

## INVESTEC AUSTRALIA PROPERTY FUND

Incorporated and registered in Australia in terms of ASIC (ARSN 162 067 736)

Registered as a foreign collective investment scheme in terms of the Collective Investment Schemes Control Act No. 45 of 2003 and operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909) ("**Responsible Entity**")

Share code: IAP

ISIN: AU60INL00018

("IAPF" or "the Fund")

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## RIGHTS OFFER DECLARATION ANNOUNCEMENT

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### 1. Introduction

Unitholders are advised that the Fund intends to undertake a partially underwritten rights offer to raise ZAR 1,530,000,000, (equivalent to approximately AUD 151,127,530 at a ZAR : AUD exchange rate of ZAR 10.1239) through the issue of 113,333,342 new units ("**Rights Offer Units**"). The Rights Offer Units will be issued in the ratio of 34.59683 new units for every 100 units held on the rights offer record date, being Friday, 10 February 2017 ("**Initial Record Date**"), at an issue price of ZAR 13.50 per Rights Offer Unit ("**Rights Offer**").

The Rights Offer Units will rank *pari passu* in every respect with the existing issued units in terms of both voting and distribution rights.

### 2. Use of Rights Offer proceeds

It was announced on SENS on 16 January 2017 that the Fund has entered into unit sale agreements to acquire:

- the Lot 19 Trust, which trust owns the land and office building located at 2 Richardson Place, North Ryde, New South Wales, for a purchase consideration (including transaction costs) of AUD 89,888,000; and
- the 20-24 Rodborough Road Trust, which trust owns the land and office buildings located at 20-24 Rodborough Road, Frenchs Forest, New South Wales, for a purchase consideration (including transaction costs) of AUD 79,313,000.

This equates to an aggregate purchase consideration of AUD 169,201,000 (including transaction costs). The proceeds of the Rights Offer will be utilised towards partially settling the purchase consideration in respect of these acquisitions.

Assuming the Rights Offer is fully subscribed, the Fund will make a draw down of approximately AUD 20,000,000 under its existing debt facility with Westpac and ANZ ("**Facility**") to settle the balance of the purchase consideration. This will result in the Fund being geared to 33% post the Rights Offer. This will provide the Fund with added capacity to debt-fund pipeline acquisitions going forward and to take advantage of the low interest rate environment in Australia. If no additional new units are issued under the Rights Offer other than those the subject of the irrevocable and underwriting commitments referred to in paragraphs 3.3 and 3.4 below, respectively, the Fund will make a draw down under the Facility of approximately AUD 70,000,000 which will result in the Fund being geared to 39% post the Rights Offer.

### 3. Terms of the Rights Offer

#### 3.1. Rights Offer price

The Rights Offer Units will be issued *cum* the entitlement to the final distribution for the 6 months ending 31 March 2017, which will be distributed to unitholders when the Fund makes its final distribution during June 2017. The Rights Offer issue price of ZAR 13.50 equates to a clean price of ZAR 13.12 per unit, which reflects the accrued distribution for the period from 1 October 2016 up to the date immediately prior to the date on which the Rights Offer Units are issued, which is anticipated to be 26 February 2017. This equates to a forward yield of 7.6% pre-withholding tax on the theoretical ex-rights price and a discount of 3.4% to the relevant 30 day weighted average clean price of ZAR 13.58, calculated as at the date of approval of the acquisitions and the associated Rights Offer by the board of the Responsible Entity (being 15 December 2016). The Rights Offer is not conditional on a minimum subscription.

#### 3.2. Opening and closing dates of the Rights Offer

The Rights Offer will open at 09:00 on Monday, 13 February 2017 and will close at 12:00 on Friday, 24 February 2017. Letters of allocation will be listed and commence trading at the commencement of business on Wednesday, 8 February 2017.

#### 3.3. Committed Unitholders

The Fund has secured irrevocable commitments from Investec Bank Limited and Investec Property Fund Limited (collectively, "**Committed Unitholders**"), being 12.6% and 16.9% unitholders in IAPF respectively, to subscribe for their *pro rata* entitlement in terms of the Rights Offer, representing 29.5% of the aggregate Rights Offer proceeds.

The Committed Unitholders will not be paid a commitment fee for their irrevocable commitments.

#### 3.4. Underwriting arrangement

The Responsible Entity has entered into an underwriting agreement ("**Underwriting Agreement**") with Investec Property Fund Limited ("**Underwriter**") whereby the Underwriter has agreed to underwrite a portion of the Rights Offer in excess of its irrevocable commitment up to a value of ZAR 576,300,000 ("**Underwritten Amount**").

The Underwriter is entitled to an underwriting fee of 1.25% of the Underwritten Amount, which is only payable upon compliance by the Underwriter with its obligations in terms of the Underwriting Agreement.

Excess Rights Offer Units available for allocation will, in the first instance, be allocated to the Underwriter and thereafter to those unitholders who have made application for excess Rights Offer Units.

The underwritten portion equates to a further 37.7% of the Rights Offer proceeds, such that the Rights Offer is 67.2% covered as a result of the arrangements detailed in paragraphs 3.3 and 3.4 above.

#### 3.5. Excess applications

Unitholders will have the right to apply for any excess Rights Offer Units not taken up by other unitholders subject to such rights being transferable upon renunciation of letters of allocation.

Excess Rights Offer Units available for allocation will, in the first instance be allocated to the Underwriter, subject to its maximum commitment as set out in paragraph 3.4 above, and thereafter to those persons

who have made application for excess Rights Offer Units in an equitable manner as determined by the Responsible Entity in accordance with the provisions of paragraph 5.33 of the Listings Requirements of the JSE.

Non-equitable allocations of excess applications will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 Units.

An announcement will be published on SENS on Monday, 27 February 2017 stating the results of the Rights Offer and the allocation of any excess applications.

Cheques refunding monies in respect of unsuccessful applications for additional Rights Offer Units by certificated unitholders will be posted to the relevant applicants, at their risk, on or about Wednesday, 1 March 2017. No interest will be paid on monies received in respect of unsuccessful applications.

### **3.6. Fractions**

Unitholders will receive the right to subscribe for 34.59683 Rights Offer Units for every 100 units held on the Initial Record Date.

The allocation of Rights Offer Units will be such that unitholders will not be allocated a fraction of a Rights Offer Unit and as such any entitlement to receive a fraction of a Rights Offer Unit which:

- is less than one-half of a Rights Offer Unit, will be rounded down to the nearest whole number; and
- is equal to or greater than one-half of a Rights Offer Unit but less than a whole Rights Offer Unit, will be rounded up to the nearest whole number.

### **3.7. Foreign unitholders**

The Rights Offer is subject to any applicable laws and regulations, including the laws of South Africa, the Exchange Control Regulations and the laws of the relevant jurisdictions of foreign unitholders. Such foreign unitholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of the Rights Offer that may affect them. It is the responsibility of any foreign unitholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Rights Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes for other requisite payments due in such jurisdiction. Any foreign unitholder who is in doubt as to his position, including without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

The Rights Offer Units will not be freely transferable from South Africa and will have to be dealt with in terms of the Exchange Control Regulations.

## **4. Finalisation announcement**

It is anticipated that a finalisation announcement in respect of the Rights Offer will be released on SENS on Thursday, 2 February 2017.

## 5. Salient dates and times

The proposed salient dates and times in respect of the Rights Offer are set out below:

2017

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Declaration date announcement in respect of the Rights Offer released on SENS	Tuesday, 31 January
Finalisation date announcement in respect of the Rights Offer released on SENS	Thursday, 2 February
Last date to trade in units for settlement by the Initial Record Date and in order to participate in the Rights Offer	Tuesday, 7 February
Listing and trading of letters of allocation on the JSE under JSE code: IAPN and ISIN: ZAE000239521	Wednesday, 8 February
Units commence trading on the JSE ex-Rights Offer entitlement	Wednesday, 8 February
Rights Offer circular including a Form of Instruction distributed to certificated unitholders	Thursday, 9 February
Record Date for determination of unitholders entitled to participate in the Rights Offer ( <b>Initial Record Date</b> )	Friday, 10 February
Dematerialised unitholders will have their accounts at their CSDP or broker automatically credited with their entitlement	Monday, 13 February
Certificated unitholders on the register will have their entitlement credited to their accounts held with the transfer secretaries	Monday, 13 February
Rights Offer opens at 09:00	Monday, 13 February
Rights Offer circular distributed to those dematerialised unitholders who have elected to receive documents in hard copy	Tuesday, 14 February
Last day to trade in the letters of allocation on the JSE in order to settle by close of the Rights Offer	Tuesday, 21 February
Rights Offer Units listed and trading therein commences at 09:00 on the JSE	Wednesday, 22 February
Payment to be made and form of instruction to be lodged with the transfer secretaries by certificated unitholders by 12:00	Friday, 24 February
Rights Offer closes at 12:00	Friday, 24 February
Record date for letters of allocation	Friday, 24 February
Rights Offer Units issued on	Monday, 27 February
Dematerialised unitholders' accounts updated and debited by CSDP or broker (in respect of payment for Rights Offer Units)	Monday, 27 February
Certificates distributed to certificated unitholders (in respect of the Rights Offer Units)	Monday, 27 February
Results of Rights Offer announced on SENS	Monday, 27 February
Refunds (if any) to certificated unitholders in respect of unsuccessful excess applications made	Wednesday, 1 March
Dematerialised unitholders accounts updated and debited by their CSDP or broker (in respect of successful excess applications)	Wednesday, 1 March
Certificates distributed to certificated unitholders (in respect of successful excess applications)	Wednesday, 1 March

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**Notes:**

1. All references to dates and times are to local dates and times in South Africa.
2. Dematerialised unitholders are required to inform their CSDP or broker of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the unitholder and their CSDP or broker.
3. Unit certificates may not be dematerialised or rematerialised between Wednesday, 8 February 2017 and Friday, 10 February 2017, both days inclusive.
4. Dematerialised unitholders will have their accounts at their CSDP or broker automatically credited with their rights and certificated unitholders will have their rights credited to a nominee account with Computershare Investor Services Proprietary Limited.
5. CSDPs effect payment in respect of dematerialised unitholders on a delivery-versus-payment method.

**6. Posting of the Rights Offer circular**

The Rights Offer circular will be available on the Fund's website: [www.investecaustraliapropertyfund.co.za](http://www.investecaustraliapropertyfund.co.za) from Tuesday, 7 February 2017.

Distribution of the Rights Offer circular to certificated unitholders is expected to be on Thursday, 9 February 2017.

It is anticipated that the Rights Offer circular will be distributed to dematerialised unitholders on Tuesday, 14 February 2016.

Sydney  
31 January 2017

**Corporate Advisor and Sponsor**  
Investec Bank Limited

**Legal Advisor (Australia)**  
King & Wood Mallesons

**Legal Advisor (South Africa)**  
Fluxmans Inc.