------|
| PURPOSE OF THIS DOCUMENT | 3 |
| CONTACT DETAILS | 4 |
| 1. OVERVIEW OF THE FUND | 7 |
| 2. THE RESPONSIBLE ENTITY | 13 |
| 3. THE MANAGER | 14 |
| 4. THE CUSTODIAN | 14 |
| 5. THE INDEPENDENT PARTY | 15 |
| 6. INVESTMENT IN THE FUND | 17 |
| 7. TAXATION | 19 |
| 8. RISK FACTORS | 21 |
| 9. FEES AND COSTS | 26 |
| 10. GLOSSARY | 29 |



PURPOSE OF THIS DOCUMENT

This Product Disclosure Statement is a summary of significant information regarding the Investec Australia Property Fund and contains references to important information in the pre-listing statement dated 25 September 2013 that forms part of this document. You can request a copy of the pre-listing statement free of charge from the offices of the Transfer Secretaries or the local representative office of the Fund. You should consider these documents before making a decision about investing in the Fund.

IMPORTANT INFORMATION

Investec Property Limited (ACN 071 514 246 AFSL 290 909) is the Responsible Entity of Investec Australia Property Fund (ARSN 162 067 736) and is the issuer of this Product Disclosure Statement.

It is important that you read this Product Disclosure Statement carefully and in its entirety before deciding whether to invest in units. In particular, you should carefully consider the tax implications outlined in paragraph 7 and risk factors outlined in paragraph 8 of this Product Disclosure Statement as they relate to your personal financial circumstances and objectives. The potential tax implications of investing in units will vary between investors. Other risks may exist in addition to those identified in this Product Disclosure Statement, which should be considered in light of your personal circumstances. If you have any questions relating to any aspects of this Product Disclosure Statement, you should consult your broker or other independent financial adviser before deciding whether to invest.

Offer restrictions

No units are being offered to any person whose registered address is outside South Africa or Australia unless the Responsible Entity is satisfied that it would be lawful to make such an offer.

The Fund is listed in Bermuda, however no public offering of units has been undertaken in this jurisdiction. No action has been taken to register units or otherwise permit a public offering of units in any jurisdiction outside of South Africa, Australia and Bermuda. This Product Disclosure Statement does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

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

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

Returns not guaranteed

Investments in the Fund do not represent investments in, deposits with or other liabilities of Investec Bank Limited, Investec plc, Investec Bank (Australia) Limited, the Responsible Entity, or any other member of the Investec Group. None of Investec Bank Limited, Investec plc, Investec Bank (Australia) Limited, the Responsible Entity, nor any of their respective related bodies corporate, directors, officers or associates in any way stands behind the capital value of the Fund or gives any guarantee or provides any assurance as to the performance of an investment in or the underlying assets of the Fund, the repayment of capital or any



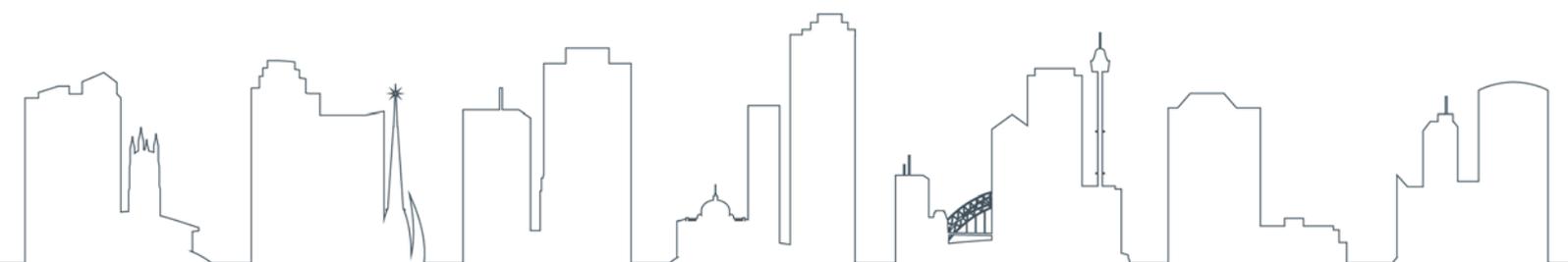
particular rate of capital or income return. Investments in the Fund are subject to investment and other risks, including delays in repayment and loss of income and capital invested.

Not an authorised deposit-taking institution

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

Not investment advice

The information contained in this Product Disclosure Statement is not financial product advice. This Product Disclosure Statement has been prepared as general information only, without reference to your investment objectives, financial situation or particular needs. You should carefully consider the risk factors outlined in paragraph 8 of this document as they relate to your personal circumstances, objectives and needs, recognising that other risk factors may exist in addition to those identified and which should also be considered when deciding whether to invest. You should obtain your own independent financial advice and taxation advice, tailored to your personal circumstances, before deciding whether to invest in units.



CONTACT DETAILS

Company secretary of the Responsible Entity

Anthony Rubin (*BCom, BAcc, Member of Australian Institute of Chartered Accountants*)

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

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

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

South African representative office:

c/o Investec Property Limited
2nd Floor
100 Grayston Drive
Sandown
Sandton
2196

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

On 23 August 2013 the Registrar authorised the Fund to solicit investments in the Fund from members of the public in the Republic of South Africa in terms of Section 65 of the CIS Act.

Responsible Entity

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

Manager

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

Corporate advisor and Sponsor

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

Transfer Secretaries

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



Custodian

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

Reporting accountants

KPMG Inc.
(Registration number 1999/021543/21)
KPMG Crescent
85 Empire Road
Parktown, 2196
(Private Bag 9, Parkview, 2122)

Bankers

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

Independent Party

FirstRand Bank Limited
Bankcity, 3 First Place
1st Floor, Cnr Simmonds and Jeppe Streets
(P O Box 7713, Johannesburg, 2000)



OVERVIEW OF THE FUND

1. OVERVIEW OF THE FUND

1.1 Background and history of the Fund

IAPF was established as an Australian-domiciled real estate investment trust (REIT) on 12 December 2012 and registered as a Managed Investment Scheme in Australia on 6 February 2013. The Fund is regulated by ASIC in Australia whose role includes ensuring that all Managed Investment Schemes comply with the Corporations Act and the Corporations Regulations 2001 (Cth) of Australia so that investors have access to the benefits, rights and protections afforded by the Corporations Act.

IAPF listed on the JSE on 23 October 2013 under share code IAP in the Real Estate Holdings and Development sector of the Main Board. The Fund is also listed on the Bermuda Stock Exchange under the Chapter 6 Section IV, Collective Investment Vehicles, Unit Trusts sector of the Listing Regulations of the Bermuda Stock Exchange.

The Fund's financial year end is 31 March.

1.2 Fund structure

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

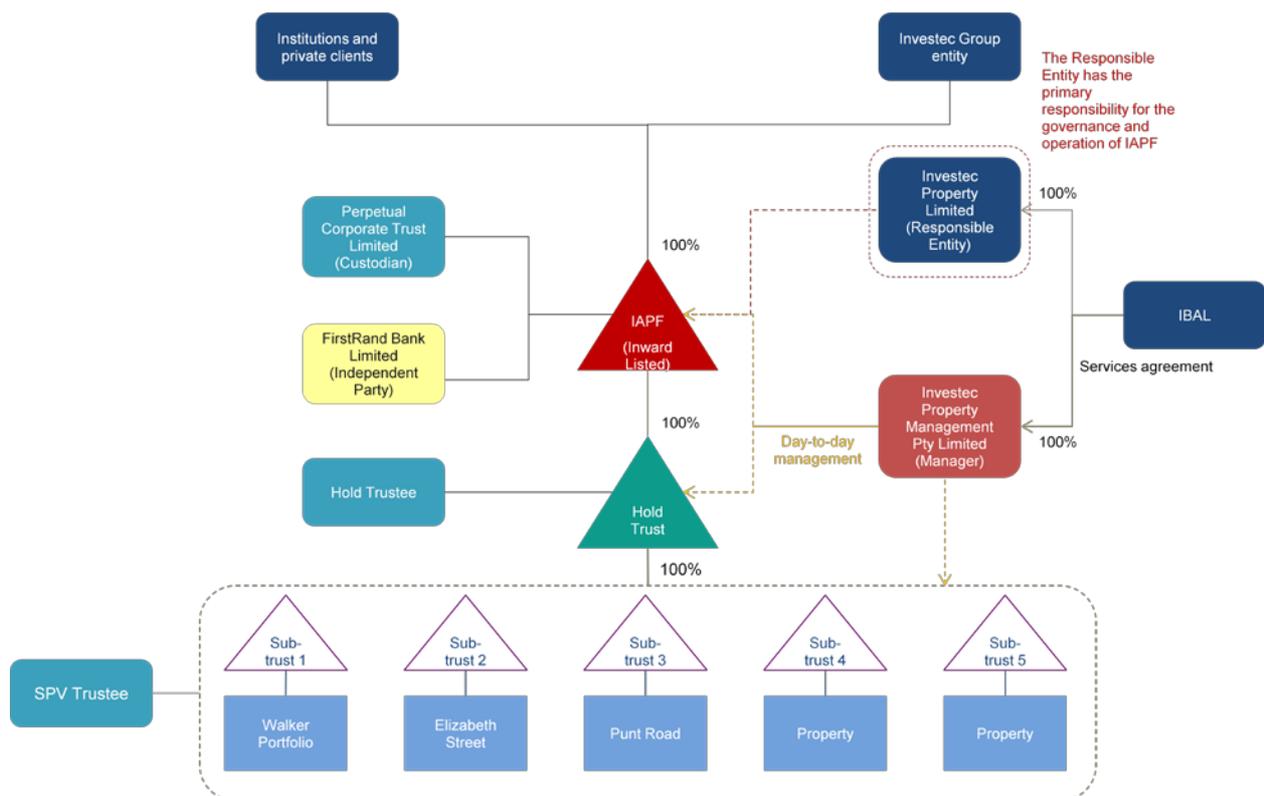
IAPF intends to hold the property portfolio and any future property acquisitions through subsidiary trusts under one or more umbrella holding trusts which themselves are or will be wholly-owned by the Fund. The rationale for this structure is to allow for future flexibility within the structure for corporate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

The Responsible Entity has contracted the Custodian to hold the assets of the Fund on behalf of the Responsible Entity.

The Responsible Entity has the primary responsibility for the governance and operation of the Fund. In accordance with the Constitution, certain asset and property management functions have been outsourced to the Manager. The Manager is a wholly-owned subsidiary of IBAL.

The diagram below sets out the illustrative structure of IAPF and the relationship between the Responsible Entity, the Manager, the Custodian and the Independent Party.





1.3 Strategy

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

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

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

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



- implement appropriate debt and equity funding strategies and adopt a prudent interest rate hedging policy.

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

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

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

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

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

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

1.4 Directors

The directors of the Responsible Entity are responsible for the overall direction, supervision and management of the Fund.

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

| | |
|-------------------------|---|
| Name | Richard Anthony Longes (68) |
| Nationality | Australian |
| Business address | Level 23, Chifley Tower, 2 Chifley Square, Sydney, New South Wales 2000, Australia |
| Qualifications | BA (Sydney University); LLB (Sydney University); MBA (University of NSW); Solicitor (non-practicing) |
| Current position | Chairman, independent non-executive director |
| Resume | Richard is a non-executive director of IBAL. Richard was previously Chairman of MLC Limited and General Property Trust, Deputy Chairman of Lend Lease Corporation, a founding principal of Wentworth Associates and a partner of the legal firm Freehills. He has |



held positions with Government advisory boards, including the Review of the National Museum and the Funds Management Committee for the IIF programme, and non-profit organisations including NIDA, Bangarra Dance Theatre and currently with the Pain Management Research Institute, National Centre of Indigenous Excellence (NCIE) and Board of Patrons of the National Aboriginal Sporting Chance Academy (NASCA). In 2003, Richard chaired a Federal Government enquiry into Indigenous Business.

| | |
|-------------------------|--|
| Name | Graeme Anthony Katz (50) |
| Nationality | Australian |
| Business address | Level 23, Chifley Tower, 2 Chifley Square, Sydney, New South Wales 2000, Australia |
| Qualifications | BSocSci (Rhodes University); Industrial Relations Development Programme University of Stellenbosch Business School; Financial Planning Principles and Practice, Securities Institute |
| Current position | Chief Executive Officer |
| Resume | Graeme joined IBAL to head up the Property Investments team in 2006. Prior to that he was General Manager of Investment Sales at Mirvac Group where he was the key person and responsible officer for the Mirvac Real Estate licence dealing with their registered and unregistered schemes. Graeme is a Director of Investec Property Limited and a number of other companies within the Investec Group. He was previously a Director of the Property Investors Association of Australia. |

| | |
|-------------------------|---|
| Name | David Michael Gonski (59) |
| Nationality | Australian |
| Business address | Level 23, Chifley Tower, 2 Chifley Square, Sydney, New South Wales 2000, Australia |
| Qualifications | BCom; LLB(UNSW); Life Fellow of the Australian Institute of Company Directors; Fellow of the Certified Practising Accountants; Solicitor admitted in New South Wales and to the High Court |
| Current position | Independent non-executive director |
| Resume | David Gonski is Chairman of IBAL, the Guardians of the Future Fund, Coca-Cola Amatil Limited and Ingeus Ltd. David is also Chancellor of the University of New South Wales, Chairman of the National E Health Transition Authority Limited, the UNSW Foundation Limited, Swiss Re Life & Health Australia Limited and the Sydney Theatre Company. He is also a Director of Infrastructure NSW, a member of the ASIC External Advisory Panel and the board of the Lowy Institute for International Policy and is a Patron of the Australian Indigenous Education Foundation. He was previously a member of the Takeovers Panel, President of the Art Gallery of New South Wales, Director of ANZ Bank Limited, Singapore Airlines Limited and the Westfield Group, Chairman of ASX Limited, the Australia Council for the Arts and the Board of Trustees of Sydney Grammar School. |



| | |
|-------------------------|--|
| Name | Sam Hackner (57) |
| Nationality | South African |
| Business address | 100 Grayston Drive, Sandown, Sandton, 2196, South Africa |
| Qualifications | BCom(Hons); Dip Acc; CA(SA) |
| Current position | Non-executive director |
| Resume | Sam Hackner has over 30 years of experience in the property industry and is currently the chief executive officer and global head of Investec Property. In 2003 he was appointed chairman of Growthpoint, the largest property fund listed on the JSE. Sam Hackner resigned as chairman of Growthpoint in July 2008, a year after the property management and asset management functions were sold by Investec to Growthpoint. He is currently a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a R3.7 billion Luxembourg-based fund for investment in global real estate. Sam is currently also Chairman of Investec Property Fund Limited, a R5.3bn property fund listed on the JSE. |

| | |
|-------------------------|---|
| Name | Samuel Ronald Leon (63) |
| Nationality | South African |
| Business address | 100 Grayston Drive, Sandown, Sandton, 2196, South Africa |
| Qualifications | LLB (London) |
| Current position | Non-executive director |
| Resume | Sam Leon has over 35 years of experience across all sectors of the property industry with 20 years at Investec Property, firstly as a director, then managing director and currently as deputy chairman. He was a founder of the transformation of Growthpoint into South Africa's largest listed property fund and was a director until Investec sold its interests in October 2007. Sam was also a director of a specialist listed property fund Metboard Properties Limited, until it was sold to Growthpoint in April 2007, as well as a board member of SAPOA (the South African Property Industry body). He is currently a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a R3.7 billion Luxembourg-based fund for investment in global real estate. Sam is currently also chief executive officer of Investec Property Fund Limited, a R5.3bn property fund listed on the JSE. |

| | |
|-------------------------|--|
| Name | Sally Herman (56) |
| Nationality | South African |
| Business address | Level 11, 139 Macquarie Street, Sydney, NSW 2000, Australia |
| Qualifications | BA (UNSW); GAICD |
| Current position | Independent non-executive director |
| Resume | Sally Herman has had a long career in financial services in both Australia and the US. In late 2010, she transitioned from an executive career to expand her non-executive portfolio. Prior to that, she had spent 16 years with the Westpac Group, running business units in most operating divisions of the Group, including the Institutional Bank, Wealth Management (BT Financial) and the Retail and Business Banking division. Her most recent role at Westpac was heading up Corporate Affairs and Sustainability for the Group, a role she held through the merger with St. George and the global financial crisis. Sally sat on the Board of many Westpac and BT subsidiaries, including the |



Responsible Entities and Insurance Boards. Immediately prior to Westpac, Sally worked at Macquarie Bank where she set up the Private Bank and the Melbourne Capital Markets desk. Sally is now a non-executive director and consultant, sitting on both for-profit and not-for-profit boards and is actively involved in the community, with a particular interest in disability, education and the arts. Her commercial boards are in the property, financial services and retail sectors.

| | |
|-------------------------|---|
| Name | Michael Crawford (70) |
| Nationality | South African |
| Business address | Stratford House, The Braes, Bryanston Drive, Bryanston, 2021 |
| Current position | Independent non-executive director |
| Resume | Mr Crawford has approximately 35 years of experience in property development. He was the founding shareholder of RPP Developments, a successful property development company, and acted as managing director and later, Chairman thereof. Mr. Crawford is currently the Chairman of Stratford Property Ventures. Major developments overseen by him include Centurion Shopping Mall, Fourways Golf Park (office park) and the Tygerberg Business Park (industrial). |

¹Sam Hackner is currently Chairman of Investec Property Fund Limited, a South African property fund listed on the JSE since April 2011

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

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

1.5 Background of the Investec Group

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

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

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



2. THE RESPONSIBLE ENTITY

2.1 Background and history of the Responsible Entity

In accordance with the Corporations Act, IAPF, which is a registered Managed Investment Scheme, is required to be operated by a *responsible entity*, which in this instance is Investec Property Limited, a wholly-owned subsidiary of IBAL. A responsible entity is a company that holds an Australian Financial Services Licence (AFSL 290 909) issued by ASIC which permits it to operate Managed Investment Schemes investing in real estate. The Responsible Entity has the primary responsibility for the governance and operation of the Fund and is statutorily obliged to act in the best interests of unitholders.

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

Investec Property Limited has been managing third party funds and operating Managed Investment Schemes since 2005. Investec Property Limited is currently the responsible entity of three unlisted funds with approximately AUD 400 million of gross assets under management. At their peak, gross asset under management in these funds exceeded AUD 720 million.

2.2 Duties of the Responsible Entity

The Responsible Entity is responsible for all aspects of the management and operation of the Fund including:

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



3. THE MANAGER

3.1 Background

In accordance with the Constitution, certain asset and property management functions have been outsourced to the Manager under the Management Agreement. The Manager, being Investec Property Management Pty Limited, is a wholly-owned subsidiary of IBAL.

The Manager will perform the asset management and property management functions for the Fund, while the Responsible Entity will oversee the execution of these services. The Management Agreement sets out the services to be performed by the Manager and the fee for the services.

The Manager is a newly-established management company domiciled in Australia. The Manager has no resources of its own, and therefore a Services Agreement has been entered into between IBAL and the Manager under which IBAL will make available staff and other ancillary resources such as premises and systems to the Manager to enable the Manager to fulfil the functions set out in the Management Agreement.

3.2 Management Agreement

| | |
|--------------------------------|---|
| Term | <ul style="list-style-type: none"> Initial term of 10 years, unless terminated earlier May be renewed by ordinary resolution of unitholders for further periods of 10 years |
| Base fee | <ul style="list-style-type: none"> Monthly fee of 0.06% of the Enterprise Value, which is in line with Australian market practice |
| Property management fee | <ul style="list-style-type: none"> Fees will take into account the size, location and management complexity of each property, and the additional services performed. These will be agreed on a case-by-case basis as properties are acquired Ranges from 2.0%-2.5% of gross monthly rental income in accordance with Australian market practice |
| Leasing fees | <ul style="list-style-type: none"> Fee will take into account the size, location and leasing complexity of each property. These will be agreed on a case-by-case basis. |

4. THE CUSTODIAN

4.1 Background and history of the Custodian

In order to qualify for approval for the marketing of the Fund as a foreign Collective Investment Scheme in terms of Section 65 of the CIS Act, an independent custodian is required to be appointed. The Responsible Entity has appointed Perpetual Corporate Trust Limited as independent custodian who will hold the assets of the Fund on behalf of the Responsible Entity.



Perpetual Corporate Trust Limited is a subsidiary of Perpetual Limited. Founded in Sydney in 1886, Perpetual Limited is the parent entity of an independent financial services group operating in funds management, financial advisory and trustee services. Its origin as a trustee company, coupled with its strong track record of investment performance, has created a reputation as one of the strongest brands in financial services in Australia. Perpetual Limited's funds under management are approximately AUD 26.0 billion as at 31 March 2013.

The Custodian's role is limited to holding assets of the Fund as agent of the Responsible Entity and has no supervisory role in relation to the operation of the Fund. The Custodian is required to ensure the safekeeping of the trust documentation and all original certificates of titles, leases and bank guarantees held on behalf of the Fund and receive all income and other payments in respect of the assets held.

It is the duty of the Custodian to provide various reports on a periodic basis to the Responsible Entity relating to assets held by the Custodian on behalf of the Fund, report on flow of funds through the Fund's bank account, reports pertaining to the Custodian itself, in relation to performance measurement, internal controls in place and compliance with ASIC regulations.

5. THE INDEPENDENT PARTY

5.1 Independent Party

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

- a) Ensure that the basis on which the issue, redemption or cancellation, as the case may be, of units effected by or on behalf of the Fund is carried out is in accordance with the Constitution and the JSE Listings Requirements;
- b) Ensure that the issue or redemption price of securities is calculated in accordance with the provisions of applicable legislation and the Constitution of the Fund. This entails confirming that Units are issued at Market Price, redemptions are conducted at Current Unit Value less allowable deductions, and verifying the calculation of Net Asset Value per Unit (all terms as defined in the Constitution);
- c) Verify that in transactions involving the assets of the Fund, any consideration is remitted to the Fund within time limits that are in accordance with market practice;
- d) Verify that the income accruals of the Fund are applied in accordance with the provisions of the Constitution;
- e) Verify, by receiving confirmation from the Custodian, that the Custodian maintains legal separation of assets held under custody, that the equitable entitlement of investors to such assets is assured, that appropriate internal control systems are in place, and that records clearly identify the nature and value of all assets under custody, the ownership of each asset and the place where documents of title pertaining to each asset are kept;
- f) Monitoring the Fund's compliance committee and ensuring that the powers and processes of this committee are correctly applied in ensuring adherence to applicable law and the Constitution;



- g) Prepare and submit an annual report to the Fund stating whether the Fund was administered in accordance with the limitations imposed by the Fund's investment and borrowing powers and if there has been non-compliance, state the reasons for the non-compliance and outline the steps taken to rectify the situation;
- h) Satisfy itself, through obtaining confirmation from the Fund's auditors, that every income statement, balance sheet or other return prepared by the Fund fairly represents the assets and liabilities, as well as the income, expenses and distributions of the Fund;
- i) Report to the directors any irregularity or undesirable practice of which it becomes aware in relation to the Fund, whether declared in terms of legislation or not, and if steps to rectify the irregularity or practice in question are not taken to the satisfaction of the Independent Party, it must as soon as possible report such irregularity or undesirable practice to ASIC;
- j) Verify execution of agreements entered into by the Responsible Entity on behalf of the Fund;
- k) Maintain copies of title deeds in respect of the Fund's properties and other documents evidencing title to the assets of the Fund;
- l) Verification of bank reconciliations prepared by management and reconciliation to current bank balance; and
- m) Review SENS announcements in respect of any corporate activity undertaken by the Fund and confirm that regulators have been notified of any associated changes to constitutional documents and the necessary approvals have been obtained.



INVESTMENT AND DISTRIBUTION POLICY

6. INVESTMENT IN THE FUND

6.1 Benefits of investing in Investec Australia Property Fund

- Australian macroeconomic fundamentals are supportive of a robust property sector, as interest rates and inflation are expected to remain low.
- Australian sector appears to be relatively attractively priced compared to South Africa. The persistent spread of listed property sector yields to bond yields indicates a potential for capital uplift.
- The Fund will benefit from positive gearing in Australia as it will have access to debt funding in Australia at a relatively lower cost of debt than available in South Africa.
- Investors will be investing in a hard currency with AUD income and capital returns
- The Fund will be managed by an experienced and entrepreneurial management team on-the-ground in Australia with track record and it will have the ability to leverage off the Investec platform providing opportunities for growth.
- The Property Portfolio consists of a diverse mix of industrial and commercial assets located across Australia with long-term leases and quality tenants offering sustainable income.

6.2 Interest that unitholders acquire

Units in the Fund can be acquired on the JSE via your CSDP or broker. When you buy units, you become a unitholder. Acquisition of units gives you a *pro rata* beneficial interest in the underlying assets of the Fund but you are not entitled to participate in the management or operation of the Fund (except through general meetings). Your return will be a function of the Australian and global direct property market and interest rate environment as well as the AUD / Rand exchange rate.

There are no minimum investment and redemption amounts.

6.3 Pricing of the Fund

Pricing of units listed on the JSE is determined by the market on a real-time basis based on buy/sell trades that take place through the JSE. The price at which you acquire or sell units will be based on the price of the units quoted on the JSE at the time of the transaction.

Securities Transfer Tax of 0.25% will apply to the purchase of units and additional brokerage fees ranging from an estimated 0.35% - 0.75% may apply depending on the fee negotiated in terms of the agreement entered into between you and your broker.

6.4 Income distribution and frequency of calculation

It is the Responsible Entity's intention to declare and pay a distribution bi-annually, which is required to be within three months after the end of each distribution period, being the last day of the half-yearly and year-end periods. Thus, half-yearly and final distributions are expected to be paid by December and June respectively, each year. Additional interim distributions may also be made on any such other date as the Responsible Entity may determine. Distributions will be declared in AUD. The distribution declaration announcement will disclose the exchange rate at which the AUD distribution will be converted to Rand. The Rand-denominated



distributions will be transferred to the bank accounts of the various South African CSDPs and unitholders will then receive the Rand equivalent of the AUD distributions.

The Fund is able to undertake a distribution of capital at any time, including in the event of a sale of property within the Fund. Refer to paragraph 7 below for the Australian tax treatment of distributions by the Fund to investors in South Africa.

Subject to any applicable law relating to unclaimed money or property, the Responsible Entity must hold any unclaimed money (e.g. distributions) on trust for the relevant unitholder for not less than 3 years from the date on which such money became due and payable. Any such money will not be part of the Fund and will be held by the Responsible Entity on a separate trust for the relevant unitholder entitled to that distribution. The Responsible Entity has the same powers to manage and invest such money as the Responsible Entity has in respect of the Fund.

6.5 Rights attaching to units

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

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

All of the units are of the same class and rank *pari passu* in every respect. The units, which are of no par value and which must be fully paid upon issue, carry no preferential and/or conversion rights. The rights to distributions, redemption rights and rights on liquidation or distribution of capital are set out in the pre-listing statement of the Fund dated 25 September 2013 which contains the relevant extracts from the Constitution.

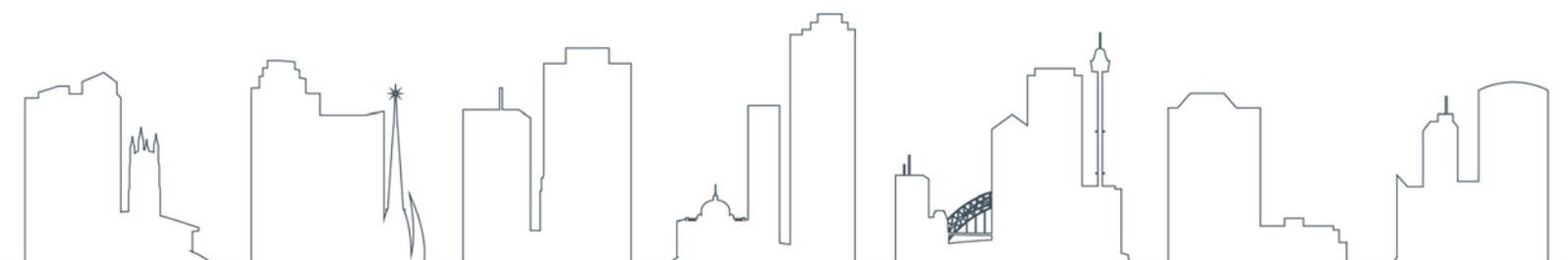
At any general meeting, a unitholder that is present and also represents by proxy one or more unitholders, is entitled to one vote on a show of hands if all votes are either “for” or all votes are either “against” the resolution. If some votes are “for” and some are “against”, then the unitholder is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

The Responsible Entity, in terms of the provisions of the Constitution and the JSE Listings Requirements, controls the issue of new units.

The Responsible Entity, in terms of the provisions of the Constitution, the CIS Act and the Listings Requirements, controls the issue of Units. The Responsible Entity may only issue Units in the following circumstances:

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

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



6.6 Australia's Foreign Investment Review Board

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

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

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

6.7 Stapled securities

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

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

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

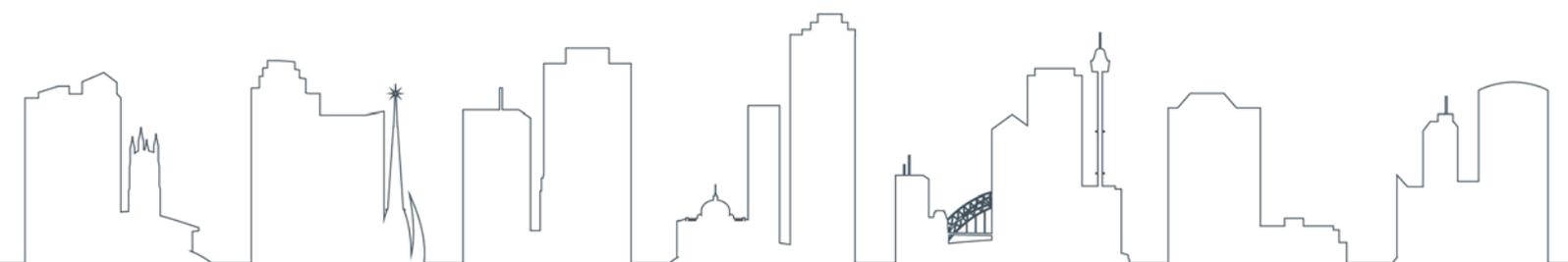
7. TAXATION

7.1 Tax treatment of distributions

In Australia the Fund is recognised as a REIT which is a flow-through vehicle and therefore is not subject to Australian income tax on any of the net income derived by the Fund as long as REIT provisions are complied with.

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

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



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

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

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

7.2 Depreciation allowances

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

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

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

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

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



RISK FACTORS

8. RISK FACTORS

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

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

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

RISKS RELATING TO THE FUND

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

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

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

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

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



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

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

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

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

8.5 The Fund is exposed to market risk from interest rate fluctuations

An increase in interest rates or an increase in the margins on which financing can be obtained may increase the Fund's financing costs. To the extent that the Fund incurs variable rate indebtedness that is unhedged, increases in interest rates may increase the cost of borrowing and this may adversely affect the Fund's ability to make timely principal and interest payments. Further, where interest-bearing indebtedness is hedged, hedging arrangements themselves involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates.

The Fund is subject to debt covenants, which limit its financial and operating flexibility.

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

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

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

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

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

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



The Fund is a geared investment product and intends to continue to utilise debt funding in the future. The use of debt funding creates an opportunity for increased returns to unitholders, but involves a higher degree of financial risk because the level of the Fund's loan to value ratio will magnify the effect of any movement in the value of the property portfolio, interest rates and/or any downturns in the economy. Further, if the Fund's gearing level increases, this may make it more difficult for the Fund to refinance existing facilities and/or obtain finance in the future, which in turn may limit the Fund's ability to acquire further assets and may affect the future profitability of the Fund.

The Fund will also be exposed to market risk both as to availability of funding and terms on which it is available, when refinancing its debt facilities.

8.8 Tax treatment

As noted in paragraph 7.1, the Fund should not be subject to Australian tax on any of the net income derived by the Fund so long as the Australian REIT provisions are complied. Changes in the Fund's business activities or Australian tax legislation could result in the Fund incurring income tax on its net income in the future. In this event, subsequent distributions would be paid on a "post-tax" basis.

The Australian taxation treatment of Managed Investment Trusts, including REITs, has been under review in Australia for several years. There is a risk that if the concessional rates described in paragraph 7.1 change, or if the Fund ceases to qualify as a Managed Investment Trust in the future, distributions to investors in South Africa may become subject to a higher withholding tax rate.

For further details of salient tax features, see paragraph 7 above.

RISKS RELATING TO THE PROPERTY PORTFOLIO AND OTHER INVESTMENTS IN PROPERTY

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

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

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

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



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

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

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

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

8.12 The value of the property portfolio may fluctuate as a result of factors outside the Fund's control

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

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

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

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



8.13 Property investments are relatively illiquid

Because investment properties are relatively illiquid compared to other types of investments, the Fund's ability to promptly sell one or more of its properties in response to changing economic, financial and investment conditions may be limited. There can be no assurances that the Fund will be able to sell any of its properties in a timely manner for the price or on the terms set by the Fund, or whether any price or other terms offered by a prospective purchaser would be acceptable to the Fund.

8.14 Capital expenditure

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

8.15 Property contamination

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

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

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

RISKS RELATING TO THE ACQUISITION OF UNITS

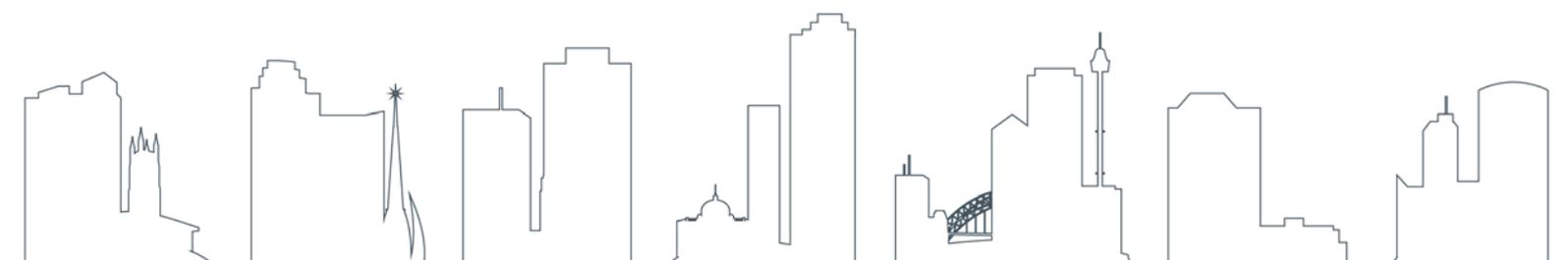
8.16 Suitability of investment

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

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

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

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



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

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

8.19 Dilution of participatory interests

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

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

8.20 Unitholders are exposed to risk from exchange rate fluctuations

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

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

GENERAL INVESTMENT RISKS

8.21 Economy and market conditions

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

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

8.22 Legal and regulatory matters

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



FEES AND COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from AUD 100,000 to AUD 80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

Fees and other costs

Table 1 shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Taxes are set out in paragraph 7 of this Product Disclosure Statement.

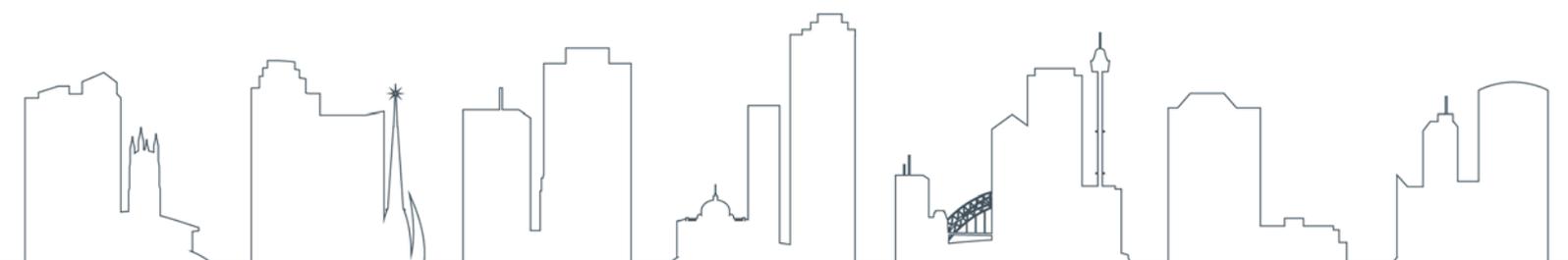
You should read all the information about fees and costs because it is important to understand their impact on your investment.

Table 1:

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|---------------------|--------|-------------------|
|---------------------|--------|-------------------|

Fees when your money moves in or out of the Fund

| | | |
|---|----------------|---|
| Establishment fee The fee to open your investment | Not applicable | Not applicable as the Fund is a listed entity; Fees may be charged by your local CSDP or broker |
| Contribution fee | Not applicable | Not applicable as the Fund is a listed entity; Fees may be |



| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|---|----------------|---|
| The fee on each amount contributed to your investment | | charged by your local CSDP or broker |
| Withdrawal fee The fee on each amount you take out of your investment | Not applicable | Not applicable as the Fund is a listed entity; Fees may be charged by your local CSDP or broker |
| Termination fee The fee to close your investment | Not applicable | Not applicable as the Fund is a listed entity; Fees may be charged by your local CSDP or broker |

Ongoing management fees and other costs

| | | |
|---|---|---|
| Ongoing management fees The fees and costs for managing your investment and operation of the Fund | <p>The Responsible Entity is entitled to receive out of the Fund an annual management fee of 0.025% p.a. of the Fund's Enterprise Value. However, the Responsible Entity has agreed to defer its right to receive this fee until further notice.</p> <p>The Responsible Entity will however recover its costs in operating the Fund ("Operating Expenses"). Such costs relate to recurring fees in respect of reporting, property valuations, legal fees, registry, stock exchange sponsors, directors, FSB, insurance, marketing and other property-related operational expenses.</p> <p>The aggregate of the Operating Expenses of the Fund are estimated at 1.0% p.a. of the net asset value of the Fund, i.e. AUD 520 for every AUD 50,000 invested in Units.</p> | To be reimbursed from the assets of the Fund as the Responsible Entity incurs the Operating Expenses. |
|---|---|---|



Service fees

| | | |
|---|----------------|---|
| Switching fees | Not applicable | Not applicable as the Fund is a listed entity; Fees may be charged by your local CSDP or broker |
| The fee for changing investment options | | |

Example of annual fees and costs

The following table shows a breakdown of estimated ongoing management fees and costs for the 12 month period ending 31 March 2014¹.

You should use this table to compare the units with other managed investment products. All amounts are exclusive of GST.

| EXAMPLE | BALANCE OF AUD 50,000 | |
|---------------------------------------|--|---|
| Contribution Fees | n/a | n/a |
| PLUS Management Costs | For every AUD 50,000 you have in the Fund you will be charged the following amounts in the first year: | |
| Management fees | Nil | The Responsible Entity has agreed to defer its right to receive this fee until further notice |
| Operating expenses of the Fund | Estimated at 1.0% of net asset value | Estimated at AUD 520 for every AUD 50,000 initial investment |
| EQUALS Cost of the Fund | <p>If you had an investment of AUD 50,000 at the beginning of the year you would be charged fees of approximately AUD 520 for the year</p> <p>What it costs you will depend on the investment option you choose and the fees you negotiate with the Fund or your financial adviser.</p> | |

¹The estimates are based on a capital raising of AUD 112,685,000 in terms of the initial private placing and figures estimated in the pro forma balance sheet and forecast statement of comprehensive income of the Fund at the time of listing on the JSE. Actual fees and costs as a portion of the net asset value of the Fund may vary from the estimated amounts.



Additional explanation of fees and costs*Operating Expenses*

The Operating Expenses referred to above include the base asset management fee, fees and expenses paid to the Custodian and Independent Party as well as other costs and expenses payable by or reimbursable to the Responsible Entity out of the Fund.

The operating expenses exclude the property management fee and leasing fees. Whilst these fees are payable out of the Fund to the Manager, they are generally recovered from tenants and are not ultimately borne by investors.

Additional fees

Additional brokerage fees may be charged by your local CSDP or broker, as well as Securities Transfer Tax on the acquisition of shares on the JSE.



GLOSSARY

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

| | |
|--------------------------------|---|
| “AFSL” | Australian Financial Services Licence; |
| “ASIC” | the Australian Securities and Investments Commission; |
| “AUD” | Australian dollar(s); |
| “CIS Act” | the Collective Investment Schemes Control Act, 2002 (Act 45 of 2002) of South Africa as amended from time to time; |
| “Collective Investment Scheme” | means a collective investment scheme as defined in Section 1 of the CIS Act; |
| “Constitution” | the constitution (otherwise known as the trust deed) of IAPF as amended from time to time; |
| “Corporations Act” | the Corporations Act 2001 (Cth) of Australia as amended from time to time; |
| “Custodian” | Perpetual Corporate Trust Limited (ACN 000 341 533); |
| “CSDP” | a Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act, No. 36 of 2004, as amended; |
| “Enterprise Value” | the sum of the market capitalisation of the Fund, based on the 30-day volume weighted average traded price per unit multiplied by the average number of units in issue over the 30-day period ending immediately before the relevant date, and the total amount of debt owing by the Fund and all subsidiary trusts (excluding inter-company loans) as at the relevant date, less the total amount of cash and cash equivalents held by the Fund and all subsidiary trusts as at the relevant date; |
| “FIRB” | the Australian Foreign Investment Review Board; |
| “FSB” | Financial Services Board; |
| “GST” | goods and services tax or similar value added tax levied or imposed in Australia pursuant to the GST Act or otherwise on a supply; |
| “GST Act” | a New Tax System (Goods and Services Tax) Act 1999 (Cth), as amended from time to time; |
| “Hold Trustee” | Investec Wentworth Pty Limited, the trustee of the holding trust and a wholly-owned subsidiary of IBAL; |
| “Independent Party” | FirstRand Bank Limited (Registration number 1929/001225/06) a |



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| | company duly incorporated and registered in South Africa and has been appointed by the Fund to provide an independent oversight function required in terms of the CIS Act; |
| "Investec Australia Property Fund" or "the Fund" or "IAPF" | Investec Australia Property Fund (ARSN 162 067 736), duly registered as a Managed Investment Scheme under the Corporations Act; also recognised as a foreign Collective Investment Scheme and authorised to solicit investments in the Fund from members of the public in the Republic of South Africa in terms of Section 65 of the Collective Investment Schemes Control Act 45 of 2002, as amended; |
| "Investec Bank (Australia) Limited" or "IBAL" | a company registered in Australia (ACN 071 292 594) and a wholly-owned subsidiary of Investec Plc; |
| "Investec Bank Limited" | Investec Bank Limited (registration number 1969/004763/06), a company incorporated in South Africa and a wholly-owned subsidiary of Investec Limited; |
| "Investec Property Limited" or "Responsible Entity" | Investec Property Limited (ACN 071 514 246 AFSL 290 909) the responsible entity of the Fund and a wholly-owned subsidiary of IBAL; |
| "Investment Committee" | a committee consisting of all the members of the board of directors of the Responsible Entity, established to consider investment opportunities, disposals and capital expenditure to be made by the Fund; |
| "JSE" | Johannesburg Stock Exchange; |
| "LSE" | London Stock Exchange; |
| "Managed Investment Scheme" | a managed investment scheme that has been registered by ASIC as a managed investment scheme under chapter 5C of the Corporations Act; |
| "Managed Investment Trust" | as defined in section 12-400 of Schedule 1 to the Australian <i>Tax Administration Act</i> 1953 (Cth) being a unit trust that satisfies certain requirements enabling it to be classified as a Managed Investment Trust and to which concessional withholding tax rates apply to distributions to investors in certain countries (including South Africa); |
| "Manager" | Investec Property Management Pty Limited (ACN 161 587 391), a wholly-owned subsidiary of IBAL which has been contracted to perform certain asset management and property management functions to the Fund; |
| "Rand" or "R" | South African Rand; |
| "Registrar" | Registrar of Collective Investment Schemes; |
| "Securities Transfer Tax" | as levied in terms of the Securities Transfer Tax Act, 2007 (Act No. 25 of 2007); |
| "SENS" | Stock Exchange News Service; and |
| "SPV Trustee" | Investec Propco Pty Limited (ACN 161 587 186), the trustee of various subsidiary trusts of the Fund and a wholly-owned subsidiary |



of IBAL.

