

INVESTEC AUSTRALIA PROPERTY FUND
Incorporated and registered in Australia in terms of ASIC (ARSN 162 067 736)
Registered in terms of the Collective Investment Schemes Control Act No.45 of 2003
Operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909) ("**Responsible Entity**")
Share code: IAP
ISIN: AU60INL00018
("IAPF" or the "Fund")

DISTRIBUTION UPDATE, ANNOUNCEMENT OF DISTRIBUTION RE-INVESTMENT PRICE AND CONFIRMATION OF FINALISATION INFORMATION

Introduction

Unitholders are referred to the announcement relating to the reviewed preliminary condensed consolidated financial results for the year ended 31 March 2016 released on SENS on Thursday, 19 May 2016 ("**Results Announcement**") containing details of the final distribution declaration number 5.

As required by the Listing Requirements of the JSE Limited, the Fund has entered into a forward exchange contract to convert the AUD distribution to ZAR such that the locked in exchange rate is communicated to unitholders at least one week before the last day to trade in relation to the final distribution.

Accordingly, unitholders are advised that this distribution has been converted from AUD to ZAR at an exchange rate of AUD 1.0000 : ZAR 11.23320. The resulting distribution is 52.00107 ZAR cents per unit (pre withholding tax paid in Australia) and 52.18529 ZAR cents per unit (post withholding tax paid in Australia).

Furthermore, unitholders will be entitled to re-invest the cash distribution (post withholding tax paid in Australia) of 52.18529 ZAR cents per unit ("**Cash Distribution**") in return for units ("**Re-Investment Alternative Units**"), as declared in the Results Announcement.

Re-Investment Price

The IAPF unit price applicable to unitholders electing to receive Re-Investment Alternative Units and recorded in the register on Friday, 10 June 2016 ("**Record Date**"), is ZAR 13.75 ("**Re-Investment Price**"). The Re-Investment Price represents a discount of 0.5% to the closing clean price of ZAR 13.81 on Thursday, 26 May 2016 and a discount of 2.3% to the five-day volume weighted average traded price of ZAR 14.07 on Thursday, 26 May 2016.

Tax implications

The Fund and its 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 Unitholders resident in South Africa. However, the effect of this tax on the Fund's distribution for the period from 1 October 2015 to 31 March 2016 has been reduced to -0.35%, equivalent to -0.01640 Australian cents per Unit, through certain deductions such as depreciation and breakage costs arising from the exit of interest rate swaps during the period, which shielded the Fund from withholding tax and resulted in a partial claw-back of withholding tax withheld from the H1 distribution.

The distributions, net of Australian withholding tax, received by South African institutional and individual unitholders will constitute income and will be subject to income tax in South Africa at the unitholder's marginal tax rate. Tax paying unitholders will be able to claim a rebate against the withholding tax paid in Australia. Non-tax paying unitholders will 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 circular. Unitholders should take their own tax advice as to the consequences of their investment in the Fund and are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

The impact of the withholding tax on unitholders has been illustrated by way of the example below:

Distribution per unit pre-withholding tax (AUD cents)	4.62923
Add: Australian withholding tax (AUD cents)	0.01640
Distribution per unit post-withholding tax (AUD cents)	4.64563
AUD / ZAR exchange rate	11.23320
Distribution per unit post-withholding tax (ZAR cents)	52.18529
Reinvestment Price (ZAR)	13.75000
New units issued per 100 units	3.79529

Due to the fact that the Cash Distribution or election to receive Re-Investment Alternative Units may have tax implications for unitholders, unitholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

In terms of the Listings Requirements of the JSE Limited, the following additional information is disclosed:

- The Cash Distribution portion has been declared from the Fund's reserves.
- As at the date of this announcement, the Fund has 312,541,376 ordinary units of no par value each in issue.

Trading of IAPF units

As published in the Results Announcement, unitholders electing to receive Re-Investment Alternative Units are requested to note that the Re-Investment Alternative Units will be listed on LDT + 3 and these can only be traded on LDT + 3 as the settlement of the Re-Investment Alternative Units will occur three days after record date, which differs from the conventional one day after record date settlement process.

Units may not be dematerialised or rematerialised between commencement of trade on Monday, 6 June 2016 and close of trade on Friday, 10 June 2016.

Johannesburg
27 May 2016

Investment Bank and Sponsor
Investec Bank Limited