Annual Report

2017

Integrated annual report
and financial statements

Investec Australia Property Fund

Out of the Ordinary®

Investec
Australia Property Fund

Cross reference tools

1

Audited information

Denotes information in the risk, corporate responsibility and remuneration reports that form part of the audited annual financial statements

2

Page references

Refers readers to information elsewhere in this report

3

Website

Indicates that additional information is available on our website: www.investec.com.au

4

Reporting standard

Denotes our consideration of a reporting standard

Retail properties

Office properties

Industrial properties

Contents

01

Overview of Investec Australia Property Fund

2017 *Investec Australia Property Fund is the first inward-listed Australian REIT on the JSE. The Fund aims to maximise income and capital returns to unitholders by investing in quality office, industrial and retail properties in Australia, giving unitholders exposure to the Australian real estate market. The Fund comprises 24 properties with a gross lettable area of 230 864m² valued at AUD779 million and is now of a scale and level of quality that would be very hard to replicate in the Australian market.*

9.1%

NAV growth

6.2%

Full year pre WHT distribution growth

About us and key highlights

(continued)

The Fund's performance is underpinned by stable underlying net property income supported by active asset management.

2017 was another successful year for the Fund, increasing scale, improving the quality of the portfolio and delivering strong growth in both net asset value and distributable income. The Fund completed AUD264 million of acquisitions during the year, with a deliberate focus on acquiring metropolitan office assets predominantly in Sydney. The acquisitions are a continuation of the Fund's strategy of acquiring properties with manageable risk, such as vacancy or capital expenditure requirements, with a view to enhancing income and capital returns through active asset management.*

Acquisitions concluded

AUD264mn*

Quality enhancing properties

Equity raised

AUD145mn

Providing AUD85mn of additional acquisition capacity

Conservative balance sheet management

32%

Increased gearing

Active interest rate management

3.71% all-in funding rate**
99.1% hedged**
7.7 year swap expiry**

Spread of approximately 400 basis points between funding rate and property yields

* Includes transaction costs.
** Includes AUD50.0mn of forward starting swaps to commence in October 2007.

Key performance metrics

6.0x

Portfolio growth since listing

74.6%

Total return in ZAR since listing

3.2%

Base net property income growth

The objective of the Fund is to grow and diversify its asset base and to optimise income and capital returns over time for unitholders by investing in high quality office, industrial and retail assets. At the core of the Fund's investment philosophy is making decisions based on sound underlying property fundamentals and identifying opportunities to utilise the management team's asset management skills.

The Fund listed on the JSE in October 2013 as the first inward listed Australian real estate investment trust. The Fund offers investors direct access to the Australian property market as well as providing exposure to the Australian dollar.

While the Fund is independently listed, it shares a common ethos and ethical foundation with the Investec Group. A common brand and culture provide the foundation for governance principles adopted by the Fund. The Fund is a managed investment scheme registered with the ASIC and is operated by IPL as responsible entity.

Since listing the Fund has grown the property portfolio by over 6 times, despite the competitive nature of the Australian market where there is significant domestic and offshore capital chasing a limited number of opportunities. In addition, the Fund has delivered consistent distribution and net asset value growth, achieving a total return since listing of 74.6% in ZAR.

The Fund's adjusted strategy outlined in the 2016 full year results to acquire properties with manageable risk, such as vacancy and/or capital expenditure requirements, has allowed the Fund to extract additional value for unitholders through enhancing yield and achieving capital uplift.

The case for investing in the Fund remains attractive for South African investors given the Fund's current equity yield which is underpinned by Australia's favourable macro-economic conditions, property yield spread over historically low funding costs and income returns in a hard currency.

The Fund has had the benefit of utilising its gearing capacity to complete accretive acquisitions and is now entering into a more normalised growth environment for the developed market in which it operates. The Fund's future growth will be supported by contractual rental escalations, maintaining an appropriate level of gearing and seeking to enhance yield through active asset management.

Operational KPIs

Number of properties

2017	2016
24	19

Value of properties

2017	2016
AUD779mn	AUD494mn

Gross lettable area

2017	2016
230 864m^2	169 535m^2

Weighted average lease expiry

2017	2016
4.6 years	6.1 years

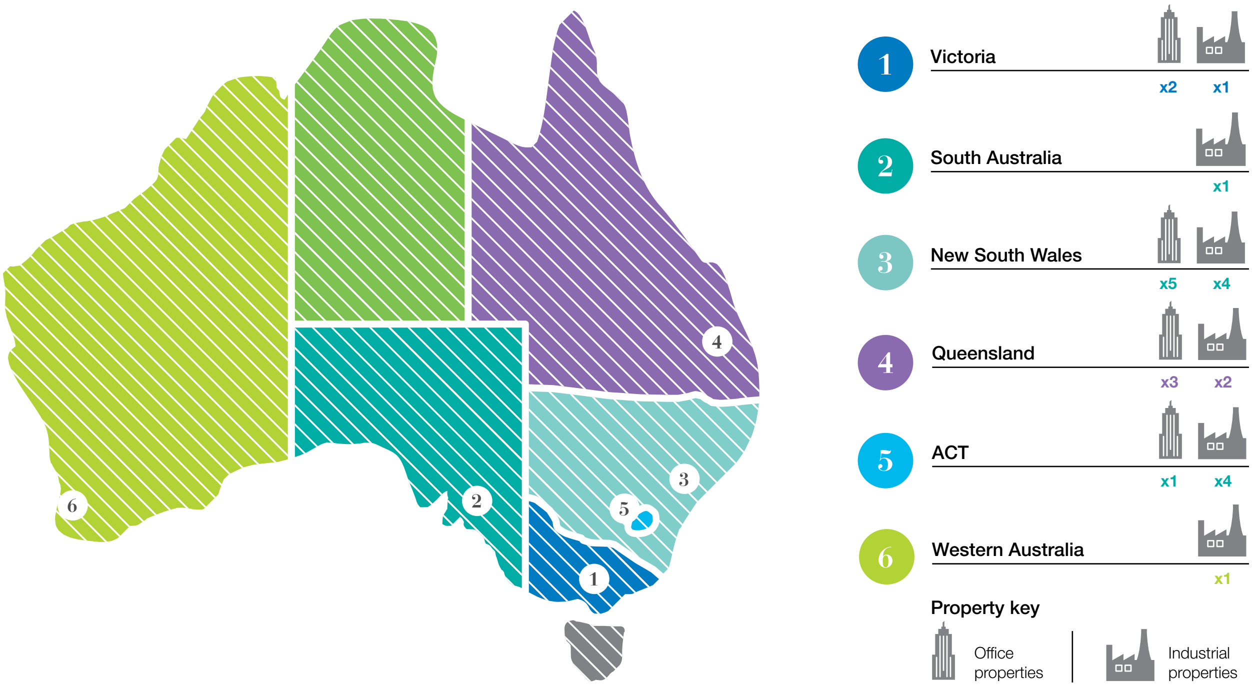
Weighted average escalations

2017	2016
3.4%	3.3%

Occupancy rate (by revenue)

2017	2016
94.6%	100.0%

Our property landscape



Sectoral spread at 31 March 2017

GLA

Office	50%
Industrial	50%

Asset value

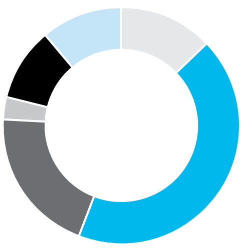
Office	77%
Industrial	23%

Revenue

Office	76%
Industrial	24%

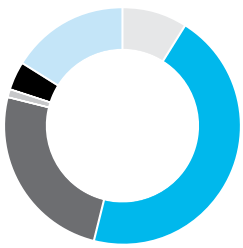
Geographic spread at 31 March 2017

GLA



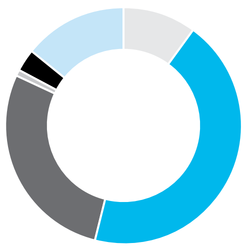
ACT	13%
NSW	43%
QLD	20%
SA	3%
WA	10%
VIC	11%

Asset value



ACT	9%
NSW	45%
QLD	25%
SA	1%
WA	4%
VIC	16%

Revenue



ACT	10%
NSW	44%
QLD	28%
SA	1%
WA	3%
VIC	14%

02

Executive reports

02 Chairman's report

The board of directors of IPL, the responsible entity of the Fund, is pleased to announce a full year distribution of 9.74 cents per unit pre-withholding tax (2016: 9.17), representing growth for the full year of 6.2% (2016: 12.1%).

The Fund is also reporting a post withholding tax full year distribution of 9.24 cents per unit (2016: 8.92 cents), representing growth for the full year of 3.6% post withholding tax (2016: 13.2%)*.

These results are supported by strong performance of the base portfolio and the underlying property fundamentals of acquisitions made during the year.

Portfolio growth

During the year the Fund completed AUD264 million** of property acquisitions, contributing to the increase in the portfolio value to AUD779 million. This represents portfolio growth of 6.0x since listing in October 2013.

The Fund's acquisitions during the year are a continuation of the strategy to acquire properties with manageable risk, such as vacancy and/or capital expenditure requirements.

During the year, four of the Fund's five acquisitions were In New South Wales thereby increasing the Fund's exposure to Australia's best performing economy. New South Wales now represents 44% of the portfolio by revenue (2016: 31%).

Financial KPIs

Distribution per unit pre WHT

2017	2016
9.74	9.17

Distribution per unit post WHT

2017	2016
9.24	8.92

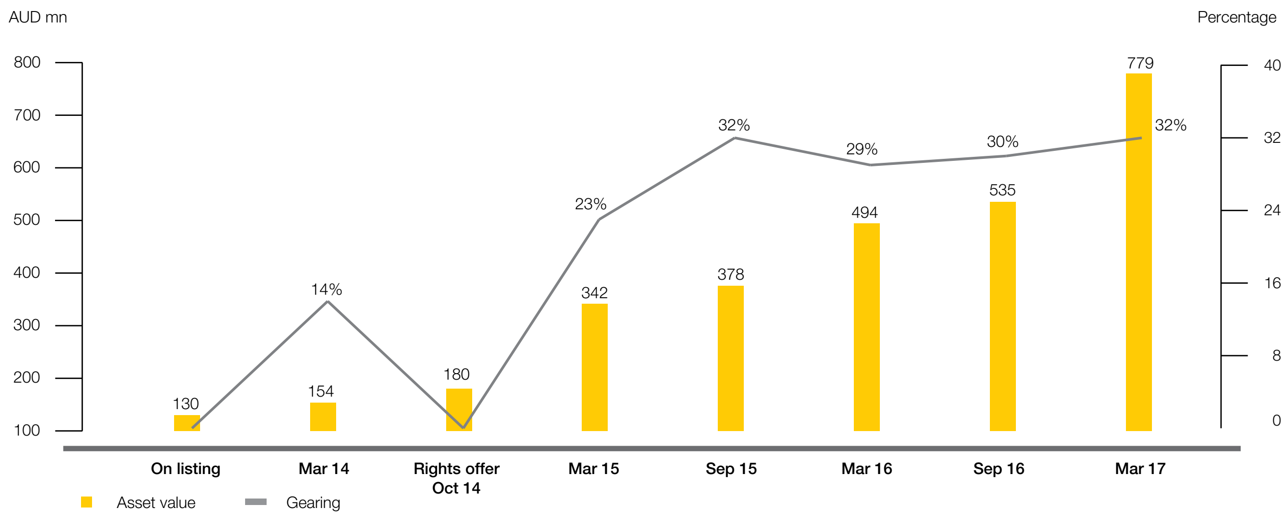
All in cost of funds

2017	2016
3.71%***	3.83%

Gearing

2017	2016
32%****	29%

Asset and gearing growth



* The full year distribution includes the antecedent distribution associated with the distribution re-investment plan relating to the H1 distribution and subsequent rights offer which was completed in February 2017. This amounts to AUD4.6mn. As the antecedent distribution is not subject to withholding tax in Australia, the effective rate of withholding tax on the distribution has been reduced for the year. The normalised distribution per unit post withholding tax for the year would have been approximately 9.10 cents per unit without the benefit of this tax treatment.

** Including transaction costs.

*** Includes AUD50.0mn of forward starting swaps to commence in October 2017.

** Gearing post the distribution in June 2017 will be approximately 33.5%.

Balance sheet strength

During the 12 months to 31 March 2017, the Fund deployed all of the AUD92.1mn remaining capacity from the February 2016 rights offer and will be looking to deploy the additional capacity created by the February 2017 rights offer into quality and value enhancing acquisitions. The Fund's established track record of deploying the capacity created from rights offers and DRIPs within a 12-month period whilst maintaining distribution growth demonstrates the ability to build a portfolio of quality assets with strong underlying property fundamentals.

The Fund's balance sheet remains well positioned for growth with gearing currently at 32%. At the Fund's target gearing ratio of up to 40% this gives the Fund up to AUD85.0 million in debt capacity to continue to pursue attractive acquisition opportunities.

The Fund's current all in cost of funding is 3.71% hedged to 99%* (2016: 3.83% hedged to 86%) resulting in a spread between the Fund's funding costs and headline property yield of approximately of 400 basis points. The Fund continually reviews its fixed borrowing costs and has taken advantage of falling interest rates in Australia by locking in lower, longer dated forward rates during the year. The Fund now has a debt and swap maturity profile of 3.7 years (2016: 4.1 years) and 7.7 years* (2016: 9.2 years) respectively.

Governance

As set out on pages 28 to 34 in this report, the board of IPL and the Fund's management team are committed to upholding the requirements of disclosure and transparency prescribed by applicable regulations and statutes, including the JSE Listings Requirements and the King Code.

The Fund is a registered Managed Investment Scheme under the Act and is operated by IPL as responsible entity. Under Australian law the responsible entity has the primary responsibility for the governance and operation of the Fund and is statutorily obliged to act in the best interest of unitholders. IPL has entered into a management agreement with IPML, under which IPML performs asset management and property management services for the Fund.

Sustainability

The board of IPL acknowledges its responsibility to its stakeholders, the environment and the community at large and focuses on continual improvement of our business and environmental sustainability. During the year, management has undertaken a number of initiatives to improve the energy efficiency and environmental impact of the Fund's properties. Refer to page 26 for further details on sustainability.

Changes to the board of IPL

There were no changes to the board of IPL during the year.

Prospects

The FY2017 results reflect the successful execution of the Fund's strategy to date. The Fund is well positioned to continue to deliver long-term sustainable income and capital growth through the acquisition and efficient management of quality properties and conservative capital and risk management.

The board of IPL is therefore pleased to communicate expected distribution growth in FY2018 of between 3% and 4% pre-withholding tax. This guidance assumes partial deployment at the lower end and full deployment at the upper end of gearing capacity during FY2018, taking into account current market conditions.

This forecast is based on the assumptions that the macro-economic environment will not deteriorate markedly, no tenant failures will occur and budgeted renewals will be concluded. Budgeted rental income is based on in force leases, contractual escalations and market related renewals.

The information and opinions contained above are recorded and expressed in good faith and are based upon sources believed to be reliable. No representation, warranty, undertaking or guarantee of whatever nature is made or given concerning the accuracy and/or completeness of such information and/or the correctness of such opinions.

The independent auditor's review report does not report on all of the information contained in this report. Any reference to future financial information included in this report has not been reviewed or reported on by the Fund's independent auditors.

Financial KPIs

Funding costs

2017	2016
3.71%	**3.83%**

Weighted average debt expiry

2017	2016
3.7 years	**4.1 years**

Weighted average swap expiry

2017	2016
7.7 years*	**9.7 years**

Hedged position

2017	2016
99%*	**86%**

* *Includes AUD50.0mn of forward starting swaps to commence in October 2017.*

Acknowledgements

My appreciation is extended to the board of IPL for their commitment, support and active contribution to the growth of the Fund in the last 12 months. I would also like to thank the management team who have been fundamental to the strong performance of the Fund.

Thank you for your support of the Fund.

RA Longes
Chairman

Chief executive officer's report

The Fund has built a valuable portfolio and continues to deliver on its strategic objectives. The Fund has delivered consistent distribution and net asset value growth, achieving a total return since listing of 74.5% in ZAR.*

Introduction

We are pleased to report that the Fund has delivered strong results for the year ended 31 March 2017, arising from the successful implementation of the strategy outlined at listing and reaffirmed in subsequent reporting periods, namely:

- achieving strong underlying net property income growth of 3.2% from the base portfolio and valuation uplift of 7.0% across the whole portfolio;
- engaging in active property management to deliver yield enhancing returns and unlock value uplift; and
- efficiently managing the balance sheet and interest rates.

The Fund has established a quality property platform with a strong lease expiry profile, manageable vacancy, yield enhancing opportunities and good quality tenants.

Management is focused on its core philosophy of hands on property management and efficient management of the Fund's balance sheet. This ensures that the Fund has a stable platform to grow when new investment opportunities present.

Management believes the case for investing in the Fund remains attractive for South African investors given the Fund's current equity yield which is underpinned by Australia's favourable macroeconomic conditions, property yield spread over historically low funding costs locked in and income returns in a hard currency.

Australian property landscape

The Australian property sector remains a beneficiary of the portfolio tilt towards real assets within the Asia Pacific region. In recent times there has been a particular bias towards office assets in New South Wales and Victoria, with Brisbane also showing signs of recovery given its relative value to those other markets.

Offshore investors accounted for 42% of total office transactions in 2016, cementing Australia's reputation as one of the most transparent real estate markets in the world. Furthermore, cross border investors have retained a degree of risk aversion in their investment activities and the volatility of returns in Australia is lower – through the cycle – than other mature office markets.

Financial results

The Fund delivered strong financial results for the year in terms of distribution growth and net asset value growth.

The strong financial results are underpinned by the performance of the base portfolio, active asset management and yield enhancing acquisitions.

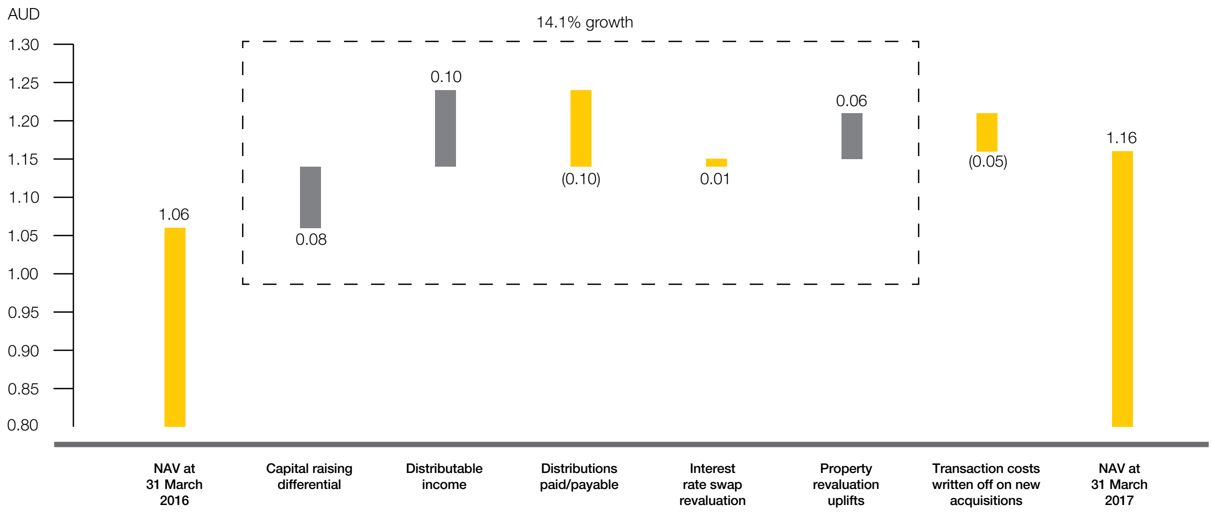
A strong valuation result contributed AUD36.2 million to the value of the portfolio, which represents an increase of 7.0%. This, along with the performance of the underlying property portfolio as a whole has contributed to the net asset value growth of 9.1% year on year, and 14.1% growth year on year excluding transaction costs (largely stamp duty of approximately 5.5% of transaction value) due to the Fund's active acquisition activity.

Operational KPIs

	2017	2016
Number of properties	24	19
Value of properties	AUD 779mn	AUD 494mn
Gross lettable area	230 864m²	169 535m²
Weighted average lease expiry	4.6 years	6.1 years
Weighted average escalations	3.4%	3.3%
Occupancy rate	94.6%	100%
Units in issue	435 587 842	312 541 376

* *Based on spot rate of 9.7084 for the H2 distribution as disclosed in the distribution update published on Tuesday, 30 May 2017.*

Net asset value bridge



Operational performance

The financial results are attributable to the strength of the portfolio's underlying fundamentals and tight operational controls. These are reflected in the following key performance indicators:

- no arrears;
- 98% of the portfolio is made up of large listed and national tenants;
- WALE of 4.6 years; and
- contracted escalations across the portfolio of approximately 3.4%.

The Fund's properties are managed by a team of dedicated property specialists who are committed to hands on active management of the properties and the Fund's tenants. Day-to-day management of the properties has been outsourced to IPML, who in turn has contracted CBRE and three other managers to provide certain facilities management, property management and property accounting services. IPML has set up a tight system of controls to ensure each property and tenant is appropriately managed. IPML has also bolstered the property management team to roll out a number of initiatives to reduce costs for the Fund's tenants. This is greatly appreciated by tenants and should ultimately assist in their retention.

Property portfolio

The Fund currently has a portfolio of 24 quality office and industrial properties. All of the properties are well located and generate stable income for unitholders, evidenced by a long dated WALE of 4.6 years and 42% of leases expiring after five years.

The Fund has a well diversified geographic spread and will continue to invest in properties that are well located in major metropolitan cities and established commercial precincts.

Conclusion

The Fund's performance for the year was pleasing, having delivered strong distribution and net asset value growth. In addition, the Fund has released guidance for FY2018 distribution growth, of between 3% and 4% pre-withholding tax. The Fund is well positioned to continue to deliver on its objectives of delivering long-term growth in income and capital returns to its unitholders.

The Fund has had the benefit of utilising its gearing capacity to complete accretive acquisitions and is now entering into a more normalised growth environment for the developed market in which it operates.

The Fund's future growth will be supported by contracted rental escalations, maintaining an appropriate level of gearing and seeking to enhance yield through active asset management.

Whilst the property market remains challenging with tightening yields and strong competition for assets, the Fund is well positioned to grow. Management's expertise and strong connections in the market will ensure the Fund is able to operate effectively.

I wish to thank all of our service providers, suppliers and tenants for their contributions to the success of the Fund. I would also like to thank our dedicated management team and the board of IPL for their invaluable contributions to the growth in our capital base and portfolio during the year.

GA Katz
Chief executive officer

Directors of the responsible entity

Non-executive directors

Richard Longes (72)

Chairman

Committees: Audit and risk committee

BA (Sydney University); LLB (Sydney University); MBA (University of NSW); Solicitor (non-practicing)

Richard has been a director of Investec Group companies in Australia since March 2001. Richard is currently chairman of Investec Australia Limited and Investa Office Fund. He was a co-founder of Investec Wentworth (Pty) Ltd (formerly Wentworth Associates) and was previously a partner in the law firm, Freehills. He holds, or has held, positions with government advisory boards, including the review of the National Museum and the Fund's Management Committee for the IIF programme, and non-profit organisations. Richard was previously chairman of MLC Limited and GPT Group and a non-executive director of Metcash Ltd, Boral Limited and Lend Lease Corporation Limited.

Stephen Koseff (65)

BCom (Hons), Dip Acc, CA(SA)

Stephen Koseff is Chief Executive Officer of the Investec Group. Stephen has been with the Investec Group for 35 years in various capacities and has been in his current role as Chief Executive Officer since 1996. Stephen is a qualified Chartered Accountant and holds a Masters Degree in Business Administration and a Higher Diploma in Business Data Processing. In addition to his directorships of Investec Limited and Investec plc and various other Investec Group subsidiaries, he is a former Chairman and current non-executive director of the South African Banking Association. He is a former non-executive director of The Bidvest Group Limited and former director of the Johannesburg Stock Exchange, former member of the Financial Markets Advisory Board and former chairman of the Independent Bankers Association.

Sam Leon (66)

LLB (London)

Sam Leon has over 38 years of experience across all sectors of the property industry with 24 years at Investec Property, firstly as a director, then managing director and currently as deputy chairman. He was instrumental in the transformation of Growthpoint into South Africa's largest listed property REIT 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 also currently deputy chairman of Investec Property Fund a JSE-listed REIT, having relinquished his role as CEO effective 31 March 2015 which he held since the fund listed in April 2011 and a board member of the Investec GLL Global Special Opportunity Fund a Luxembourg based fund for Investment in global real estate.

Sally Herman (60)

Committees: Audit and risk committee (Chairperson)

BA (UNSW), GAICD

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 Westpac Group, including the Institutional Bank, Wealth Management (BT Financial) and the Retail and business Banking division. 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 and include three publically listed companies, Premier Investments Limited, Breville Group Limited and Suncorp Limited. Sally is also chairperson of an independent girls school in Sydney.

Hugh Martin (69)

Committees: Audit and risk committee

Bachelor of Business, Finance and Accounting, CPA and MAICD

Hugh has enjoyed a successful career at director and senior executive level with over 30 years' experience in major institutions in the finance and property industry, internationally and locally. He started his career as an accountant in South Africa before relocating to Australia. Hugh was formerly an executive director of the Apartments Business of Lend Lease Limited. From 1997 to 2001, Hugh was CEO of the joint venture between Mirvac and Lend Lease for the development, construction and sale of the Olympic Village, now known as the suburb of Newington in Sydney. Hugh has previously held senior executive positions as finance director of Baulderstone Hornibrook, director of Property Investment with the State Authorities Superannuation Board of NSW (now Dexus), managing director of Leda Holdings, chief general manager of Homebush Bay Development Corporation, general manager of Special Projects at Westfield Holdings Limited, Project Director for Lend Lease Group and national general manager for the Apartments Development Division at Stockland Corporation. Hugh is now a non-executive director and consultant and sits on both profit and non-profit boards.

Executive directors

Graeme Katz (53)

Chief executive officer

Bachelor of Social Science (Economics) Rhodes University; Industrial Relations Development Programme University of Stellenbosch Business School; Financial Planning Principles and Practice, Securities Institute.

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

03

Business review and strategy

Investec Australia Property Fund is focused on delivering stable net property income and capital value enhancement from a quality portfolio of assets exposed to Australia's favourable macro-economic conditions.

Out of the ordinary

1

Focused property fundamentals

- Sustainable earnings and income stream
- Long-term focus
- Location and quality of buildings
- Strong tenants
- Defensive portfolio

2

Quality acquisitions

- Focused on niche opportunities
- Purchasing quality assets
- Not bulking up for its own sake

3

Active asset management

- Active hands-on asset management
- Track record of letting activity
- High level of service to tenant base
- Capex projects focused on value enhancing extensions or income generating improvements

4

Balance sheet

- Conservative but opportunistic balance sheet management
- Hedging strategy in place to ensure sustainability of growth
- Decrease cost of funding

5

Relationships and management team

- Specialists in local market
- Leverage off the Investec network
- Building sustainable relationships with all stakeholders
- Passionate and driven
- Extensive industry experience

Our current strategy

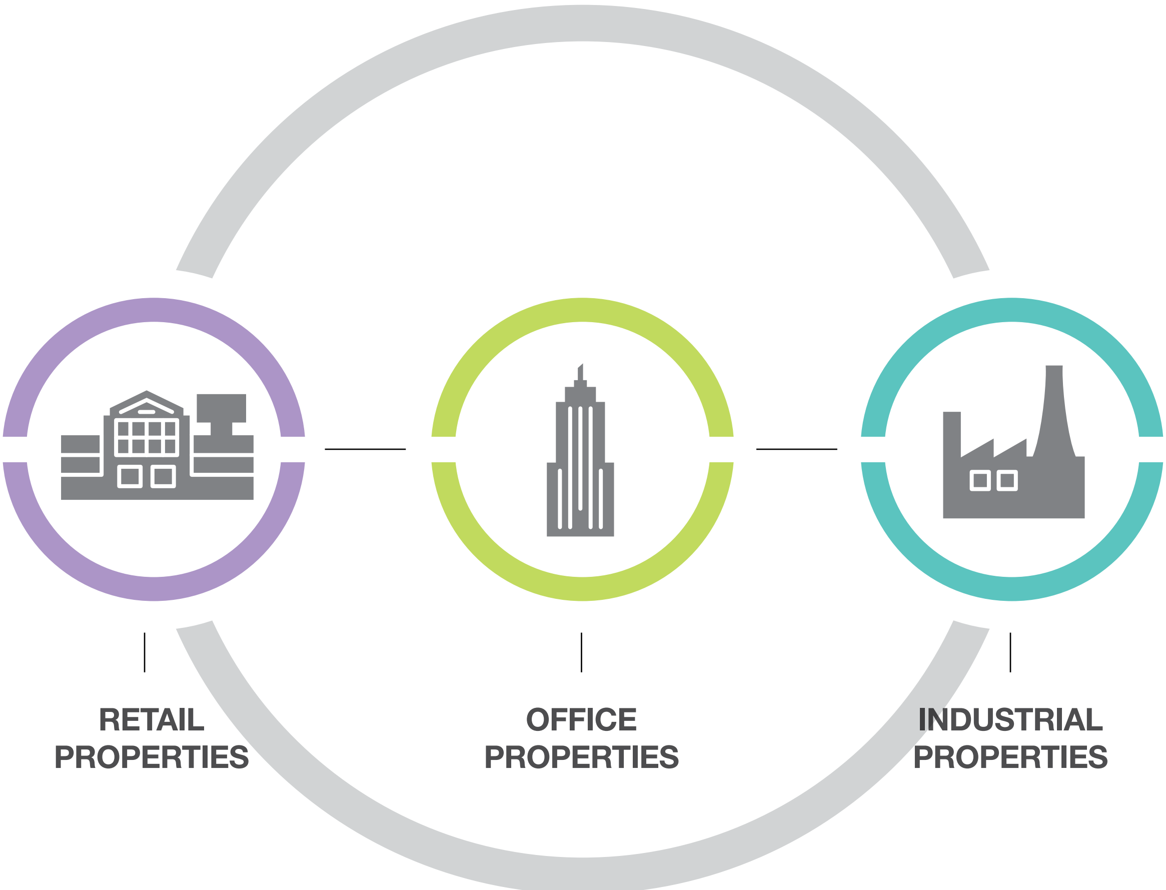
The Fund's strategy is to invest in high quality office, industrial and retail properties that are well located in major metropolitan cities or established commercial precincts.

The objectives of the Fund are to:

- grow and diversify the Fund's asset base
- provide sustainable growth in income and capital appreciation
- maintain a strong corporate governance framework

To achieve these objectives the Fund will:

- focus on property fundamentals
- acquire good quality properties that are well located with strong tenant covenants
- leverage off the Investec network
- maximise property performance and enhance income and capital appreciation through active asset management
- implement appropriate debt and equity funding strategies and adopt an appropriate interest rate hedging policy
- take on a tolerable level of manageable risk to extract additional value



Property portfolio review

During the year the Fund concluded AUD264 million* of quality enhancing acquisitions, bringing the total portfolio value to AUD779 million. Net asset value increased by 9.1%, largely driven by strong valuation uplift on the underlying portfolio. The base portfolio has shown positive growth in net property income of 3.2% as a result of contractual rental escalations and letting activity. The Fund has built a valuable platform that would be difficult to replicate in the Australian market given the competition for, and pricing of direct assets.

3.2%

Base net property income growth

9.1%

NAV growth

KPIs

	2017	2016
Number of properties	**24**	19
Asset value	**AUD779mn**	AUD494mn
GLA	**230 864m²**	169 535m²
WALE (by revenue)	**4.6 years**	6.1 years
Weighted average escalations	**3.4%**	3.3%
Occupancy (by revenue)	**94.6%**	100.0%

Since listing in October 2013, the Fund has grown the property portfolio by over 6 times in a highly competitive market with significant domestic and offshore capital chasing a limited number of opportunities.

The Fund's adjusted strategy outlined in the 2016 full year results to acquire properties with manageable risk, such as vacancy and/or capital expenditure requirements, has allowed the Fund to extract additional value for unitholders through enhancing yield and achieving capital uplift.

* *Includes transaction costs.*

Focused property fundamentals

(continued)

Property	Geography	GLA (m^2)	Acquisition date	Book value	% of port-folio	Cap rate %	WALE (years by revenue)	Value per m^2
Industrial Portfolio				**182 200 000**		**7.51**		
47 Sawmill Circuit	Hume ACT	5 535	Dec 12	10 500 000	1.35	7.25	9.3	1 897
57 Sawmill Circuit	Hume ACT	7 079	Dec 12	9 850 000	1.26	7.75	4.3	1 391
24 Sawmill Circuit	Hume ACT	6 300	Dec 12	9 750 000	1.25	8.00	2.7	1 548
44 Sawmill Circuit	Hume ACT	4 639	Dec 12	10 800 000	1.39	7.75	5.5	2 328
2 – 8 Mirage Road	Direk SA	6 783	Dec 12	9 600 000	1.23	8.25	5.5	1 415
30 – 48 Kellar Street	Berrinba QLD	4 102	Oct 14	8 500 000	1.09	7.50	2.6	2 072
165 Newton Road	Wetherill Park NSW	12 529	Dec 14	20 000 000	2.57	6.75	8.8	1 596
24 Spit Island Close	Newcastle NSW	5 257	Dec 14	8 450 000	1.08	8.00	3.8	1 607
67 Calarco Drive	Derrimut VIC	7 150	Dec 14	9 500 000	1.22	6.75	5.6	1 329
66 Glendenning Road	Glendenning NSW	16 461	Apr 15	20 800 000	2.67	7.50	2.6	1 264
85 Radius Drive	Larapinta QLD	10 088	Aug 15	18 150 000	2.33	7.00	4.7	1 799
54 Miguel Road	Bibra Lake WA	22 358	Oct 15	27 300 000	3.50	7.50	10.5	1 221
24 Rodborough Road	Frenchs Forest NSW	7 198	Mar 17	19 000 000	2.44	8.25	7.1	2 640
Office Portfolio				**597 150 000**		**7.14**		
449 Punt Road	Cremorne VIC	6 384	Oct 13	44 500 000	5.71	6.25	2.5	6 971
35 – 49 Elizabeth Street	Richmond VIC	11 917	Oct 13	74 500 000	9.56	6.50	2.5	6 252
2404 Logan Road	Eight Mile Plains QLD	3 637	Mar 14	20 500 000	2.63	8.00	3.3	5 637
186 Reed Street	Greenway ACT	5 407	May 14	28 400 000	3.64	7.00	5.9	5 252
757 Ann Street	Fortitude Valley QLD	9 358	Nov 14	82 000 000	10.52	6.75	7.1	8 763
21 – 23 Solent Circuit	Baulkham Hills NSW	10 816	Mar 15	48 500 000	6.22	7.75	3.8	4 484
266 King Street	Newcastle NSW	13 868	Feb 16	67 000 000	8.60	7.75	6.7	4 831
113 Wicks Road	Macquarie Park NSW	6 253	Jul 16	24 750 000	3.18	6.75	3.4	3 958
324 Queen Street (50% share)	Brisbane QLD	19 864	Dec 16	66 000 000	8.47	7.50	2.8	6 645
20 Rodborough Road	Frenchs Forest NSW	12 677	Mar 17	56 000 000	7.19	7.75	2.7	4 418
2 Richardson Place	Frenchs Forest NSW	15 205	Mar 17	85 000 000	10.91	7.00	4.0	5 590
Total		**230 864**		**779 350 000**		**7.23**	**4.6**	

266 King Street
Newcastle NSW

Major tenants | ATO; CBA; Employers Mutual; RMS

	Feb 2016	Mar 2017
Occupancy	74%	99%
WALE	6.7 years	6.7 years
Yield	8.21%	8.93%
Valuation (AUD)	**56 750 000**	**67 000 000**

18%
Increase in valuation

Successful implementation of leasing strategy outlined on acquisition

The property was acquired in February 2016 with 26% vacancy and capital works to be completed. Post acquisition, the Fund completed the capital works program which positioned the property as one of the premier A-grade office buildings in Newcastle. As a result of this, the Fund was able to attract the RMS (a department of the New South Wales State Government) to take a lease over all of the vacant office space. The property now boasts an enviable tenant mix including the Australian Tax Office, Commonwealth Bank of Australia and Employers Mutual. In addition, the Fund has also leased up all but 72m² of the ground floor retail space, resulting in the building being 99% occupied.

As a result of the successful implementation of the leasing strategy outlined on acquisition, the property has enjoyed significant valuation uplift. At acquisition the property was valued at AUD56.8 million and was valued at year end at AUD67.0 million, an 18% increase.

757 Ann Street
Brisbane QLD

Major tenants | ABB; Corporate House; Domain Holdings

	Nov 2014	Mar 2017
3rd party leases	47%	100%
WALE	7.5 years	7.1 years
Cap rate	7.75%	6.75%
Valuation (AUD)	**65 500 000**	**82 000 000**

Significant valuation uplift through third party leasing activity

The property was acquired in November 2014 with 26% of the income covered by vendor leases. As the property was a new build, the strategy was to give the building time to establish itself in the market and then look to replace the vendor leases with third party leases. By year end, all vendor leases had been replaced by new leases to third party tenants for terms of between five and 10 years. In addition, the Fund was also able to extend the lease of one of the largest tenants in the building for a new 10-year term.

The property is now 100% occupied by third party tenants, the WALE remains over seven years and the property has been revalued at AUD82.0 million, a 26% increase over the acquisition valuation of AUD65.5 million.

26%

Increase in valuation

The portfolio has grown 6x since listing, from eight assets valued at AUD130 million to 24 assets valued at AUD779 million. The Fund is committed to acquiring quality properties with strong underlying property fundamentals whilst also identifying opportunities to enhance yield and add value through active asset management.

During the year the Fund acquired the following properties at an average yield of 7.2%:

Property name	Geography	Sector	Value* (AUD'000)	GLA (m²)	Yield (%)	WALE (years by revenue)
113 Wicks Road, Macquarie Park	Sydney NSW	Office	23 255	6 253	7.0	4.2
324 Queen Street, Brisbane (50% share)	Brisbane QLD	Office	66 000	19 864	7.2	3.2
2 Richardson Place, North Ryde	Sydney NSW	Office	85 000	15 205	7.0	4.1
20 Rodborough Road, Frenchs Forest	Sydney NSW	Office	56 000	12 677	7.0	2.6
24 Rodborough Road, Frenchs Forest	Sydney NSW	Industrial	19 000	7 198	9.4	7.1
Total			**249 255**	**61 197**		

* *Excludes transaction costs.*

The Fund's acquisitions during the year are a continuation of the strategy to acquire properties with manageable risk, such as vacancy and/or capital expenditure requirements. The Fund is actively engaged in leasing campaigns at 324 Queen Street in Brisbane and 20 Rodborough Road in Sydney to lease up acquired vacancy and is also exploring opportunities at both those properties and 2 Richardson Place in Sydney to achieve early lease extensions for certain sitting tenants. In addition, the Fund is well advanced in achieving a favourable planning outcome at 113 Wicks Road in Sydney which will result in a rezoning from commercial to mixed use. The Fund is also currently undertaking scheduled capital works at both 324 Queen Street in Brisbane and 20 Rodborough Road in Sydney to improve the appeal of those properties to prospective tenants.

The Fund has also made a conscious decision to increase its exposure to the office sector, particularly in the Sydney suburban office markets, where rents are significantly cheaper than in the Sydney CBD, North Sydney and Parramatta. Increasingly, these markets are becoming much better served by public transport as the New South Wales State Government continues to make significant investment into key infrastructure. The ability for tenants to be able to connect their workers to cost effective work space is increasingly becoming a major factor in leasing decisions.

Acquisitions
(continued)

Major tenants | Telstra Corporation, NSW Health, Mine Site Technologies

113 Wicks Road, Macquarie Park NSW

Acquisition date
July 2016

Purchase price
AUD23 255 000

Purchase yield
7.0%

GLA – 6 253 m²

Major tenants | Allianz, ANZ, North Queensland Ports, Asciano, Brookfield

324 Queen Street, Brisbane QLD

Acquisition date
December 2016

Purchase price
AUD66 000 000

Purchase yield
7.2%

GLA – 19 864 m²

Major tenants | Honeywell, Ricoh, Paynter Dixon

2 Richardson Place, North Ryde NSW

Acquisition date
March 2017

Purchase price
AUD85 000 000

Purchase yield
7.0%

GLA – 15 205m²

Major tenants | Yum! Restaurants, Henkel, Alexion Pharmaceuticals, Pharmaxis

20 and 24 Rodborough Road, Frenchs Forest NSW

Acquisition date
March 2017

Purchase price
AUD75 000 000 (combined)

Purchase yield
7.5% (combined)

GLA – 19 875 m²

The Fund recorded a strong valuation result for the year, with a 7% increase in value across the whole portfolio. This was primarily driven by a 9% increase in the office portfolio off the back of positive leasing activity and a re-rating of the Sydney and Melbourne metropolitan office markets.

For the period ended 31 March 2017, the Fund obtained external valuations for 10 properties. For all other properties, advice letters were obtained from independent external valuers to support directors' valuations. In aggregate, revaluations contributed AUD36.2 million to the value of the portfolio, which represents an increase of 7.0%. Valuations typically lag transaction activity by six months, and given pricing achieved for recent asset sales, there would appear to be capacity for additional value uplift at certain of the Fund's properties. Some of the key contributors to the valuation result are set out below:

	Book value			Cap rate	
Property	**31 Mar 17 (AUD)**	**31 Mar 16 (AUD)**	**Movement (%)**	**31 Mar 17 (%)**	**31 Mar 16 (%)**
449 Punt Road, Cremorne VIC	**44 500 000**	41 700 000	6.7	**6.25**	7.00
35 – 49 Elizabeth Street, Richmond VIC	**74 500 000**	72 000 000	3.5	**6.50**	7.25
757 Ann Street, Fortitude Valley QLD	**82 000 000**	75 000 000	9.3	**6.75**	7.25
21 – 23 Solent Circuit, Baulkham Hills NSW	**48 500 000**	43 000 000	12.8	**7.75**	8.75
266 King Street, Newcastle NSW	**67 000 000**	56 750 000	18.1	**7.75**	8.35
113 Wicks Road, Macquarie Park NSW	**24 750 000**	23 255 000	6.4	**6.75**	7.00

Net asset value growth was also supported by the revaluation of properties, contributing 14.1% year on year pre-transaction costs. The net asset value growth post transaction costs (comprising largely of stamp duty of approximately 5.5% of transaction value) is diluted to 9.1% for the year due to the extent of the Fund's acquisition activity.

The Fund has limited vacancy and very manageable near term expiries, the majority of which are in New South Wales which is Australia's best performing economy and where there is positive net effective rental growth.

At year end the property portfolio was 94.6% occupied. The vacancy comprises 2.0% attributable to acquired vacancy at 324 Queen Street in Brisbane, 0.1% attributable to the expiry of rental guarantees at 266 King Street in Newcastle, 2.5% attributable to an existing tenant at 35 – 39 Elizabeth Street in Melbourne being placed in liquidation and an existing tenant at 21 – 23 Solent Circuit in Sydney signing a new lease over a reduced area.

During the year the Fund completed the following leasing transactions:

Replacement leases/renewals	GLA	Weighted average new rental	Weighted average reversion	Weighted average WALE	Weighted average escalation	Weighted average incentive
Office	1 645	$599	(2.0%)	6.0	3.00%	19.4%
Industrial	7 079	$114	2.0%	5.0	4.00%	0.0%
Letting of acquired vacancy						
Office	3 484	$368	0.6%	5.1	3.27%	29.3%
Total	**12 208**		**1.1%**	**5.2**	**3.66%**	**11.0%**

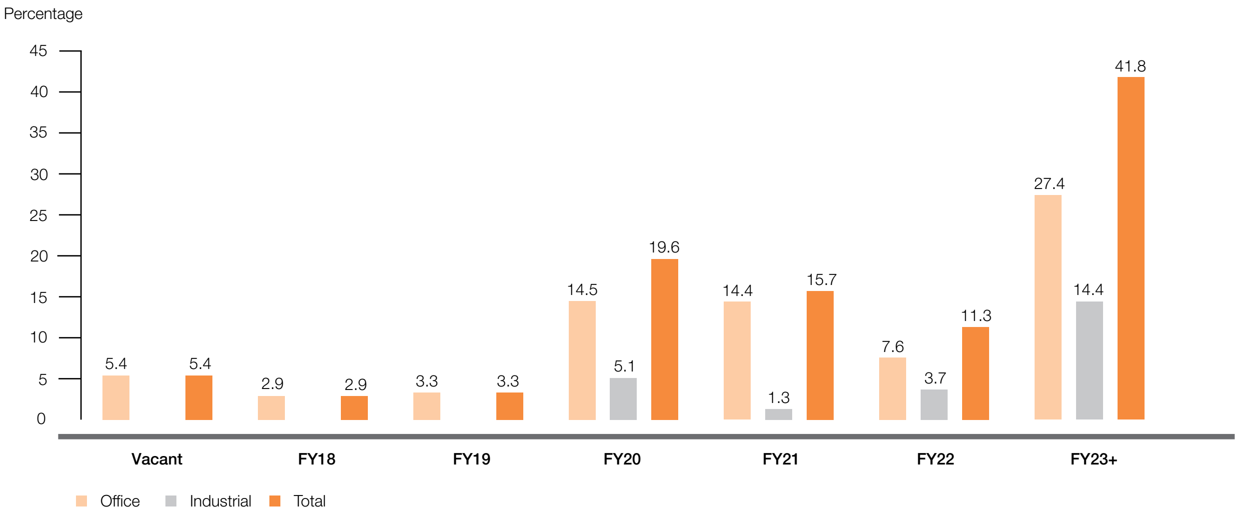
Notes
1. *Replacement leases relate to the replacement of vendor leases at 757 Ann Street, Fortitude Valley QLD.*
2. *Renewals relate to the exercise of an option by the tenant at 57 Sawmill Circuit, Hume ACT.*
3. *Letting of acquired vacancy relates to new leases at 266 King Street, Newcastle NSW.*

Leasing activity

(continued)

The Fund's lease expiry profile at year end remains very strong with a WALE of 4.6 years (by revenue) with 42% of leases expiring after five years. The lease expiry profile reflects the quality and sustainability of the Fund's net property income. The WALE has however reduced year on year as a result of acquired vacancy as well as the Fund's conscious shift to acquiring multi-tenanted office buildings.

Expiry profile by revenue

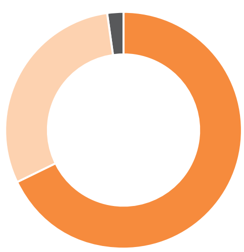


Post the year end there has been a noticeable improvement in the leasing market with a large proportion of the current and near term vacancy (next 24 months) now subject to signed leases or heads of agreement.

The portfolio is underpinned by quality tenants with 98% of tenants being either A- or B-grade and no tenant contributing more than 6% of the portfolio revenue.

Tenant composition

98% A- and B-grade tenants



Large, international, listed, large professional, government and major franchises	68%
National, small listed, local government and medium professional firms	30%
Other	2%

Diversification of tenant mix

Rank	Tenant	% of portfolio
1	ABB Enterprise Software Pty Ltd	6
2	Carsales.com Limited	5
3	Ricoh Australia Pty Ltd	5
4	Toll Transport Pty Ltd	5
5	Commonwealth of Australia	5
6	Australian Taxation Office	4
7	Honeywell Limited	4
8	Horan Steel Holdings Pty Ltd	4
9	CTI Freight Systems Pty Ltd	4
10	State Government of Victoria	4
	Total	**44**
	Other	**56**

Capital management

Balance sheet well positioned for growth

	31 March 2017	31 March 2016
Investments	**AUD779mn**	AUD494mn
Total debt	**AUD248mn**	AUD142mn
Gearing (%)	**32**	29
All in cost of funding (%)	**3.71***	3.83
Hedge position (%)	**99***	86
Expiry profiles		
– Debt	**3.7 years**	4.1 years
– Swaps	**7.7 years***	9.2 years

* *Includes AUD50.0mn of forward starting swaps to commence in October 2017.*

Highlights

32%

Gearing providing AUD85mn of acquisition capacity

3.71%*

All in funding rate reduced by 12 basis points year on year

99%*

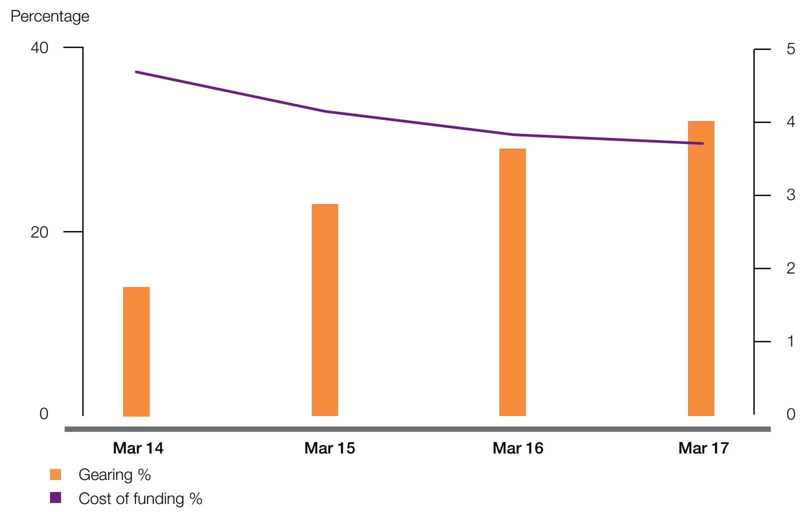
Hedged for 7.7 years

Balance sheet

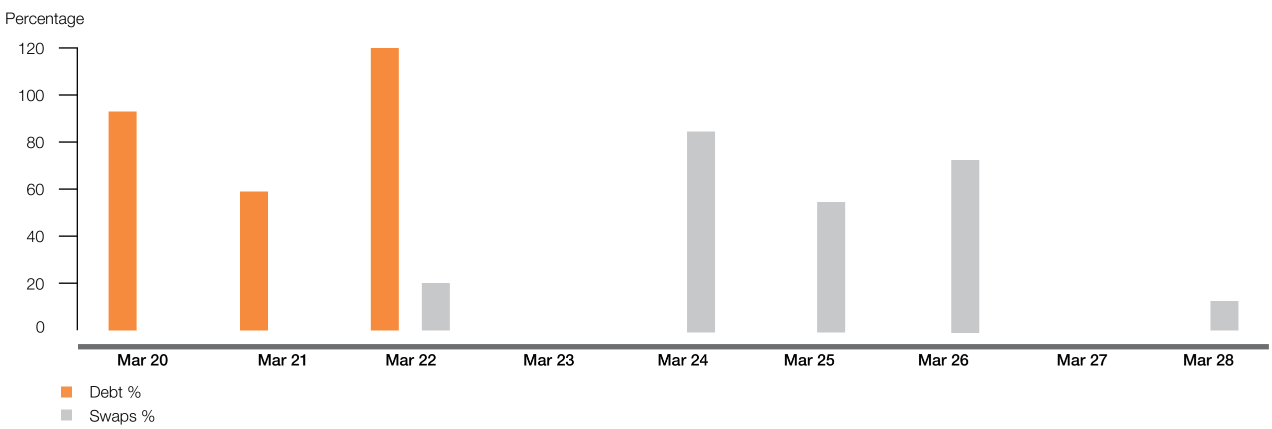
The Fund's balance sheet remains well positioned for growth with gearing of 32%. The active interest rate risk strategy is evident by the reduction in the Fund's all in funding rate of 12 basis points year on year to an all in rate of 3.71% whilst increasing the percentage of debt hedged to 99%*.

During the year, the Fund added Australia and New Zealand Banking Group Limited to the bank funding syndicate joining Westpac Banking Corporation. The Fund has seen the benefit of this diversification through pricing tension between the financiers. The pricing tension has also been seen as a result the diversification of the Fund's swap book during the year.

Gearing and cost of funding



Debt and swap maturity profile



The Fund is committed to sustainability and driving improvements in the way buildings are leased, managed and occupied.

Our key objectives are to:

- provide energy-efficient buildings that reduce operating costs and increase customer profitability;
- meet and exceed recognised sustainable development standards to deliver projects that enable more efficient customer operations; and
- engage customers to reduce energy, water and waste in ways that enhance profitability and reduce our environmental footprint.

Environmental initiatives that we implemented during the year include:

Sustainable transport

- We encourage tenants to improve their wellbeing and be environmentally friendly by riding to work. To this end, we have installed bicycle racks and lockers at all of our office buildings for use by our tenants.
- New end-of-trip facilities, comprising shower and lockers, were constructed at both 35 – 49 Elizabeth Street in Melbourne and 266 King Street in Newcastle during the year. These are designated places that support cyclists, joggers and walkers in using alternative ways to travel to work rather than driving or taking public transport. These types of facilities also benefit people who exercise during their lunch break.

Earth Hour

- A WWF global initiative raising awareness about climate change and reducing energy use, Earth Hour took place on Saturday, 25 March 2017 at 20:30. With over 7 000 cities and towns in 162 countries taking part, Earth Hour has grown into the world's largest community-driven campaign for the planet. Working with our tenants, we ensured all non-essential lighting was switched off during Earth Hour.

NABERS

The NABERS is a national rating system that measures the environmental performance of buildings, tenancies and homes. NABERS measures the energy-efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment. It does this by using measured and verified performance information, such as utility bills, and converting them into an easy to understand star rating scale from one to six stars.

Eight of the 10 commercial office buildings in the Fund's portfolio require a NABERS rating. The average NABERS rating across the portfolio is 4.0 stars, which demonstrates the Fund's commitment to meet and exceed sustainability standards. The savings in energy costs not only benefit our tenants by lowering their outgoings but also drive sustainability initiatives across the portfolio.

Building	NABERS rating
35 – 49 Elizabeth Street, Melbourne	4.0
186 Reed Street, Canberra	5.0
2404 Logan Road, Brisbane	exempt
449 Punt Road, Melbourne	4.5
757 Ann Street, Brisbane	4.5
21 Solent Circuit, Sydney	4.5
266 King Street, Newcastle	5.0
324 Queen Street, Brisbane	3.0
20 Rodborough Road, Sydney	2.0
113 Wicks Road, Sydney	exempt
Average rating	**4.0**

04

Corporate governance
and risk management

Code of corporate practice and conduct

The Fund and the RE are committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs.

The RE is fully committed to the principles of the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa, 2009 (King Code), the JSE Listings Requirements and the Act.

In so doing, the directors recognise the need to conduct the business of the Fund with integrity and provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to unitholders and other stakeholders providing a proper and objective perspective of the Fund and its activities, direct the strategy and operations of the Fund to build a sustainable business and consider short and long-term impacts of the strategy on the economy, society and the environment. The board oversees the implementation of the corporate governance policies provided below.

The formal steps taken by the directors are summarised below.

1. Board of directors and board sub-committees

In terms of the JSE Listings Requirements, the minimum number of directors required is four. This is contrary to the Articles of the RE, which allows for a minimum of three directors. The board currently consists of six directors, one executive and five non-executive, of whom three directors are considered independent. This achieves compliance with the King Code as the majority of the board comprises non-executive directors and the majority of non-executive directors are independent. The appointed non-executive directors, representing both South Africa and Australia, have a diverse and wide range of expertise, financial and commercial experience and property industry knowledge and other skills that enable them to bring independent judgement to board deliberations and decisions. The board ensures that there is an appropriate balance of power and authority, such that no one individual or block of individuals can dominate the board's decision making.

The board continually strives to give strategic direction to the Fund for the benefit of its unitholders and has set values and ethical standards to which it will adhere in all aspects of managing the business of the Fund. The board ensures that each director adheres to the duties of a director and will act in the best interests of unitholders. The board is ultimately responsible for the day-to-day management of the Fund's business, strategy and key policies. The executive director is an employee of IAL and via the RE and Manager, is intimately involved in the day-to-day business activities of the Fund. The executive director is responsible for ensuring that the decisions of the board are implemented in accordance with the mandates given by the board. The board is also responsible for approving the Fund's financial objectives and targets and ensuring the integrity of financial reporting.

The board has adopted a compliance plan (Compliance Plan), as required by the Corporations Act, setting out its responsibilities for monitoring operational performance and management of the Fund, determination of policy and processes to ensure the integrity of the RE's risk management and internal controls, communication policy and evaluation of personnel.

The board has appointed a CEO (Graeme Katz) and has established a framework for delegation of authority and ensures that the CEO's performance is evaluated against specified criteria. The positions of chairman and CEO are separately held with a clear division of duties. The chairman (Richard Longes) is an independent non-executive director.

The information needs of the board are reviewed annually and directors have unrestricted access to all company information, records, documents and property to enable them to discharge their responsibilities sufficiently. Efficient and timely methods of informing and briefing board members prior to board meetings has been developed and in this regard steps have been taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to the company. In this context, the directors are afforded information in respect of key performance indicators, variance reports and industry trends.

The board has established an orientation programme to familiarise incoming directors with the Fund's operations, senior management and its business environment, and to inform them of their fiduciary duties and responsibilities. Directors have a working understanding of applicable laws. New directors with no or limited board experience will receive development and education to inform them of their duties, responsibilities, powers and potential liabilities. Per the Compliance Plan, performance review of all officers and employees of the RE is conducted annually.

The RE is appointed by unitholders. Members of the board are appointed by the shareholder of the RE, being IAPHPL. Appointments to the board occur by way of board resolution and are formal and transparent and a matter for the board as a whole. Directors have been and will be nominated based on their competency, credibility, knowledge, experience, impact they are expected to have time and attention they can devote to the role. Directors hold office until they resign or are removed from office.

Directors may convene a meeting of the board whenever a director thinks fit. Board meetings are held at least quarterly with additional meetings convened when circumstances necessitate. The Board has established and delegated certain functions to an audit and risk committee, to give detailed attention to certain of its responsibilities which will operate within defined, written terms of reference. External advisors and executive directors who are not members of specific committees attend committee meetings by invitation, if deemed appropriate by the relevant committees.

The board and individual directors have their overall performance reviewed periodically in order to identify areas for improvement in the discharge of individual director's and the board's functions on an annual basis. This review will be undertaken by the chairman and, if so determined by the board, an independent service provider.

In respect of the directors that are only directors of the RE and not employed within the Investec Group, a director may be employed in any other capacity in the Fund or as a director or employee of another entity that is controlled by a subsidiary of the Fund. In this event, their appointment and remuneration in respect of this other office will be determined by a disinterested quorum of directors. This does not apply to the executive directors who are employed by IAL as their remuneration is determined by the Remuneration Committee of IAL and not by the directors.

Board meetings

The board meets at least four times annually. Five board meetings were held during the reporting period.

The chairman is responsible for setting the agenda for each meeting, in consultation with the CEO and the company secretary. Comprehensive information packs on matters to be considered by the board are provided to directors in advance of meetings.

Directors		Independent	Board	Audit and risk committee
Richard Longes	Chairman and independent non-executive director	Yes	5 (5)	5 (5)
Stephen Koseff	Non-executive director	No	5 (5)	
Sam Leon	Non-executive director	No	5 (5)	
Graeme Katz	Executive director	No	5 (5)	
Sally Herman	Independent non-executive director	Yes	5 (5)	5 (5)
Hugh Martin	Independent non-executive director	Yes	5 (5)	5 (5)

2. Terms of employment of directors

The directors who are employees or directors of IAL or another entity within the Investec Group are not remunerated for their services as directors of the RE. An objective quorum of directors determine the remuneration of the non-executive directors, which is limited to the reimbursement of reasonable expenses incurred by such person for purposes of attending board meetings and the appropriate director's fees.

The directors have been appointed by way of an engagement letter and no service contract has been concluded with them. The termination of their engagement will therefore be subject to the relevant notice period as determined by any applicable labour law from time-to-time. The directors are appointed for indefinite periods subject to applicable law and the provisions of the RE's memorandum and articles of association. Directors hold office until they are removed or resign.

Directors have an obligation to attend and to actively participate in meetings of the board and board committees on which they serve, to spend the time required and to meet as frequently as necessary to discharge their duties and responsibilities with due care. They are also expected to attend the annual general meeting of unitholders.

3. Company secretary of the responsible entity

The board is satisfied that a suitably qualified, competent and experienced company secretary (Paul Lam-Po-Tang) has been appointed and is appropriately empowered to fulfil duties with regards to assistance to the board. In arriving at this appointment, the directors evaluated Mr Lam-Po-Tang's qualifications and experience.

The company secretary together with the Fund's Sponsor provide the board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Fund. The company secretary provides a central source of guidance and advice to the board, and within the Fund, on matters of ethics and good corporate governance and will assist with the appointment of directors. The company secretary, together with the assistance of the Fund's Sponsor, ensures that the Fund complies with applicable laws and JSE Listings Requirements. In addition, the company secretary, together with the Fund's Sponsors, will be subjected to an annual evaluation by the board. Directors have access to the services and advice of the company secretary. The company secretary is not a director of the RE and has an arm's length relationship with the board, who can also remove him from office.

4. Audit and risk committee

The audit and risk committee is comprised of three independent non-executive directors as set out below:

- Sally Herman, independent non-executive director (chairperson);
- Hugh Martin, independent non-executive director; and
- Richard Longes, independent non-executive director.

All members of the audit and risk committee are financially literate. The committee's primary objective is to provide the board with additional assurance regarding the efficacy and reliability of the financial information used by the directors, to assist them in the discharge of their duties. The committee is required to provide satisfaction to the board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified and are suitably managed, and that satisfactory standards of governance, reporting and compliance are in operation.

Furthermore, the audit and risk committee oversees and reports on the sustainability issues, reviews the integrated report to ensure that the information contained therein is reliable and does not contradict the financial aspects of the report. The audit and risk committee reviews the content of the Fund's results and engages external auditors to provide assurance on the summarised financial information.

Within this context, the board is responsible for the Fund's systems of internal, financial and operational control. The executive director is charged with the responsibility of determining the adequacy, extent and operation of these systems. Comprehensive reviews and testing of the effectiveness of the internal control systems in operation will be performed by external practitioners, whose work will be overseen by the Manager and reported to the audit and risk committee.

The audit and risk committee has considered and satisfied itself as to the appropriateness of the expertise and experience of the financial function being the CFO, Kristie Lenton.

The audit and risk committee has nominated the external auditor for appointment and has approved the terms of engagement and remuneration for the external audit engagement. KPMG have been appointed as external auditors of the Fund.

As the Fund is a registered Managed Investment Scheme under the Act it has Australian reporting obligations. The Fund is required to lodge audited financial statements with ASIC. KPMG Australia have been appointed to perform the audit over the Australian audited financial statements.

KPMG Inc. in South Africa have been appointed to perform the audit over the South African audited financial statements which are required to be lodged with the JSE.

The audit and risk committee meets at least two times a year. Executives of the RE and the Manager with financial expertise are also in attendance. The committee also meets with the external auditors, KPMG, outside of meetings, as frequently as is necessary.

The audit and risk committee will report at the Fund's annual general meeting and in the annual report how it has discharged its duties during the relevant financial year.

5. Remuneration committee

A remuneration committee is not required given that the Fund has no employees. The executive director is an employee of and paid by IAL and will not be remunerated for their services as a director of the Fund. The board determines the remuneration of the non-executive directors.

6. Investment committee

The board has not appointed a separate investment committee as this function is performed by the board.

The board's role is to consider investment proposals put forward by the Manager and develop appropriate investment strategies and guidelines to ensure that IAPF's investments are in line with its investment policy and overall strategy and vision. The board considers acquisitions and disposal of assets in line with the Fund's overall strategy, ensures appropriate investment of unitholder funds, effects disposals within approved investment policy and authority limits and ensures that appropriate due diligence procedures are followed when acquiring or disposing of assets.

7. Risk management and internal control systems

The objective of risk management is to identify, assess, manage and monitor the risks to which the Fund is exposed, including but not limited to strategic risk, operational risk, investment risk and liquidity risk. It is the responsibility of the board, through the audit and risk committee, to determine policies and processes to ensure the integrity of the Fund's risk management and internal controls. The Fund has outsourced the asset management and property management services to the Manager who is responsible for the implementation of risk management and internal control processes on a continual basis subject to oversight of the audit and risk committee. The audit and risk committee participates in management's process of setting risk tolerance levels, formulating and implementing the risk management plan and reports on the plan adopted by management to the board.

With assistance from the IPML (or if considered appropriate, external expert risk consultants), risks are assessed and appropriate insurance cover purchased for all material risks above pre-determined self-insured limits. Levels of cover are re-assessed annually in light of claims experiences and events affecting the Fund, internally and externally.

To enable the directors to meet these responsibilities, the audit and risk committee has set standards and implemented, through the Manager, systems of internal control and an effective risk-based internal audit, comprising policies, procedures, operational systems and information to assist in:

- safeguarding of assets and reducing risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- the timely preparation of reliable financial statements and information in compliance with relevant legislation; and
- increasing the probability of anticipating unpredictable risk.

The board ensures that management considers and implements the appropriate risk responses and has established a risk register to actively monitor risks and the management thereof.

8. Directors' dealings and professional advice

The directors' report as set out on pages 38 to 41 contains details of units in the Fund held by directors of the RE.

The Fund operates a policy incorporating the terms of the JSE Listings Requirements and the Act of prohibiting dealings by directors and employees of the RE and Manager in periods preceding the announcement of its interim and year-end financial results and at any other time deemed necessary by the board.

The board has established a procedure for directors, in furtherance of their duties, to take independent professional advice, if necessary, at the Fund's expense. All directors will have access to the advice and services of the company secretary.

9. Communication

The Fund maintains contact regularly with institutional unitholders, private investors and investment analysts, and provides presentations on the Fund and its performance.

The board appreciates that unitholder perceptions affect the Fund's reputation and in this regard has established policies for the engagement of all the Fund's stakeholders, particular in light of the Australian domiciled nature of the Fund. The board encourages unitholders to attend annual general meetings.

10. Integrated reporting

The Fund reports to its unitholders at least annually by preparing an annual report that includes reviews of the Fund, together with a detailed review of the financial results and financing positions. In this way the board seeks to present a balanced and understandable assessment of the Fund's position and prospects.

The Manager is responsible for establishing comprehensive management reporting disciplines in respect of the Fund, which include the preparation of management accounts, detailed budgets and forecasts.

Sustainability reporting and disclosure is integrated with the Fund's financial reporting. The board ensures the integrity of the Fund's integrated report.

11. Business rescue

The board will consider business rescue proceedings or other turnaround mechanisms if the Fund becomes financially distressed. In this regard the board will ensure the Fund's solvency and liquidity is continuously monitored, a suitable practitioner will be appointed in the event that business rescue is adopted and the practitioner will be required to provide security for the value of the assets of the Fund.

12. King III

While it is not a strict requirement in terms of Australian corporate law, IAPF has resolved as a business philosophy to adopt and pursue the principles prescribed by the King Code report to the extent feasible, given the unique nature of the Fund in a South African context.

The majority of the principles of King III are being applied and this is evidenced in the various sections of this report, including pages 76 to 81 where a full checklist of our level of compliance with King III can be found.

Risk management

The board of the RE is responsible for the entire risk management process and the systems of internal control. Senior management is responsible for identifying risks and implementing appropriate mitigation processes and controls.
The audit and risk committee, accountable to the board, is responsible for establishing, reviewing and monitoring the process of risk management.

Philosophy and approach

The RE's comprehensive risk management process involves identifying, assessing, managing and mitigating the risks associated with the business. Risk awareness, control and compliance are embedded in the RE's day-to-day activities. Risk exposure is monitored and controlled through operational and legal risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping to pursue controlled growth across the business. Risk management objectives are to:

- ensure the business operates within the board stated risk appetite;
- support long-term sustainability by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk;
- set, approve and monitor adherence to risk parameters and limits and ensure they are implemented and adhered to consistently;
- aggregate and monitor exposure across risk classes;
- coordinate risk management activities across the business;
- give the board reasonable assurance that the risks the business is exposed to are identified and, to the best extent possible, managed and controlled; and
- establish appropriate risk committees, as mandated by the board.

The following risks, which may result in reduction of earnings and/or loss of value should they materialise, are of primary importance:

Risk	Impact	Mitigation
Strategic • Reputational • Fund tax status	• Investor uncertainty • Customer uncertainty	• Manager management meetings • Quarterly Audit and Risk and Board reporting • Budgeting and forecasting process • Crisis management control
Governance • Fund governance • Investment • Negative tax implications to investors	• Financial loss • Reputational damage • Investor ådetriment • Potential regulatory sanctions	• Board comprising independent, external directors • Board sign-off of investments • External audit and biannual review • External tax review on biannual distributions • Related party disclosure • JSE disclosure requirements • Fund sponsor oversight
Operational • Legal and regulatory • Technology • People • Outsourcing • Fraud • Conduct	• Breach of regulation • ASIC sanctions/undertaking • Potential loss of licence • Financial loss • Reputational damage • Inefficient business processing • Internal and external fraud	• Audit and Risk and Board reporting • External audit and biannual review • Investec internal audit reviews • Investec Group systems and IT support • SLAs for external technology providers • BCP/disaster recovery testing • Controls in place for payments and role segregation • Manager employee training • Manager policies
Market/investment • Occupancy • Valuations and pricing • Product selection and oversight • Counterparty risk	• Reduction in income • Reduction in portfolio value • Breach of covenants • Loss of investors	• Lease documentation (contractual requirements) • Due diligence on tenant financials • Security under the leases (bank guarantees) • Arrears reporting • Biannual fair value assessment of portfolio against industry benchmarks • Requirement for external valuations every 24 months
Liquidity	• Failure to meet constitutional requirements • Unable to pay debts when they fall due • Default on loans • Potential default under leases • Inability to pay distributions	• Monthly cash flow forecasting • Covenant reporting • Adherence of Board mandated gearing levels

Internal audit

The Investec Group internal audit function is engaged to perform the internal assurance function for the Fund. A risk-based audit approach is followed and the audit and risk committee approves audit plans. The head of internal audit reports back to the audit and risk committee and the CFO. Internal audit conducts a formal risk assessment of the Fund periodically to formulate a comprehensive risk-based audit plan. The assessment and programme are validated by executive management and approved by the audit committee. Internal audit conducted a review of the Fund in April 2016 and concluded that there were no material findings. Another review will be conducted in the next 12-month period.

Internal audit also liaises with the external auditors and other assurance providers to enhance efficiencies in terms of combined assurance. The audit plan is reviewed to ensure it remains relevant and responsive, given changes in the operating environment.

External audit

KPMG are the auditors of the Fund. The independence of the external auditor is reviewed by the audit and risk committee each year. The audit and risk committee meets with the external auditors to review the scope of the external audit, budgets, the extent of non-audit services rendered and all other audit matters. The external auditors are invited to attend audit and risk committee meetings and have access to the chairperson of the audit committee.

Compliance

The Fund endeavours to comply with the highest professional standards of integrity and behaviour, always keeping the interests of our tenants and unitholders at the forefront of the corporate agenda. We also seek to establish high standards of compliance practice to build trust and promote the quality of service to our colleagues and clients.

Compliance risk is managed through internal policies and procedures, which include legal, regulatory and operational requirements relevant to the business. In addition to monitoring compliance with the provisions prescribed by the respective regulatory authorities. The Fund has a compliance plan which outlines its obligations as a registered management scheme established in accordance with the requirements of the Act. This plan is audited annually. The IAL compliance function is engaged to provide independent oversight of the Manager's adherence to its regulatory obligations.

Diversity

The Fund Manager is committed to a workplace culture that builds respect, fosters inclusiveness, promotes diversity and embraces the unique skills of all staff and directors. During the current financial year an IPL Board Diversity Policy was implemented to comply with the JSE Listings Requirements to the extent feasible, given the unique nature of the Fund in a South African context. Under this Policy the Board’s composition will be reviewed annually to ensure alignment to the strategic needs of the business and the environment in which it operates, as well as all aspects of diversity, specifically its gender balance.

Communication, public disclosure obligations and stakeholder relations

The board recognises that effective communication is integral to building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders. The aim is to enable stakeholders to make meaningful assessments and informed investment decisions about the Fund.

The Fund endeavours to present a balanced and understandable assessment of its position by addressing material matters of significant interest and concern. The Fund seeks to highlight the key risks to which it considers itself exposed and responses to minimise the impact of these risks. Another objective is to show a balance between the positive and negative aspects of the Fund's activities in order to achieve a comprehensive and fair account of its performance.

The Fund complies with the disclosure obligations contained in the JSE Listings Requirements and with any public disclosure obligations required by the Regulators. The Fund also complies with disclosure requirements under the Australian Corporations Act.

The key stakeholders in the Fund include:

- Unitholders;
- Government;
- Regulatory bodies in South Africa and Australia;
- Tenants;
- Suppliers;
- The media;
- Communities; and
- Industry equity and debt analysts.

Goal	Processes to ensure compliance with public disclosure		
To comply with the disclosure obligations contained in the applicable JSE Listings Requirements	• Significant announcements are released directly to the market primarily via the services offered by the JSE. Documents are also published on our website. • Maintenance of a comprehensive investor relations component to the Fund's website. • Executive management meet with the key unitholders at least twice a year, after the release of interim and year-end results.	• Unitholders are encouraged to attend the annual general meeting and to raise issues and participate in discussions. • The chairperson of the audit and risk committee as well as the chairman, attend the annual general meeting to respond to relevant questions. • All valid proxy appointments are recorded and counted and, at general meetings, a schedule of the proxy votes cast is available to all unitholders.	• Separate resolutions are posed on each substantially separate issue and resolutions are not bundled together inappropriately. • The chairperson and the non-executive directors are committed to communicating with unitholder representative bodies, to help develop a balanced understanding of their issues and concerns.

05

Annual financial statements

05

Directors' responsibility statement

The directors of IPL are responsible for the preparation and fair presentation of the consolidated annual financial statements of IAPF (also referred to as the Fund or Group).

The consolidated annual financial statements comprise the:

- Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017
- Consolidated statement of financial position at 31 March 2017
- Consolidated statement of changes in equity for the year ended 31 March 2017
- Consolidated statement of cash flows for the year ended 31 March 2017
- Notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes
- Directors' report.

in accordance with IFRS, the Constitution of the Fund, the JSE Listings Requirements and the requirements of the Act.

The directors of IPL are also responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors of IPL have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the Fund's consolidated annual financial statements

The consolidated annual financial statements of the Fund, as identified in the first paragraph, were approved by the board of IPL on 22 June 2017 and are signed on their behalf by:

RA Longes
Chairman

Dated at Sydney
22 June 2017

GA Katz
Chief executive officer

Dated at Sydney
22 June 2017

Report of the audit and risk committee

The audit and risk committee of the Fund has pleasure in submitting this report to unitholders as recommended by the King Code.

The activities of the audit and risk committee (the committee), which comprises three independent non-executive directors, are determined by its charter and mandate as set out on page 29.

The committee is satisfied that it has considered and discharged its responsibilities in terms of its mandate and charter, the King Code and the Act.

As the Fund is a registered Managed Investment Scheme under the Act it has Australian reporting obligations. The Fund is required to lodge audited financial statements with the ASIC. This is in addition to the Fund's reporting obligations in South Africa. The committee is satisfied that the Fund has discharged all of its reporting obligations in Australia and South Africa.

The committee carried out its duties by inter alia, reviewing the following:

- financial management reports;
- external audit reports;
- management's risk assessment; and
- compliance reports.

The abovementioned information, together with interaction with the external and internal auditors, management and other invitees attending meetings in an *ex officio* capacity, enabled the committee to conclude that the risk management process and systems of internal financial control have been designed and were operating effectively during the financial period.

The committee is satisfied:

- its members have the requisite financial skills and experience to contribute to its deliberations;
- with the independence and effectiveness of the external auditor, including the provision on non-audit services and compliance with the Fund's policy in this regard;
- the RE has complied with the majority of the principles of King III Code and the JSE Listings Requirements;
- it considered and approved that audit fee payable to the external auditors in respect of the audit for the year ended 31 March 2017 as well as their terms of engagement and scope of the audit;
- that the appointment of the external auditor is in compliance with the Act and the JSE Listings Requirements;
- with the effectiveness of the internal audit function and that the system of internal financial control in all key material aspects is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements; and
- with the expertise and experience of the chief financial officer and the overall adequacy and appropriateness of the finance function.

The committee, having fulfilled the oversight role regarding the reporting process and the integrated report, recommends for approval by the board of directors of IPL, the integrated report and the annual financial statements for the year ended 31 March 2017.

Sally Herman
Chairperson
Audit and risk committee

Sydney
22 June 2017

Directors' report

The directors of IPL, the RE of the Fund, present their report together with the consolidated financial statements of the Group comprising the Fund and its controlled entities, for the year ended 31 March 2017 and the auditor's report thereon.

The Fund is an Australian-domiciled REIT which is registered as a managed investment scheme in Australia under the Act and is subject to regulatory oversight by the ASIC.

The Fund was listed on the JSE on 23 October 2013 under the 'Real Estate Holdings and Development' sector of the JSE under share code: IAP and ISIN: AU60INL0018.

Perpetual Corporate Trust Limited is the custodian of the Fund.

Issued unit capital

The unit capital of the Fund is 435 587 842 ordinary units. The Fund's ordinary units are listed on the JSE. Details of the unit capital are set out in note 13 to the financial statements.

Responsible entity

The registered office and principal place of business of IPL and the Fund is Level 23, Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

The directors of IPL during or since the end of the financial period are:

Full name	Capacity
Richard Anthony Longes (Australian)	Chairman and independent non-executive director
Stephen Koseff (South African)	Non-executive director
Samuel Ronald Leon (South African)	Non-executive director
Graeme Anthony Katz (Australian)	Executive director
Sally Herman (Australian)	Independent non-executive director
Hugh Martin (Australian)	Independent non-executive director

Details on directors' experience is set out in the Directorate section of the annual report. Details of board meetings are set out in the Corporate Governance section of the annual report.

Principal activities

The principal activities of the Fund are to invest in high quality commercial real estate assets to derive rental income and capital growth.

The Fund did not have any employees during the year.

Review of operations

A detailed review of operations is included in the CEO report.

Results

The net profit of the Fund is presented in the statement of profit or loss and other comprehensive income. The net profit for the year ended 31 March 2017 is AUD48 742 707.

The net assets of the Fund are AUD505 667 925 at 31 March 2017. This equates to a net asset value of AUD1.161 per unit.

Distributions

Unitholders were given notice of a final distribution declaration number 7 of:

– 4.93 cents per unit pre-withholding tax

– 4.60 cents per unit post-withholding tax

For the six months ended 31 March 2017. Withholding tax of 0.32941 cents per unit will be withheld from the distribution paid to non-Australian unitholders. This is regarded as a foreign distribution for South African unitholders.

Performance

The above distributions equate to full year distribution growth of 6.2% pre-withholding tax and 3.6% post-withholding tax.

The full year distribution includes the antecedent distribution associated with the DRIP relating to the H1 distribution and subsequent rights offer which was completed in February 2017. This amounts to AUD4.6 million. As the antecedent distribution is not subject to withholding tax in Australia, the effective rate of withholding tax on the distribution has been reduced for the year. The normalised distribution per unit post-withholding tax for the year would have been approximately 9.10 cents per unit without the benefit of this tax treatment.

The Fund's performance is driven by the successful implementation of the strategy outlined at listing and subsequently adjusted to take account of market considerations, namely:

- achieving strong underlying net property income growth of 3.2% from the base portfolio and 7.0% uplift in valuation across the whole portfolio;
- engage in active property management to deliver yield-enhancing returns and unlock value uplift; and
- efficiently manage the balance sheet and interest rates.

Interests of IPL

IPL has delegated the management of the Fund to IPML. IPL was not paid any fees during the period. The following fees were paid to IPML during the period:

	2017 AUD	2016 AUD
Asset management fee	3 690 218	2 720 015
Property management fee	1 087 156	662 485

* *IPML has been contracted to perform property management services. IPML has sub-contracted this to third party property managers who receive this fee from IPML.*

Significant changes in the state of affairs

There have been no significant changes in the nature of the Fund's activities during the period.

Likely developments

The Fund will continue to pursue its strategy of investing in high quality commercial real estate assets that are well located in major metropolitan cities or established commercial precincts in Australia. In pursuing this strategy IPL intends to fulfill the objectives of the fund being:

- 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, IPL intends to pursue the following strategies:

- focus on property fundamentals;
  - 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 IPL'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.

Directors' interests in units

The directors' interest in units is set out in note 17 of the financial report on page 64.

Directors' remuneration

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

Employees or directors of other entities within the Investec Group are not remunerated for their services as directors. The remuneration of any independent, non-associated and non-executive director appointed to the board of IPL is limited to the reimbursement of reasonable expenses incurred by such person for purposes of attending board meetings and the appropriate director's fees, unless the RE determines otherwise. In respect of the independent, non-associated and non-executive directors, fees and expenses are reimbursed out of the Fund.

Directors' report

(continued)

Accordingly, directors' remuneration for the year to 31 March 2017 was as follows:

For the period to 31 March 2017 AUD'000	Salary (including emoluments paid by IAL)	Directors' fees	Fees for other services	Provident pension fund and medical aid contributions	Bonuses	Total
Directors						
Richard Longes[1]	–	36	–	–	–	36
Stephen Koseff[2]	–	13	–	–	–	13
Sam Leon[2]	–	18	–	–	–	18
Graeme Katz[3]	150	–	–	–	–	150
Sally Herman[4]	–	41	–	–	–	41
Hugh Martin[4]	–	35	–	–	–	35
Total	**150**	**143**	–	–	–	**293**

[1] *Apportionment of directors' fees paid by IAL that are attributable to the Fund. Richard Longes is not separately remunerated for his services as a director of IPL as he is remunerated by IAL for his services as a director of IAL. An estimate of attributable fees has been provided based on market related non-executive director and chairman fees and proportion of time allocated to IAPF. Mr Longes is not remunerated out of the Fund.*

[2] *Stephen Koseff and Sam Leon receive salaries as employees of Investec Group subsidiaries and are not separately remunerated for their services as directors of IPL. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to the Fund, however these directors are not remunerated out of the Fund.*

[3] *Graeme Katz is not separately remunerated for his services as chief executive officer and director of IPL as he is remunerated by IAL. The amount disclosed represents an allocation of his remuneration commensurate with his role as an executive director of IPL but is not a cost to the Fund.*

[4] *Sally Herman and Hugh Martin are independent, non-associated and non-executive directors of IPL and their remuneration is apportioned between all funds managed by IPL based on gross asset value. Ms. Herman is also remunerated for her role as chairperson of the audit and risk committee.*

Directors' remuneration for the year to 31 March 2016 was as follows:

For the period to 31 March 2016 AUD'000	Salary (including emoluments paid by IAL)	Directors' fees	Fees for other services	Provident pension fund and medical aid contributions	Bonuses	Total
Directors						
Richard Longes[1]	–	36	–	–	–	36
Stephen Koseff[2]	–	13	–	–	–	13
Sam Leon[2]	–	18	–	–	–	18
Graeme Katz[3]	150	–	–	–	–	150
Sally Herman[4]	–	25	–	–	–	25
Hugh Martin[4]	–	25	–	–	–	25
Total	**150**	**117**	–	–	–	**267**

[1] *Apportionment of directors' fees paid by IAL that are attributable to the Fund. Richard Longes is not separately remunerated for his services as a director of IPL as he is remunerated by IAL for his services as a director of IAL. An estimate of attributable fees has been provided based on market related non-executive director and chairman fees and proportion of time allocated to IAPF. Mr Longes is not remunerated out of the Fund.*

[2] *Stephen Koseff and Sam Leon receive salaries as employees of Investec Group subsidiaries and are not separately remunerated for their services as directors of IPL. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to the Fund, however these directors are not remunerated out of the Fund.*

[3] *Graeme Katz is not separately remunerated for his services as chief executive officer and director of IPL as he is remunerated by IAL. The amount disclosed represents an allocation of his remuneration commensurate with his role as an executive director of IPL but is not a cost to the Fund.*

[4] *Sally Herman and Hugh Martin are independent, non-associated and non-executive directors of IPL and their remuneration is apportioned between all funds managed by IPL based on gross asset value. Ms Herman is also remunerated for her role as chairperson of the audit and risk committee.*

Corporate governance

The Fund's corporate governance board statement and governance framework are set out on page 28.

Audit and risk committee

The audit and risk committee comprising independent non-executive directors meets regularly with the senior management of IPML and the external auditors to consider the nature and scope of the assurance activities and the effectiveness of our risk and control systems.

Further details on the role and responsibility of the audit and risk committee are set out on page 29.

Auditors

KPMG have been appointed by IPL as auditors of the Fund.

Contracts

The Fund does not have any contracts with directors of IPL.

Subsidiaries

The Fund has a number of wholly owned trusts which hold the Fund's property assets. Details of subsidiaries are set out in note 18 of the financial statements.

Major unitholders

The largest unitholders of the Fund are set out on page 74.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable Australian law and IFRS.

These policies are set out in note 1 of the financial report on page 52.

Financial instruments

Detailed information on the Fund's risk management process and policy can be found in the risk management report on page 32.

Information on the Fund's use of derivatives can be found in note 22 of the financial report on page 66.

Management and administration

The Fund is managed by IPML which is a wholly owned subsidiary of IAPHPL. IPML provides fund management services and property management services to the Fund under the terms of a management agreement. IPML has in turn outsourced certain of the property management to property management companies, namely CBRE Pty Limited, MaxiServ Pty Limited, Norwest Commercial and Industrial Real Estate Pty Limited, Honeywell Limited and Abacus Property Group.

Environmental regulation

The Fund's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation.

Events subsequent to reporting date

In the interval between the end of the financial year and the date of this report there is no item, transaction or event of a material and unusual nature likely, in the opinion of the RE, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

Indemnities and insurance premiums for officers or auditors

Indemnification

Under the Fund constitution IPL, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or fights in relation to the Fund.

The Fund has not indemnified any auditor of the Fund.

Insurance premiums

No insurance premiums are paid out of the Fund's assets in relation to insurance cover for the RE, its officers and employees or the auditors of the Fund.

Rounding off

The Fund is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors of IPL.

RA Longes
Sydney
22 June 2017

GA Katz
Sydney
22 June 2017

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Investec Australia Property Fund ('the Group') set out on pages 44 to 72, which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Investec Australia Property Fund as at 31 March 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for *Auditors Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Valuation of investment property	
Refer to accounting policy note 1.10 and note 10 of the financial statements.	
The Group has investment property amounting to AUD779m included in the Consolidated statement of financial position at year end, which represented a significant asset for the Group. Valuation of the investment property is an area of significant judgement. Independent valuations are obtained on a rotational basis, ensuring that every property is valued at least once every 24 months by an external independent valuer. The fair value calculations are prepared considering the aggregate of the net annual rent receivable from the properties and, where relevant, associated costs, using the discounted cash flow (DCF) method and the net income capitalisation method. Due to the significant judgement applied by management, the involvement of external experts, the significance of the balance and the work effort from the audit team, the valuation of investment property was considered a key audit matter	Our audit procedures included the following: • We challenged the key judgements and assumptions included in the external independent valuer reports by comparing and corroborating the key assumptions to external market data and our understanding of the market and individual property performance; • We assessed the competence, independence and experience of the external independent valuer • We assessed the consistency of the valuation methodology applied to the relevant accounting standards and Group policy. • We evaluated the appropriateness of the capitilisation rate method used by the valuers in the context of the current market. • For investment property we selected a sample of properties which either were new acquisitions, showed significant valuation movement or were identified through discussions with management. For the properties selected, we further considered the reasonableness of the key valuation inputs used in relation to the market benchmarks as well as the historical trends of the valuations of these properties and consistency of these based on our knowledge of the market.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Integrated Annual Report including in the Certificate by company secretary, Directors' report and the Audit and risk committee report as required by the Companies Act of South Africa. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Investec Australia Property Fund for one year.

KPMG Inc.

KPMG Inc.

Per Gavin de Lange
Chartered Accountant (SA)
Registered Auditor
Director

22 June 2017

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 March

AUD'000	Notes	**2017**	**2016**
Revenue, excluding straight-line rental revenue adjustment		51 705	37 663
Straight-line rental revenue adjustment		2 793	1 630
Revenue	2	**54 498**	**39 293**
Property expenses	3	(8 408)	(5 185)
Net property income		**46 090**	**34 108**
Fair value adjustments – investment property	5	11 419	20 488
Other operating expenses	4	(4 319)	(4 663)
Operating profit		**53 190**	**49 933**
Finance costs	6	(4 874)	(6 908)
Finance income	7	106	79
Profit on sale of investment property		–	116
Other income		320	264
Total profit and other comprehensive income for the period		**48 742**	**43 484**
		cents	**cents**
Basic and diluted earnings per unit	9	15.07	17.09

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March AUD'000	Notes	2017	2016
ASSETS			
Non-current assets		**780 626**	**493 850**
Investment property	10	779 350	493 850
Financial instruments held at fair value		1 276	–
Current assets		**5 906**	**3 073**
Cash and cash equivalents	12	4 116	1 108
Trade and other receivables	11	1 790	1 965
Total assets		**786 532**	**496 923**
EQUITY AND LIABILITIES			
Unitholders' interest		**505 668**	**332 487**
Contributed equity	13	466 879	310 136
Retained earnings		38 789	22 351
Total unitholders' interest		**505 668**	**332 487**
Non-current liabilities		**255 876**	**143 098**
Long-term borrowings	14	248 005	141 671
Trade and other payables	15	7 871	477
Financial instruments held at fair value	14	–	950
Current liabilities		**24 988**	**21 338**
Trade and other payables	15	3 532	6 870
Distributions payable	8	21 456	14 468
Total equity and liabilities		**786 532**	**496 923**
Units in issue		435 588	312 541
Net asset value per unit (cents)		116.09	106.38

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 March AUD'000	Contributed equity	Retained earnings	Total unitholders' interest
Balance at 1 April 2015	**246 496**	**2 208**	**248 704**
Profit for the period	–	43 484	43 484
Total comprehensive income	**–**	**43 484**	**43 484**
Transaction with unitholders in their capacity as unitholders:			
Issue of ordinary units	65 960	–	65 960
Distributions paid/payable to ordinary unitholders	(2 320)	(23 341)	(25 661)
Balance at 31 March 2016	**310 136**	**22 351**	**332 487**
Profit for the period	–	48 742	48 742
Total comprehensive income	**–**	**48 742**	**48 742**
Transaction with unitholders in their capacity as unitholders:			
Issue of ordinary units	161 403	–	161 043
Distributions paid/payable to ordinary unitholders	(4 660)	(32 304)	(36 965)
Balance at 31 March 2017	**466 879**	**38 789**	**505 668**

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 March AUD'000	Notes	2017	2016
Cash flows from operating activities			
Rental income received		51 529	38 367
Property expenses		(6 834)	(5 524)
Fund expenses		(4 319)	(3 603)
Security deposits received		–	20
Cash generated from operations		**40 376**	**29 260**
Finance income received		106	344
Finance costs paid		(6 589)	(4 975)
Distribution paid to unitholders		(29 977)	(19 100)
Net cash inflow from operating activities	16	**3 916**	**5 529**
Cash flows from/(used in) investing activities			
Investment property acquired		(268 453)	(133 139)
Proceeds on sale of investment property		–	3 696
Net cash outflow used in investing activities		**(268 453)**	**(129 443)**
Cash flows from financing activities			
Borrowings raised		112 143	129 476
Repayment of loans		(6 000)	(66 557)
Proceeds from issue of units		162 580	64 466
Payment of termination of hedging		–	(3 925)
Payment of transaction costs related to the issue of units		(1 178)	(799)
Net cash inflow from financing activities		**267 545**	**122 661**
Net (decrease) in cash and cash equivalents		3 008	(1 253)
Cash and cash equivalents at beginning of period		1 108	2 361
Cash and cash equivalents at end of period	12	**4 116**	**1 108**

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

Segmental analysis

For the year ended 31 March 2017

AUD'000	Office	Industrial	Total
Statement of profit or loss and other comprehensive income 2017			
Revenue from external customers, excluding straight-line rental revenue adjustment	36 979	14 726	51 705
Straight-line rental revenue adjustment	1 866	927	2 793
Property expenses	(6 690)	(1 718)	(8 408)
Segment results	**32 156**	**13 934**	**46 090**
Acquisition cost and straight-line rental revenue adjustment	(22 792)	(2 034)	(24 826)
Investment property revaluation	30 645	5 600	36 245
Total segment results	**40 009**	**17 500**	**57 509**
Other operating expenses			(4 319)
Fair value adjustment on interest rate swap derivatives			2 226
Finance costs			(7 100)
Finance income			106
Profit on sale of investment property			–
Other income			321
Profit for the period			**48 743**
Statement of financial position extracts at 31 March 2017			
Investment property balance 1 April 2016	336 250	157 600	493 850
Acquisitions	244 243	20 097	264 340
Disposals	–	–	–
Capital expenditure	6 939	9	6 948
Straight-line rental revenue receivable	1 866	927	2 794
Fair value adjustments	7 853	3 566	11 419
Investment property at 31 March 2017	**597 151**	**182 199**	**779 350**
Other assets not managed on a segmental basis			7 182
Total assets as at 31 March 2017			**786 532**

Segmental analysis

(continued)

For the year ended 31 March 2017 AUD'000	Victoria	Queensland	South Australia	Western Australia	New South Wales	Australian Capital Territory	Total
Statement of profit or loss and other comprehensive income 2017							
Revenue from external customers, excluding straight-line rental revenue adjustment	10 500	12 944	978	2 363	18 509	6 411	51 705
Straight-line rental revenue adjustment	144	734	38	349	1 196	332	2 793
Property expenses	(1 851)	(1 877)	(75)	(271)	(3 426)	(908)	(8 408)
Segment results	**8 793**	**11 801**	**941**	**2 441**	**16 279**	**5 835**	**46 090**
Total fair value adjustment on total investment property	**5 158**	**(900)**	**(238)**	**942**	**3 291**	**3 166**	**11 419**
Statement of financial position extracts at 31 March 2017							
Investment property balance 1 April 2016	122 650	122 000	9 801	26 000	147 600	65 799	493 850
Acquisitions	–	70 511	–	–	193 829	–	264 340
Disposals	–	–	–	–	–	–	–
Capital expenditure	548	2 804	–	9	3 584	3	6 948
Straight-line rental revenue receivable	144	734	38	349	1 196	332	2 793
Fair value adjustments	5 158	(900)	(238)	942	3 291	3 166	11 419
Investment property at 31 March 2017	**128 500**	**195 149**	**9 601**	**27 300**	**349 500**	**69 300**	**779 350**
Other assets not managed on a segmental basis							7 182
Total assets as at 31 March 2017							**786 532**

Segmental analysis

(continued)

For the year ended 31 March 2016 AUD'000	Office	Industrial	Total
Statement of profit or loss and other comprehensive income 2016			
Revenue from external customers, excluding straight-line rental revenue adjustment	25 235	12 428	37 663
Straight-line rental revenue adjustment	745	885	1 630
Property expenses	(3 647)	(1 538)	(5 185)
Segment results	**22 333**	**11 775**	**34 108**
Acquisition cost and straight-line rental revenue adjustment	(10 073)	(4 669)	(14 742)
Investment property revaluation	32 500	2 730	35 230
Total segment results	**44 760**	**9 836**	**54 596**
Other operating expenses			(4 663)
Fair value adjustment on interest rate swap derivatives			(1 975)
Profit on sale of investment property			(4 933)
Finance costs			79
Finance income			116
Other income			264
Profit for the period			**43 484**
Statement of financial position extracts at 31 March 2016			
Investment property balance 1 April 2015	247 000	95 130	342 130
Acquisitions	60 039	67 081	127 120
Disposals	–	(3 580)	(3 580)
Capital expenditure	6 039	7	6 046
Straight-line rental revenue receivable	745	885	1 630
Fair value adjustments	22 427	(923)	20 504
Investment property at 31 March 2016	**336 250**	**157 600**	**493 850**
Other assets not managed on a segmental basis			3 073
Total assets as at 31 March 2016			**496 923**

For the year ended 31 March 2016 AUD'000	Victoria	Queensland	South Australia	Western Australia	New South Wales	Australian Capital Territory	Total
Statement of profit or loss and other comprehensive income 2016							
Revenue from external customers, excluding straight-line rental revenue adjustment	9 967	10 351	949	1 084	9 101	6 211	37 663
Straight-line rental revenue adjustment	99	237	69	172	609	444	1 630
Property expenses	(1 597)	(1 137)	(77)	(141)	(1 334)	(899)	(5 185)
Segment results	**8 469**	**9 451**	**941**	**1 115**	**8 376**	**5 756**	**34 108**
Total fair value adjustment on total investment property	**19 407**	**2 263**	**(269)**	**(1 679)**	**319**	**447**	**20 488**
Statement of financial position extracts at 31 March 2016							
Investment property balance 1 April 2015	103 100	98 280	10 001	–	65 850	64 899	342 130
Acquisitions	–	19 285	–	27 507	80 328	–	127 120
Disposals	–	(3 580)	–	–	–	–	(3 580)
Capital expenditure	44	5 499	–	–	494	9	6 046
Straight-line rental revenue receivable	99	237	69	172	609	444	1 630
Fair value adjustments	19 407	2 279	(269)	(1 679)	319	447	20 504
Investment property at 31 March 2016	**122 650**	**122 000**	**9 801**	**26 000**	**147 600**	**65 799**	**493 850**
Other assets not managed on a segmental basis							3 073
Total assets as at 31 March 2016							**496 923**

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

Notes to the financial statements

Corporate information

The financial report of IAPF for the year ended 31 March 2017 was authorised for issue in accordance with a resolution of the directors of IPL (the RE) on 22 June 2017.

IAPF is domiciled in Australia. The RE is incorporated and domiciled in Australia.

The nature of the operations and principal activities of IAPF are described in the Director's Report.

The registered office of IAPF is located at:
Level 23
The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Reporting entity

IAPF is an Australian registered managed investment scheme under the Act. IAPF is a for profit entity. The consolidated financial statements of the Fund as at and for the year ended 31 March 2017 comprise the Fund and its subsidiaries (together referred to as 'the Group').

Working capital management

The Fund utilises its monthly cash flows to pay down its debt facility whilst maintaining the facility limit. The Fund will draw this cash back from the debt facility in order to pay its final distribution in June 2017. This results in the most efficient use of the Fund's strong cash flows. The current undrawn facility limit is AUD24.7 million and the Fund has the ability to draw on this unconditionally.

1. Accounting policies

1.1 Basis of preparation

1.1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Act.

The consolidated financial statements are prepared in accordance with the requirements of the Financial Reporting Pronouncements as issued by FRSC, in addition to IFRS.

1.1.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are me assured at fair value
- investment property is measured at fair value.

The financial statements are prepared on the going concern basis and the accounting policies set out below have been applied consistently by the Fund.

1.1.3 Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is IAPF's functional currency.

IAPF is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

1.1.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

The key area in which estimates are applied relates to the valuation of investment properties. Refer to note 10 for information on best estimates used in the valuation of investment properties.

1.2 Basis of consolidation

1.2.1 Business combinations

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gains on bargain purchase agreements is recognised in profit or loss.

1.2.2 Controlled entities

The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

All subsidiaries are 100% owned and controlled by the group with no restrictions.

1.2.3 Transactions eliminated on consolidation

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

1.3 Segmental reporting

Determination and presentation of operating segments

The group has the following operating segments:

- Office properties
- Industrial properties.

The above segments are derived from the way the business of the group is structured, managed and reported to the chief operating decision-makers. The group manages its business in the office and industrial property sectors where resources are specifically allocated to each sector in achieving the group's stated objectives.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period on investment property in each segment.

1.4 Revenue recognition

Revenue consists of rental income measured at the fair value of consideration received or receivable.

Revenue is recognised when it can be reliably measured and it is probable that the economic benefits will flow to the group.

Revenue from investment property in terms of leases comprises gross rental income and recoveries of operating costs, net of goods and services tax (GST). Rental income is recognised in profit or loss on a straight-line basis over the term of the rental agreement where the revenue under the lease terms is fixed and determinable. For leases where revenue is determined with reference to market reviews, inflationary measures or other variables, revenue is not straight-lined and is recognised in accordance with lease terms applicable for the period.

1.5 Lease incentives and commissions

Any lease incentives provided to a tenant under the terms of a lease such as fit-outs or rent free periods are recognised as an expense or reduction in revenue on a straight-line basis over the term of the lease.

Leasing commissions paid to agents on signing of lease agreements are recognised as an expense on a straight-line basis over the term of the lease.

1.6 Finance income

Finance income includes:

- Interest earned on cash invested with financial institutions which are recognised in the profit or loss on an accrual basis using the effective interest method.
- Net gains on financial instruments measured at fair value through profit or loss.

1.7 Finance costs

Finance costs include:

- Interest expense and other borrowing costs which are recognised in the profit or loss on an accrual basis using the effective interest method.
- Net losses on financial instruments measured at fair value through profit or loss.

1.8 Earnings per unit

Basic earnings per unit is determined by dividing the profit or loss of the group by the weighted average number of units outstanding during the financial year.

There are no instruments in issue that could potentially result in a dilution in earnings per unit in the future.

Headline earnings is profit for the period adjusted for certain remeasurements such as investment property fair value adjustments. As required by the JSE Listings Requirements headline earnings per unit is calculated using Circular 2/2013.

1.9 Financial instruments

The Fund recognises financial instruments when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at their fair value plus, for financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. All other transaction costs are recognised in profit or loss immediately.

Any gains or losses on these instruments arising from fair value adjustments, where appropriate, do not affect distributable earnings.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

1.9.1 Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any impairment losses or reversals on trade and other receivables are recognised in profit or loss. An estimate is made for impairment losses based on a review of all outstanding amounts at the year end. Impairment losses are recognised when there is objective evidence that a loss event has occurred. Objective evidence that a loss event has occurred includes:

- significant financial difficulty of a tenant; or
- default or delinquency by a tenant.

1.9.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value. Cash and cash equivalents are subsequently measured at amortised cost.

1.9.3 Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Any gains or losses on derecognition of trade and other payables are recognised in profit or loss.

1.9.4 Derivative financial instruments

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

1.9.5 Borrowings

Long-term borrowings are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as non-current unless they are repayable within 12 months.

1.9.6 Offset

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists.

1.10 Investment property

Properties held by the group which are held for rental income are classified as investment properties. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently measured at fair value, with fair value gains and losses recognised in profit or loss. Investment property consists of land and buildings, installed equipment that is an integral part of the building and land held to earn rental income. The fair value of investment property also includes components relating to lease incentives and straight-line rental receivables. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits will flow to the group those costs can be reliably measured.

A property interest under an operating lease is classified and accounted for as an investment property when it is held to earn rental income. Any such property interest under an operating lease classified as investment property is carried at fair value.

Should any properties no longer meet the group's investment criteria and are sold, any profits or losses will be recognised in profit or loss.

Investment property is maintained, upgraded and refurbished where necessary, in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are recognised in profit or loss as an expense.

Independent valuations are obtained on a rotational basis, ensuring that every property is valued at least once every 24 months by an external independent valuer.

The directors value the remaining properties that have not been independently valued annually on an open market basis. Directors' valuations are prepared by considering the aggregate of the net annual rental receivable from the properties and where relevant, associated costs, using the discounted cash flow method and the capitalisation method. The directors are confident that their valuations accurately represent the fair value.

Gains or losses on subsequent measurement or disposals of investment properties are recognised in profit or loss. Such gains or losses are excluded from the calculation and determination of distributable earnings.

1.11 Rental agreements

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a financial lease.

The group is party to numerous rental agreements in the capacity as lessor of the investment properties. All rental agreements are operating leases.

Where classified as operating leases, rentals payable/receivable are charged/credited in the profit or loss on a straight-line basis over the lease term. Contingent rentals (if any) are accrued to the statement of profit or loss and other comprehensive income when incurred.

1.12 Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount, and are recognised as soon as the Fund has a legal or constructive obligation which will lead to an outflow of economic resources to settle the obligation as a result of a past event and a reliable estimate can be made of the amount of the obligation.

Contingent assets and contingent liabilities are not recognised.

Provisions are measured by at the best estimate of expenditure to settle the present obligation.

1.13 Taxation

Under current income tax legislation, the Fund (as a REIT, which is a flow-through structure) is not subject to Australian income tax on any of the net income derived by the Fund, provided that its activities are limited to deriving rental income from real property directly or indirectly held by the Fund and deriving gains from sale of real property held for rental purposes; and it fully distributes its net income (subject to amounts permitted to be retained) to investors year-on-year during or within three months after the relevant income year.

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

1.14 Unit capital

1.14.1 Ordinary unit capital

Units are classified as equity when the units are redeemable only at the RE's option, and any distributions are discretionary. The issued unit capital represents the amount of consideration received for units issued by IAPF. Transaction costs of an equity transaction are accounted for as a deduction from equity. All units are fully paid. The unitholders are entitled to receive distributions as declared from time-to-time and are entitled to one vote per unit at the annual general meeting of IAPF. All units rank equally with regard to IAPF's residual assets.

1.15 Standards and interpretations applicable to the group not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

IFRS 9 – *Financial Instruments*

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments Standard*, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard includes changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an 'incurred loss' model from IAS 39 to an 'expected credit loss' model.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

These changes are not expected to have a significant impact on the group.

Disclosure Initiative (Amendments to IAS 7)

The amendments required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

These changes are not expected to have a significant impact on the group.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, it replaces existing revenue recognition guidance, including IAS 18 *Revenue from Contracts with Customers*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

These changes are not expected to have a significant impact on the group.

IFRS 16 *Leases*

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Notes to the financial statements

(continued)

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether and Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transaction Involving the Legal Form of a Lease*.

The standard is effective for annual period beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application IFRS 16.

The manager is making assessment on the impact of these changes on the group.

1.16 Changes in accounting policy

The group has consistently applied the accounting policies set out in note 1 to all periods presented in these consolidated financial statements.

There is no new standards and amendments to standards, including any consequential amendments to other standards has been adopted by the group.

For the period ended 31 March AUD'000	2017	2016
2. Revenue		
Contracted rental income	44 908	32 588
Income – support arrangements (refer to note 17)	–	408
Recoverable outgoings	6 797	4 667
Revenue, excluding straight-line rental revenue adjustment	51 705	37 663
Straight-line rental revenue adjustment	2 793	1 630
	54 498	**39 293**

For the period ended 31 March AUD'000	2017	2016
3. Property expenses		
Recoverable expenses		
Statutory expenses	(2 619)	(2 187)
Electricity	(754)	(398)
Insurance	(272)	(248)
Cleaning	(617)	(372)
Building management	(1 261)	(711)
Repairs & Maintenance	(400)	(282)
Other property expenses	(2 484)	(987)
	(8 408)	**(5 185)**

For the period ended 31 March AUD'000	2017	2016
4. Other operating expenses		
Asset management fee	(3 690)	(2 720)
Fund operating costs		
Auditors' remuneration*	(264)	(318)
Audit fee	(199)	(210)
Tax compliance fees	(65)	(108)
Directors' fees	(76)	(86)
Legal fees	(36)	(628)
Other fund expenses	(253)	(911)
	(4 319)	**(4 663)**

* *All audit, tax and other assurance services were provided by KPMG.*

Notes to the financial statements

(continued)

Annual financial statements

For the period ended 31 March AUD'000	2017	2016
5. Fair value adjustments		
Gross investment property fair value adjustment	14 212	22 118
Less: Straight-line rental revenue adjustment	(2 793)	(1 630)
Total fair value adjustment	**11 419**	**20 488**

For the period ended 31 March AUD'000	2017	2016
6. Finance costs		
Interest paid on borrowings	(7 100)	(4 933)
Fair value adjustment – gain/(loss) on interest rate swap derivatives	2 226	(1 975)
	(4 874)	**(6 908)**

Refer to note 14 for details on borrowings.

For the period ended 31 March AUD'000	2017	2016
7. Finance income		
Interest received from banks	106	79
	106	**79**

For the period ended 31 March AUD'000	2017	2016
8. Distribution per unit		
Profit for the period	**48 742**	**43 484**
Less: Straight-line rental revenue adjustment	(2 793)	(1 630)
Add: Fair value adjustments – investment property	(11 419)	(20 488)
Add: Fair value adjustments – derivatives	(2 226)	1 975
Antecedent distribution	4 660	2 320
Distributable earnings	**36 964**	**25 661**
Reconciliation of distribution per unit		
Final distribution for the year to 31 March		
Distributable earnings	36 964	25 661
Less: Interim distribution paid	(15 509)	(11 193)
Less: Pre-listing distribution paid	–	–
Final distribution (pre-withholding tax)	**21 455**	**14 468**
Withholding tax paid/payable to the Australian Taxation Office	(1 435)	52
Final distribution (post-withholding tax)	**20 020**	**14 520**
Units in issue at 31 March	435 588	312 541
Final distribution per unit (cents) (pre-withholding tax)	4.93	4.63
Interim distribution per unit (cents) (pre-withholding tax)	4.81	4.54
Total distribution per unit (cents) (pre-withholding tax)	**9.74**	**9.17**
Final distribution per unit (cents) (post-withholding tax)	4.60	4.65
Interim distribution per unit (cents) (post-withholding tax)	4.64	4.27
Total distribution per unit (cents) (post-withholding tax)	**9.24**	**8.92**

Withholding tax

The blended withholding tax rate for the total distribution is (4.51%).

Antecedent distribution

On 15 June 2016 the Fund offered a distribution re-investment alternative related to the March 2016 distribution where 9.818 million units were taken up at a price of AUD1.228 (ZAR13.75) per unit. On 14 December 2016 the Fund offered a distribution re-investment alternative related to the September 2016 distribution where 5.224 million units were taken up at a price of AUD1.372 (ZAR14.00) per unit. On 01 March 2017 the Fund completed a renounceable Rights Offer of 108.005 million rights offer units at a price of AUD1.3905 (ZAR 13.50) per unit. The DRIP and Rights Offer included 1.02 cents of antecedent distribution. AUD0.2 million was paid to shareholders on 12 December 2016 and AUD4.461 million was paid to shareholders on 12 June 2017.

For the period ended 31 March AUD'000	2017	2016
9. Earnings per unit		
Reconciliation of basic earnings to headline earnings		
Profit for the period	**48 743**	**43 484**
Less: Net fair value adjustment – investment property	(11 419)	(20 488)
Less: Profit on sale of investment property	–	(116)
Headline earnings attributable to unitholders	**37 323**	**22 880**
	Cents	**Cents**
Basic and diluted earnings per unit	15.07	17.09
Basic and diluted headline earnings per unit	11.54	8.99
	Number of units	**Number of units**
Units in issue at the end of the year	435 588	312 541
Weighted average number of units in issue	323 342	254 437
Reconciliation of weighted average number of units in issue:		
Units at the beginning of the year	312 541	246 581
Rights Offer – March 2017	10 801	7 856

On 01 March 2017 the Fund completed a renounceable Rights Offer of 108.005 million rights offer units at a price of AUD1.3905 (ZAR13.50) per unit in the ratio of 32.97 rights offer units for every 100 units held. A total of AUD143 462 million was raised.

Headline earnings is profit for the period adjusted for fair value adjustments on investment property. Headline earnings are a measure of the Fund's earnings based solely on operational activities and in the case of the Fund will exclude fair value adjustments and profits or losses on sale of properties. As required by the JSE Listings Requirements headline earnings per unit is calculated using Circular 2/2013.

For the period ended 31 March AUD'000	2017	2016
10. Investment property		
Cost	737 858	466 569
Accumulated fair value adjustment – refer to note 5	33 978	22 559
Investment properties	771 836	489 128
Straight-line rental revenue receivable	7 514	4 722
Carrying value	**779 350**	**493 850**
Movement in investment properties		
Balance at beginning of year	493 850	342 130
Acquisitions	264 340	127 120
Disposals	–	(3 580)
Capital expenditure	6 948	6 046
Fair value adjustment on revaluation of investment properties (refer to note 5)	11 419	20 504
Straight-line rental revenue adjustment	2 793	1 630
Carrying value at end of the year	**779 350**	**493 850**

Property to the value of AUD779.35 million is held as security under the Westpac debt facility currently drawn down to a value of AUD249.007 million.

All of the investment properties located in New South Wales, Victoria, South Australia and Queensland are held under freehold interests. All of the properties located in the Australian Capital Territory are held under leasehold interests terminating in 2101. These are classified as operating leases.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to AUD11.42 million and are presented in profit and loss in the line item 'fair value adjustment'.

Refer to note 22.3 for further disclosure regarding the fair value of investment property.

Property portfolio For the period ended 31 March AUD'000	Latest external valuation Date	Valuation	Consolidated carrying value 2017
10. Investment property *(continued)*			
Industrial Portfolio			
47 Sawmill Circuit, Hume, ACT	31 March 2017	10 500	10 500
57 Sawmill Circuit, Hume, ACT	31 March 2017	9 850	9 850
24 Sawmill Circuit, Hume, ACT	31 March 2017	9 750	9 750
44 Sawmill Circuit, Hume, ACT	31 March 2017	10 800	10 800
2 – 8 Mirage Rd, Direk, SA	31 March 2017	9 600	9 600
30 – 48 Kellar Street, Berrinba QLD	31 March 2016	8 500	8 500
165 Newton Road, Wetherill Park NSW	31 March 2016	20 000	20 000
24 Spit Island Close, Newcastle NSW	31 March 2016	8 450	8 450
67 Calarco Drive, Derrimut VIC	30 September 2016	9 500	9 500
66 Glendenning Road, Glendenning, NSW	31 March 2017	20 800	20 800
85 Radius Drive, Larapinta, QLD	21 August 2015	18 150	18 150
54 Miguel Road, Bibra Lake, WA	30 September 2016	27 300	27 300
24 Rodborough Road, Frenchs Forest NSW	07 March 2017	19 000	19 000
Office portfolio			
449 Punt Road, Cremorne VIC	31 March 2016	44 500	44 500
35 – 49 Elizabeth Street, Richmond VIC	31 March 2016	74 500	74 500
Building 20, 2404 Logan Road, Eight Mile Plains QLD	31 March 2017	20 500	20 500
186 Reed Street, Greenway ACT	31 March 2017	28 400	28 400
757 Ann Street, Fortitude Valley QLD	30 September 2016	82 000	82 000
21 – 23 Solent Circuit, Baulkham Hills NSW	31 March 2017	48 500	48 500
266 King St, Newcastle, NSW	30 September 2016	67 000	67 000
113 Wicks Road, Macquarie Park NSW	31 March 2017	24 750	24 750
324 Queen Street, Brisbane QLD	01 December 2016	66 000	66 000
20 Rodborough Road, Frenchs Forest NSW	07 March 2017	56 000	56 000
2 Richardson Place, Frenchs Forest NSW	07 March 2017	85 000	85 000
Total Investment Properties			**779 350**

Refer to property selection and property portfolio disclosed on pages 16 to 19 for further details of investment properties held.

(A) Valuation basis

The basis of the valuation of investment properties is fair value. The fair values are based on market values, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

External valuations were conducted for all of the properties in the portfolio during the year. External valuations were conducted by Colliers International, m3property, Savills and CBRE who are all registered as Certified Practising Valuers with the Australian Property Institute.

The Fund determines a property's value within a range of reasonable fair value estimates and in making this assessment, considers information from a variety of sources including:

- current prices for comparable investment properties;
- discounted cash flows based on estimates of future cash flows; and
- capitalised income projections based on estimated net market income, and a capitalisation rate based on market analysis.

The key assumptions used are as follows:

%	2017	2016
Capitalisation rate	7.23	7.65
Discount rate	7.98	8.59
Rental growth rate	3.08	3.23

The above are weighted average rates based on fair value.

10. Investment property *(continued)*

(B) Uncertainty around property valuations

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimate of fair value as at the balance sheet date, future changes in key assumptions may mean that if investment property is sold in the future the prices achieved may be higher or lower than the most recent valuations.

(C) Contractual obligations/capital commitments

At 31 March 2017 there were no significant contractual obligations or capital commitments relating to investment property (31 March 2016: Nil).

(D) Leasing arrangements

	2017	2016
The Fund leases office and industrial properties under operating leases.		
Contractual amounts due in terms of operating lease agreements		
Less than 1 year	50 861	35 420
Between 1 and 5 years	166 018	125 519
More than 5 years	59 578	76 045
	276 457	**236 984**

Investment property comprises a number of commercial properties and industrial that are leased to third parties. All leases are subject to with annual rent reviews that are fixed or indexed to consumer prices (CPI). Subsequent renewals are negotiated with the lessee and historically, the average renewal period is five years. No contingent rents are charged.

(E) Direct operating expenses

During the year, all direct operating expenses related to income generating properties.

For the period ended 31 March
AUD'000

	2017	2016
11. Trade and other receivables		
Prepaid expenses	1 298	977
Capitalised incentives and leasing fees	293	375
Sundry debtors	197	613
	1 790	**1 965**

For the period ended 31 March
AUD'000

	2017	2016
12. Cash and cash equivalents		
Cash held on call account	4 116	1 108
Total cash and cash equivalents	**4 116**	**1 108**

For the period ended 31 March
AUD'000

	2017	2016
13. Contributed equity		
On establishment – 22 000 000 fully paid ordinary units	22 000	22 000
On listing – 112 685 000 fully paid ordinary units	112 685	112 685
On completion of renounceable rights offer Oct 2014 – 111 896 298 fully paid ordinary units	121 501	121 501
On completion of renounceable rights offer Feb 2016 – 59 566 747 fully paid ordinary units	59 964	59 964
On completion of renounceable rights offer Mar 2017 – 108 004 819 fully paid ordinary units	143 462	–
Distribution re-investment plan Nov 2015 – 6 393 331 fully paid ordinary units	6 815	6 815
Distribution re-investment plan Jun 2016 – 9 818 121 fully paid ordinary units	12 008	–
Distribution re-investment plan Dec 2016 – 5 223 526 fully paid ordinary units	7 111	–
Fund establishment costs capitalised to contributed equity	(6 696)	(5 518)
Antecedent distributions paid	(11 971)	(7 311)
In issue at year end	**466 879**	**310 136**

Refer to unitholder analysis included on pages 74 and 75 for further details on unitholders.

Notes to the financial statements

(continued)

For the period ended 31 March AUD'000	Tranche expiry date	Interest rate	2017	2016
14. Borrowings				
Loans – secured – bank debt				
Westpac Facility – Tranche A	10 December 2019	BBSY + 1.275%*	48 240	48 240
Westpac Facility – Tranche B	31 March 2020	BBSY + 1.275%*	45 000	45 000
Westpac Facility – Tranche C	29 April 2020	BBSY + 1.275%*	15 000	15 000
Westpac Facility – Tranche D	20 August 2020	BBSY + 1.275%*	15 500	15 500
Westpac Facility – Tranche E	16 October 2020	BBSY + 1.275%*	28 000	18 524
ANZ Facility – Tranche G	30 June 2021	BBSY + 1.3500%*	14 492	–
ANZ Facility – Tranche H	01 December 2021	BBSY + 1.3500%*	71 000	–
ANZ Facility – Tranche I	07 March 202	BBSY + 1.4500%*	11 775	–
Total long-term borrowings – secured			**249 007**	**142 264**
Capitalised loan establishment costs			(1 002)	(593)
Total value of interest-bearing borrowings			**248 005**	**141 671**

* *Varies based on gearing levels.*

The Fund's LVR was 31.95% as at 31 March 2017 (31 March 2016: 28.8%).

At 31 March 2017 the approved facility limit of the loan facility was AUD271.74 million with AUD22.73 million undrawn.

The Fund's policy is to hedge at least 75% of interest rate risk. At year-end, 99.1% of borrowings were hedged using interest rate swaps, locking in a blended rate (including margin and line fees) of 3.71% for a weighted average 7.7 year term.

For the period ended 31 March AUD'000	2017	2016
15. Trade and other payables		
Security deposits	471	477
Income received in advance	4 919	–
Trade and other payables – non-current	**5 390**	**477**
Accrued expenses	1 073	538
Trade creditors	935	555
Income received in advance	1 476	2 816
GST payable	1 051	477
Other payables	1 479	2 484
Trade and other payables – current	**6 013**	**6 870**

For the period ended 31 March AUD'000	2017	2016
16. Reconciliation of cash flows from operating activities		
Profit for the period	48 743	43 484
Adjusted for:		
Fair value adjustments – investment property	(11 419)	(20 488)
Fair value adjustments – derivatives	(2 226)	1 975
Straight-line rental revenue adjustment	(2 793)	(1 630)
Profit on disposal	–	(116)
Working capital movement		
Change in trade and other receivables	(284)	(250)
Change in prepayments	–	–
Change in trade and other payables	985	1 654
Change in capital expenses	887	–
Distributions paid	(29 977)	(19 100)
Net cash from operating activities	**3 916**	**5 529**

17. Related party transactions

Responsible Entity

The RE of the Fund is IPL. IPL is a wholly owned subsidiary of IAPHPL.

Manager

The manager of the Fund is IPML. IPML is a wholly owned subsidiary of IAPHPL. IPML provides fund management services and property management services to the Fund.

IPL's and IPML's ultimate Australian parent entity is IAPHPL. Its ultimate parent is Investec plc, incorporated in the United Kingdom.

Investec plc and Investec Limited and their subsidiary companies together comprise the Investec group of companies (referred to as the Investec Group).

From time to time, the Fund enters into transactions or arrangements with Investec Group. These transactions are described below. These are entered into on normal commercial terms.

Transactions with related parties

For the period ended 31 March AUD'000	2017	2016
Payments to Investec Group and its subsidiaries:		
Investec Property Management Proprietary Limited		
Asset management fee	3 690	2 720
Property management fee*	1 087	662
Leasing fee	–	–
Investec Bank Limited		
Sponsor fee	25	10
Capital raising fees and listing costs	287	540
Investec Property Fund Limited		
Capital raising fees and listing costs	731	241
Investec Bank plc		
Interest on swaps	863	15
Receipts from Investec Group, IBAL and its subsidiar es:		
Investec Bank (Australia) Limited		
Payments to the Fund under income support arrangements (refer below)	–	408

Amounts owing to related parties

For the period ended 31 March AUD'000	2017	2016
Investec Property Management Proprietary Limited		
Asset management fee payable	982	289

* *IPML has been contracted to perform property management services. IPML has sub-contracted this to third party property managers who receive this fee from IPML.*

17. Related party transactions *(continued)*

Key management personnel (KMP)

IAPF does not employ any personnel in its own right. However it is required to have an incorporated RE to manage its activities. The RE is considered the KMP of the Fund. Furthermore the RE has sub-contracted the management of IAPF to the Manager which is also considered KMP. The directors of the RE are Richard Longes (Chairman), Sam Leon, Stephen Koseff, Graeme Katz, Sally Herman and Hugh Martin. The directors of the Manager are Graeme Katz, Sam Leon, Zach McHerron and Kristie Lenton.

KMP compensation

Employees or directors of entities within the Investec Group are not remunerated for their services as directors. The remuneration of any independent, non-associated and non-executive director appointed to the board is limited to the reimbursement of reasonable expenses incurred by such person for purposes of attending board meetings and the appropriate director's fees, unless the RE determines otherwise. In respect of the independent, non-associated and non-executive directors, fees and expenses are reimbursed out of the Fund.

Individual directors' compensation disclosures

Information regarding individual directors' compensation disclosure is provided in the Directors' Report.

Movements in securities

The movement during the reporting period in the number of ordinary units in IAPF held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 31 Mar 2016	Purchases	Sales	Held at 31 Mar 2017
Directors				
Sam Leon	3 599 212	400 788	–	4 000 000
Graeme Katz	213 618	15 678	–	229 296

There have been no changes in these holdings since the end of the reporting period.

18. Group entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1.2.

IAPF enters into transactions with its wholly owned trusts. These transactions mainly involve the payment of distributions between trusts and lending of funds between the trusts. Inter trust loans are repayable upon demand, unsecured and non-interest-bearing.

Name of entity	Country of incorporation	Class of units	Equity holding
Investec Australia Hold Trust No. 1	Australia	Ordinary	100%
Investec Australia Sub Trust No. 1	Australia	Ordinary	100%
Investec Australia Sub Trust No. 2	Australia	Ordinary	100%
Investec Australia Sub Trust No. 3	Australia	Ordinary	100%
Investec Australia Sub Trust No. 4	Australia	Ordinary	100%
Investec Australia Sub Trust No. 5	Australia	Ordinary	100%
Investec Australia Sub Trust No. 6	Australia	Ordinary	100%
Investec Australia Sub Trust No. 7	Australia	Ordinary	100%
Investec Australia Sub Trust No. 8	Australia	Ordinary	100%
Investec Australia Sub Trust No. 9	Australia	Ordinary	100%
Investec Australia Sub Trust No. 10	Australia	Ordinary	100%
Investec Australia Sub Trust No. 11	Australia	Ordinary	100%
Investec Australia Sub Trust No. 12	Australia	Ordinary	100%
Investec Australia Sub Trust No. 13	Australia	Ordinary	100%
Investec Australia Sub Trust No. 14	Australia	Ordinary	100%
Investec Australia Sub Trust No. 15	Australia	Ordinary	100%
Investec Australia Sub Trust No. 16	Australia	Ordinary	100%
Investec Australia Sub Trust No. 18	Australia	Ordinary	100%
Investec Australia Sub Trust No. 19	Australia	Ordinary	100%

For the period ended 31 March AUD'000	2017	2016

19. Parent entity disclosures

As at, and throughout the period ending 31 March 2017, the parent of the group was Investec Australia Property Fund.

	2017	2016
Result of parent entity		
Profit for the period	32 305	23 342
Other comprehensive income	–	–
Total comprehensive income for the period	**32 305**	**23 342**
Financial position of parent entity at period end		
Current assets	13 215	216
Total assets	**466 879**	**310 842**
Current liabilities	–	706
Total liabilities	**–**	**706**
Net assets	**466 879**	**310 136**
Total equity of parent entity comprising of:		
Contributed equity	466 879	310 136
Retained earnings	–	–
Total equity	**466 879**	**310 136**

For the period ended 31 March AUD'000	2017	2016
20. Net asset value		
Units in issue at the end of the year	435 588	312 541
	Cents	**Cents**
Net asset value per unit	116.09	106.38

Net asset value per unit is calculated by dividing the net asset value (being total assets minus total liabilities) by the units in issue at year end.

21. Subsequent events

In the interval between the end of the financial year and the date of this report there is no item, transaction or event of a material and unusual nature likely, in the opinion of the RE, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

22. Financial risk and capital management

22.1 Total financial and non-financial assets and liabilities

The table below sets out the Fund's accounting classification of each class of financial and non-financial asset and liability and their fair values at 31 March 2017.

As at 31 March 2017 AUD'000	Measured at fair value	Non-financial instruments	Amortised cost	Total
ASSETS				
Non-current assets				
Investment property	–	779 350	–	779 350
Financial instruments held at fair value	1 276	–	–	1 276
Current assets				
Cash and cash equivalents	–	–	4 116	4 116
Trade and other receivables	–	–	1 790	1 790
Total assets	**1 276**	**779 350**	**5 906**	**786 532**
LIABILITIES				
Non-current liabilities				
Long-term borrowings	–	–	248 005	248 005
Financial instruments held at fair value	–	–	–	–
Trade and other payables	–	–	5 390	5 390
Current liabilities				
Trade and other payables	–	–	6 013	6 013
Unitholders for distributions	–	–	21 456	21 456
Total liabilities	**–**	**–**	**280 864**	**280 864**

22. Financial risk and capital management *(continued)*

22.1 Total financial and non-financial assets and liabilities

The table below sets out the Fund's accounting classification of each class of financial and non-financial asset and liability and their fair values at 31 March 2016

As at 31 March 2016 AUD'000	Measured at fair value	Non-financial instruments	Amortised cost	Total
ASSETS				
Non-current assets				
Investment property	–	493 850	–	493 850
Financial instruments held at fair value	–	–	–	–
Current assets				
Cash and cash equivalents	–	–	1 108	1 108
Trade and other receivables	–	–	1 965	1 965
Total assets	**–**	**493 850**	**3 073**	**496 923**
LIABILITIES				
Non-current liabilities				
Long-term borrowings	–	–	141,671	141,671
Financial instruments held at fair value	950	–	–	950
Trade and other payables	–	–	477	477
Current liabilities				
Trade and other payables	–	–	6 870	6 870
Unitholders for distributions	–	–	14 468	14 468
Total liabilities	**950**	**–**	**163 486**	**164 436**

[1] *In all cases the amortised cost approximates fair value on the basis that:*
– the amortised cost reflects known credit risk; or
– credit risk is not significant and the financial assets and financial liabilities are either short term or subject to market based variable interest.

22.2 Fair value hierarchy – financial instruments

The table below analyses financial instruments carried at fair value, by valuation method, defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within level 1 that are observable for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

For the year ended 31 March 2017 AUD'000	Total financial instruments held at fair value	Measured at fair value		
		Level 1	Level 2	Level 3
Financial instruments held at fair value	1 276	–	1 276	–
Total financial assets	**1 276**	**–**	**1 276**	**–**

For the year ended 31 March 2016 AUD'000	Total financial instruments held at fair value	Measured at fair value		
		Level 1	Level 2	Level 3
Financial instruments held at fair value	(950)	–	(950)	–
Total financial assets	**(950)**	**–**	**(950)**	**–**

22. Financial risk and capital management *(continued)*

a. Details of changes in valuation techniques
There have been no significant changes in valuation techniques during the year under review.

b. Significant transfers between level 1, level 2 and level 3
There have been no significant transfers between level 1, level 2 and level 3 during the period.

Derivative financial instruments consist of interest rate hedging instruments. Interest rate hedging instruments are valued based on broker quotes and are tested for reasonableness by discounting future cash flows using an observable market interest rate curve at the dates when the cash flows will take place.

22.3 Fair value hierarchy – investment property

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Properties are valued under the income capitalisation method and discounted cash flow method ('DCF').

Under the income capitalisation method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate.

Under the DCF method a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream.

Valuation techniques used to derive level 3 fair values

For all classes of investment property the significant unobservable inputs listed below are used in the income capitalisation method to determine the fair value measurement at the end of the reporting period.

Significant unobservable inputs	Relationship between unobservable inputs and fair value measurement
Net passing rent	Increases/(decreases) in net passing rent would increase/(decrease) estimated fair value
Gross market rent	Increases/(decreases) in gross market rent would increase/(decrease) estimated fair value
Net market rent	Increases/(decreases) in net market rent would increase/(decrease) estimated fair value
Capitalisation rate	Increases/(decreases) in the capitalisation rate would (decrease)/increase estimated fair value
Discount rate	Increases/(decreases) in the discount rate would (decrease)/increase estimated fair value
Terminal yield	Increases/(decreases) in the terminal yield would result in (decreases)/increases in the estimated fair value
The table above includes the following descriptions and definitions relating to key unobservable inputs made in determining fair value:	
Net passing rent	The contracted amount for which a property or space within a property is leased at the time of the valuation. In a net rent, the owner recovers outgoings from the tenant on a *pro rata* basis (where applicable).
Gross market rent	The gross rent at which space could be let in the market conditions prevailing at the date of valuation.
Net market rent	The net rent at which space could be let in the market conditions prevailing at the date of valuation. In a net rent, the owner recovers outgoings from the tenant on a *pro rata* basis (where applicable).
Capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence.
Discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence.
Terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to market evidence.

The following significant unobservable inputs have been considered to determine the fair value of measurement at the end of the reporting year.

a. Expected market rental growth weighted average 3.1%.

b. Void periods average six months after the end of each lease.

c. Rent free periods six months on new leases.

d. Weighted average cap rate of 7.23%.

22. Financial risk and capital management *(continued)*

22.3 Fair value hierarchy – investment property *(continued)*

Generally, a change in the assumption made for the capitalisation rate is accompanied by a directionally similar change in the terminal yield. The capitalisation rate forms part of the income capitalisation approach and the terminal yield forms part of the DCF approach.

When calculating the income capitalisation approach, the net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value.

When assessing a DCF, the discount rate and terminal yield have a strong interrelationship in deriving at a fair value given the discount rate will determine the rate in which the terminal value is discounted to the present value.

	Measured at fair value			
For the year ended 31 March 2017 **AUD'000**	**Level 1**	**Level 2**	**Level 3**	**Total gain or (loss) in the period in the profit or loss**
Total assets				
Investment property				
Office	–	–	597 151	7 853
Industrial	–	–	182 199	3 566
Total non-financial assets			**779 350**	**11 419**

	Measured at fair value			
For the year ended 31 March 2016 **AUD'000**	**Level 1**	**Level 2**	**Level 3**	**Total gain or (loss) in the period in the profit or loss**
Total assets				
Investment property				
Office	–	–	336 250	22 427
Industrial	–	–	157 600	(1 939)
Total non-financial assets	**–**	**–**	**493 850**	**20 488**

a. Details of changes in valuation techniques
There have been no significant changes in valuation techniques during the year under review.

b. Significant transfers between level 1, level 2 and level 3
There have been no transfers between hierarchy levels.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Refer to the reconciliation of investment property provided under note 10 which facilitates full IFRS 13 compliance in combination with the disclosure in this note.

22. Financial risk and capital management *(continued)*

22.4 Other financial risk management considerations

The financial instruments of the Fund consist mainly of cash and cash equivalents, including deposits with banks, borrowings, derivative instruments, trade and other receivables and trade and other payables. The Fund purchases or issues financial instruments in order to finance operations and to manage the interest rate risks that arise from these operations and the source of funding.

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

The board has overall responsibility for the establishment and oversight of the Fund's risk management framework. The board has established the audit and risk committee, which is responsible for developing and monitoring the Fund's risk management policies. The audit and risk committee reports regularly to the board on its activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit and risk committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit and risk committee is assisted in its oversight role by Investec Internal Audit, which undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk committee.

22.5 Credit risk

Credit risk is the risk of financial loss to the Fund if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from derivatives, as well as trade and other receivables. There is no significant concentration of credit risk as exposure is spread over a large number of counterparties.

a. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

22.6 Market risk

a. Interest rate risk

The Fund is exposed to interest rate risk and adopts a policy of ensuring that at least 75% of its exposure to changes in interest rates on borrowings is on a fixed basis. This is achieved by entering into variable for fixed rate swap instruments. All such transactions are carried out within the guidelines set by the audit and risk committee. As a consequence, the Fund is exposed to fair value interest rate risk in respect of the fair value of its interest rate financial instruments, which will not have an impact on distributions. Short-term receivables and payables and investments are not directly exposed to interest rate risk.

At 31 March 2017, 99% of the Fund's interest rate exposure was hedged. Therefore, for the year ended 31 March 2016, a 1% increase/decrease in interest rates on the variable rate borrowings would have an immaterial impact on the Fund's profit, assuming all other variables remain constant.

22. Financial risk and capital management *(continued)*

b. Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's policy is to seek to minimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect the Fund seeks to borrow for as long as possible at the lowest acceptable cost. The Fund regularly reviews the maturity profile of its financial liabilities and will seek to avoid concentration of maturities through the regular replacement of facilities, and by using a selection of maturity dates.

The tables below set out the maturity analysis of the Fund's financial liabilities based on the undiscounted contractual cash flows.

For the year ended 31 March 2017 AUD'000	**Within 1 year**	**1 – 2 years**	**2 – 5 years**	**Over 5 years**	**Total**	**Carrying value**
Long-term borrowings[1]	7 430	7 430	262 017	–	276 879	248 005
Trade and other payables	6 013	1 199	3 378	813	11 403	11 403
Distributions payable	21 456	–	–	–	21 456	21 456
Total liabilities	**34 900**	**8 629**	**265 394**	**813**	**309 736**	**280 864**

For the year ended 31 March 2016 AUD'000	**Within 1 year**	**1 – 2 years**	**2 – 5 years**	**Over 5 years**	**Total**	**Carrying value**
Long-term borrowings[1]	5 072	5 072	152 502	–	162 646	141 671
Trade and other payables	6 870	–	–	–	6 870	6 870
Distributions payable	14 468	–	–	–	14 468	14 468
Total liabilities	**26 410**	**5 072**	**152 502**	**–**	**183 984**	**163 009**

[1] *Cash flows in relation to long-term borrowings take into account interest payments and the effect of interest rate swaps.*

Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet the funding requirements of the Fund. Subsequent to year-end in terms of covenants with its lenders, the nominal value of interest-bearing borrowings may not exceed 50% of the value of investment property (including investment property reclassified as held for sale).

22. Financial risk and capital management *(continued)*

For the year ended 31 March **AUD'000**	**2017**	**2016**
Value of investment property	779 350	493 850
Carrying value of interest-bearing borrowing	248 005	141 671
Current ratio of interest-bearing borrowings to value of investment property (%)	32.0	28.8

22.7 Derivatives

Derivative instruments are used to hedge the Fund's exposure to any increases in interest rates on variable rate loans. Interest rate swap contracts are entered into whereby the Fund hedges out its variable rate obligation to provide a maximum fixed rate obligation. Details of the interest rate fixed for variable swap instruments are as follows:

Financial institution	**Amount AUD'000**	**Start date**	**End date**	**Fixed rate %**
31 March 2017				
Investec Bank plc	30 435	25 June 2016	25 February 2024	2.44
Investec Bank plc	60 870	25 June 2016	25 February 2026	2.57
Investec Bank plc	30 435	25 June 2016	25 February 2025	2.51
Investec Bank plc	55 000	01 December 2016	25 December 2023	2.18
Westpac Banking Corporation	20 000	01 March 2017	01 March 2022	2.35
Australia and New Zealand Banking Group	25 000	20 October 2017	20 October 2024	2.46
Australia and New Zealand Banking Group	12 500	20 October 2017	20 October 2025	2.54
Australia and New Zealand Banking Group	12 500	20 October 2017	20 October 2027	2.68

22.8 Capital management

In terms of its Constitution, the group's gearing ratio must not exceed 60%. The Fund is funded partly by unit capital and partly by external borrowings.

In terms of its covenants entered into during the year, the group is committed to a maximum value of external borrowings of 50% of the value of investment property and investment assets. In practice, the group aims to keep gearing levels between 30% and 40% over the long-term. At 31 March 2017, the nominal value of borrowings was equal to 31.8% of the value of investment property.

The board's policy is to maintain a strong capital base, comprising its unitholders' interest, so as to promote investor, creditor and market confidence and to sustain future development of the business. It is the Fund's stated purpose to deliver medium to long term sustainable growth in distributions per unit. Distributable income is distributed on a six monthly basis. The board monitors the level of distributions to unitholders. There were no changes in the Fund's approach to capital management during the year. The Fund is not subject to externally imposed capital requirements.

06

Unitholder information

Unitholder information

As at 31 March 2017 the Fund had 435.588 million units in issue (2016: 312.541 million).

Spread of unitholders as at 31 March 2017

Holdings	Number of unitholders	% of total unitholders	Number of units in issue	% of issued capital
1 – 10 000	2 869	60	11 734 084	3
10 001 – 50 000	1 288	27	28 022 240	6
50 001 – 100 000	244	5	17 860 929	4
100 001 and over	356	8	377 970 589	87
	4 757	**100**	**435 587 842**	**100**

Top 10 unitholders as at 31 March 2017

	Number of units held	% holding
Investec Property Fund	100 147 030	23
Investec Limited	72 172 172	17
STANLIB	16 395 661	4
Sanlam	12 708 277	3
NPV Holdings Proprietary Limited	12 411 928	3
Investec	9 025 368	2
Fynbos Trust	6 932 959	2
Truffle	6 065 900	1
Golden Falls Trading 420 Proprietary Limited	5 224 139	1
Avin Lieberman Trust	4 772 322	1
Total	**245 855 756**	**57**

Directors’ interests in units

	Balance at 31 March 2017	Balance at 31 March 2016
Executive director		
Graeme Anthony Katz	229 296	213 628
Non-executive director		
Samuel Ronald Leon	4 000 000	3 599 212
	4 229 296	**3 812 840**

Unitholder classification as at 31 March 2017

Public/non-public unitholders	Number of unitholdings	%	Number of units	%
Non-public unitholders	**4**	**0.08**	**176 548 498**	**40.53**
Director holdings	2	0.04	4 229 296	0.97
Holding 10% or more	2	0.04	172 319 202	39.56
Public unitholders	**4 753**	**99.92**	**259 039 344**	**59.47**
Total	**4 757**	**100.00**	**435 587 842**	**100.00**

Unit statistics

	2017	2016
Closing market price (ZAR)		
– Year-end	12.96	13.81
– High	15.59	15.43
– Low	12.60	10.96
Market capitalisation (million)	5 645.22	3 551.91
Daily average volume of units traded	128 600	93 879
Units in issue (million)	435.59	312.54

Unitholder diary

Financial year-end	31 March 2017
Publication of financial results	17 May 2017
Final distribution paid to unitholders	12 June 2017
Annual report posted to unitholders	30 June 2017
Annual general meeting	15 August 2017

Distributions

Unitholders were given notice of a final distribution declaration number 7 of:

- 4.93 cents per unit pre-withholding tax
- 4.60 cents per unit post-withholding tax

for the six months ended 31 March 2017.

The final distribution was paid to unitholders on 12 June 2017. Withholding tax of 0.32941 Australian cents per unit will be withheld from the distribution paid to non-Australian unitholders. This is regarded as a foreign distribution for South African unitholders.

King Code checklist

Principle number	King III code principle	Status	Cross reference/comments
Ethical leadership and corporate citizenship			
1.1	The board should provide effective leadership based on an ethical foundation	✔	• Code of corporate practice and conduct • Compliance plan • Investec values and ethics
1.2	The board should ensure that the Fund is and is seen to be a responsible corporate citizen	✔	• Code of corporate practice and conduct • Investec group policies
1.3	The board should ensure that the Fund's ethics are managed effectively	✔	• Code of corporate practice and conduct • Compliance plan • Investec values and ethics
Board and directors			
2.1	The board should act as the focal point for and custodian of corporate governance	✔	• Code of corporate practice and conduct
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	✔	• Code of corporate practice and conduct • Audit and Risk Committee
2.3	The board should provide effective leadership based on an ethical foundation	✔	• Code of corporate practice and conduct • Compliance plan • Investec values and ethics
2.4	The board should ensure that the Fund is and is seen to be a responsible corporate citizen	✔	• Code of corporate practice and conduct • Compliance plan • Investec values and ethics
2.5	The board should ensure that the Fund's ethics are managed effectively	✔	• Code of corporate practice and conduct • Compliance plan • Investec values and ethics
2.6	The board should ensure that the Fund has an effective and independent audit committee	✔	• Audit and Risk Committee Charter
2.7	The board should be responsible for the governance of risk	✔	• Audit and Risk Committee • Risk management • Board of directors
2.8	The board should be responsible for information technology ('IT') governance	✔	• Audit and Risk Committee
2.9	The board should ensure that the Fund complies with applicable laws and considers adherence to non-binding rules, codes and standards	✔	• Audit and Risk Committee • Risk management • Compliance

King Code checklist

(continued)

Principle number	King III code principle	Status	Cross reference/comments
2.10	The board should ensure that there is an effective risk-based internal audit	✔	• Audit and Risk Committee • Risk management • Investec Group internal audit
2.11	The board should appreciate that stakeholders' perceptions affect the Fund's reputation	✔	• Communication and stakeholder relations
2.12	The board should ensure the integrity of the Fund's integrated annual report	✔	• Audit and Risk Committee • External audit • Board of directors
2.13	The board should report on the effectiveness of the Fund's system of internal controls	✔	• Audit and Risk Committee • Internal control
2.14	The board and its directors should act in the best interests of the Fund	✔	• Code of corporate practice and conduct • RE fiduciary duties • Board of directors • Investec values and ethics
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the Fund is financially distressed	✔	It is unlikely that business rescue will be an eventuality. However, the Fund's policy in this regard is detailed in the corporate governance report
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the Fund should not also fulfil the role of the chairman	✔	• Chairman is an independent non-executive director • A CEO has been appointed
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	✔	• Code of corporate practice and conduct • Board of directors
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✔	• Code of corporate practice and conduct • Board of directors
2.19	Directors should be appointed through a formal process	✔	While directors are not appointed by unitholders, the appointment of a director occurs by way of board resolution and through a letter of appointment
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	✔	• Code of corporate practice and conduct • Board of directors
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	✔	• Company secretary
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	✔	• Code of corporate practice and conduct • Board of directors
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✔	• Audit and Risk Committee

King Code checklist

(continued)

Principle number	King III code principle	Status	Cross reference/comments
2.24	A governance framework should be agreed between the group and its subsidiary boards	n/a	• Subsidiary Boards can only act on instructions of the RE
2.25	The Fund should remunerate directors and executives fairly and responsibly	n/a	• Not applicable – the Fund has no employees; executive directors are not remunerated by the Fund; they are remunerated by IAL; non-executive directors' remuneration will be limited to reimbursement of expenses and directors' fees
2.26	The Fund should disclose the remuneration of each individual director	✔	• Directors' report
2.27	Unitholders should approve the Fund's remuneration policy	n/a	• Not applicable – the remuneration policy of the directors is set by the directors but the shareholder of the RE (being Investec Australia Property Holdings Pty Limited) may fix a limit on the amount of remuneration payable to the directors
Audit committee			
3.1	The board should ensure that the Fund has an effective and independent Audit and Risk Committee	✔	• Audit and Risk Committee
3.2	Audit and Risk Committee members should be suitably skilled and experienced independent non-executive directors	✔	• Audit and Risk Committee • Directors
3.3	The Audit and Risk Committee is to be chaired by an independent non-executive director	✔	• Audit and Risk Committee
3.4	The Audit and Risk Committee should oversee integrated reporting	✔	• Audit and Risk Committee
3.5	The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✔	• Audit and Risk Committee
3.6	The Audit and Risk Committee should satisfy itself of the expertise, resources and experience of the Fund's finance function	✔	• Audit and Risk Committee report
3.7	The Audit and Risk Committee should be responsible for overseeing Internal Audit	✔	• Audit and Risk Committee
3.8	The Audit and Risk Committee should be an integral part of the risk management process	✔	• Audit and Risk Committee
3.9	The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✔	• Audit and Risk Committee
3.10	The Audit and Risk Committee should report to the board and unitholders on how it has discharged its duties	✔	• Audit and Risk Committee report

Principle number	King III code principle	Status	Cross reference/comments
The Governance of risk			
4.1	The board should be responsible for the governance of risk	✔	• Audit and Risk Committee • Board of directors
4.2	The board should determine the levels of risk tolerance	✔	• Board of directors
4.3	The Audit and Risk Committee should assist the board in carrying out its risk responsibility	✔	• Board of directors • Audit and Risk Committee
4.4	The board should delegate to management the responsibilities to design, implement and monitor the risk management plan	✔	• Audit and Risk Committee
4.5	The board should ensure that risk assessments are performed on a continual basis	✔	• Audit and Risk Committee • Risk management
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✔	• Audit and Risk Committee • Risk management
4.7	The board should ensure that management considers and implements appropriate risk responses	✔	• Risk management • Compliance plan
4.8	The board should ensure continual risk monitoring by management	✔	• Audit and Risk Committee • Risk management
4.9	The board should receive assurance regarding the effectiveness of the risk management process	✔	• Audit and Risk Committee • Risk management • Investec group internal audit
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✔	• Risk management
Governance of information technology			
5.1	The board should be responsible for IT governance	✔	Applied to the extent possible as the Fund will not have IT systems of its own but through a Services Agreement with the Manager, will make use of IAL systems and will be governed by the IT governance framework of IAL
5.2	IT should be aligned with the performance and sustainability objectives of the Fund	✔	Assisted by the Manager, the RE ensures that the IT processes currently in place are aligned to the performance and sustainability objectives of the board
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	✔	The board has not formulated an IT governance policy as the Fund does not have IT systems of its own. The IT governance framework of IAL has been adopted
5.4	The board should monitor and evaluate significant IT investments and expenditure	✔	Applied to the extent possible as the Fund will not have IT systems of its own but through a Services Agreement with the Manager, will make use of IAL systems and will be governed by the IT governance framework of IAL
5.5	IT should form an integral part of the Fund's risk management	✔	• Audit and Risk Committee

King Code checklist

(continued)

Principle number	King III code principle	Status	Cross reference/comments
5.6	The board should ensure that information assets are managed effectively	✔	• Compliance plan
5.7	The Audit and Risk Committee should assist the board in carrying out its IT responsibilities	✔	Applied to the extent possible as the Fund will not have IT systems of its own but through a Services Agreement with the Manager, will make use of IAL systems and will be governed by the IT governance framework of IAL
Compliance with laws, codes, rules and standards			
6.1	The board should ensure that the Fund complies with applicable laws and considers adherence to non-binding rules, codes and standards	✔	• Compliance
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Fund and its business	✔	The board is assisted by the company secretary and the Fund's sponsor in this regard
6.3	Compliance risk should form an integral part of the Fund's risk management process	✔	• Compliance
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	✔	• Audit and Risk Committee • Compliance plan
Internal audit			
7.1	The board should ensure that there is an effective risk-based internal audit	✔	The Fund makes use of the internal audit function of IAL
7.2	Internal audit should follow a risk-based approach to its plan	✔	The Fund makes use of the internal audit function of IAL
7.3	Internal audit should provide a written assessment of the effectiveness of the Fund's system of internal controls and risk management	✔	The Fund makes use of the internal audit function of IAL
7.4	The Audit and Risk Committee should be responsible for overseeing internal audit	✔	The Fund makes use of the internal audit function of IAL
7.5	Internal audit should be strategically positioned to achieve its objective	✔	The Fund makes use of the internal audit function of IAL
Governing stakeholder relationships			
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	✔	• Communication and stakeholder relations
8.2	The board should delegate to management to proactively deal with stakeholder relationships	✔	• Communication and stakeholder relations
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Fund	✔	• Communication and stakeholder relations
8.4	Companies should ensure the equitable treatment of unitholders	✔	• Communication and stakeholder relations • Compliance plan

Principle number	King III code principle	Status	Cross reference/comments
8.5	Transparent and effective communication with stakeholders is essential to building and maintaining their trust and confidence	✔	• Communication and stakeholder relations
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✔	• Board of directors • Communication and stakeholder relations
Integrated reporting and disclosure			
9.1	The board should ensure the integrity of the Fund's integrated report	✔	The annual report has been signed off by the Audit and Risk Committee and the board
9.2	Sustainability reporting and disclosure should be integrated with the Fund's financial reporting	✔	• Sustainability report
9.3	Sustainability reporting and disclosures should be independently assured	X	• Sustainability report • NABERS ratings have been independently assured • The rest of the report has not been independently assured in the current year

Investec Australia Property Fund

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
Operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909)
(the Responsible Entity)
Share code: IAP/ISIN: AU60INL00018
(the Fund)

Directors of the Responsible Entity

Richard Longes (independent non-executive chairman)
Graeme Katz (chief executive officer)
Sally Herman (independent non-executive)
Hugh Martin (independent non-executive)
Sam Leon (non-executive)
Stephen Koseff (non-executive)

Notice is given that the annual general meeting of unitholders of the Fund (the Meeting) will be held at:

Time: 17:00 (Sydney)/09:00 (Johannesburg)

Date: Tuesday, 15 August 2017

Place:
- Boardroom, Level 23, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia; and
- 2nd Floor, Executive Boardroom, 100 Grayston Drive, Sandown, Sandton 2196, South Africa.

The chairperson will be in Australia and the Meeting will be broadcast via video conference to South Africa. Unitholders at either location will be able to participate in the Meeting, including to ask questions.

Business of the Meeting

Ordinary Business

Item 1 Directors' report and financial statements

To receive and consider the annual financial report, directors' report, the report of the Audit and Risk Committee and the auditor's report in relation to the Fund for the period from 1 April 2016 to 31 March 2017.

Item 2 Resolutions

Resolution 1 Special Resolution No. 1: On-market repurchase or buy-back of units

To consider and, if thought fit, pass the following resolution as a special resolution of the Fund:

RESOLVED THAT the Responsible Entity is authorised by way of a general authority to repurchase or buy-back units in the Fund (Units) from any person at any time before the anniversary of the passing of this resolution, upon such terms and conditions and in such number as the Responsible Entity determines, where such repurchase or buy-back is permitted under, and undertaken in compliance with, the constitution of the Fund (Constitution), the Corporations Act 2001 (Cth) Cth Australia (Act) (including as modified by Instrument 13-0380) and the Listings Requirements of the JSE Limited (JSE Listings Requirements). Any such repurchase or buy-back of Units will not in aggregate before the anniversary of the passing of this resolution exceed 20% (twenty percent) of the Fund's issued unit capital of that class in any 1 (one) financial year.

The Responsible Entity considers it beneficial to obtain the authority to enable the Fund to take advantage of any business opportunity that may arise in future. Unitholders should note that the current authorisation under which the Fund is able to buy back units, will expire on 10 August 2017.

This resolution is a special resolution. To be passed, it must be approved by at least 75% (seventy-five percent) of the total votes cast by unitholders voting on the resolution (including unitholders who are voting by proxy).

Resolution 2 Special Resolution No. 2: Issue of Units for cash

To consider and, if thought fit, pass the following resolution as a special resolution of the Fund:

RESOLVED THAT to the extent required by, and subject to the Listings Requirements of the JSE Listings Requirements, the Constitution and the Act, the Responsible Entity is authorised by way of a general authority, which authority shall not extend beyond the date of the next annual general meeting of the Fund to be held in 2018 or the date that is 15 (fifteen) months from the date of the annual general meeting of the Fund convened for Tuesday, 15 August 2017, whichever period is shorter, to issue 65 338 176 (sixty five million three hundred and thirty eight thousand one hundred and seventy six) Units for cash (i.e. other than by way of rights offer, to the existing unitholders in proportion to their then existing holdings) which represents 15% (fifteen percent) of the number of the Units issued as at the date of this notice of annual general meeting, subject to the limitations as required by the JSE Listings Requirements from time to time, which provide, *inter alia*, that:

(i) a press announcement giving full details, including the impact on net asset value and earnings per Unit, will be published at the time of an issue of Units for cash representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of Units in issue prior to such issue;

(ii) the issue of Units for cash in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen percent) of the number of the Units in issue, including instruments which are compulsorily convertible;

(iii) in determining the price at which an issue of Units may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of the Units in question as determined over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the Responsible Entity and the party subscribing for the Units; and

(iv) the Units issued for cash must be issued to persons qualifying as 'public shareholders', as defined in the JSE Listings Requirements, and not to 'related parties'. The Responsible Entity is seeking an authority to issue up to 65 338 176 (sixty five million three hundred and thirty eight thousand one hundred and seventy six) Units for cash which represents 15% (fifteen percent) of the number of the Units issued as at the date of this notice of annual general meeting, which is in line with the 15% (fifteen percent) permitted in terms of the JSE Listings Requirements. The authority will be exercised subject to the provisions of the Act, the Constitution and the JSE Listings Requirements.

The Responsible Entity considers it beneficial to obtain the authority to enable the Fund to take advantage of any business opportunity that may arise in future.

This resolution is a special resolution for the purposes of the Act and an ordinary resolution for the purposes of the JSE Listings Requirements. To be passed, it must be approved by at least 75% of the total votes cast by unitholders voting on the resolution (including unitholders who are voting by proxy).

Recommendation

The board of the Responsible Entity has duly considered the implications of the resolutions and is satisfied that they are in the best interests of unitholders as a whole and recommends that unitholders vote in favour of the resolutions.

By order of the board of Investec Property Limited as responsible entity of the Investec Australia Property Fund.

P. Lam-Po-Tang

PKY Lam-Po-Tang
Company secretary

Sydney
22 June 2017

Notes relating to voting

Voting entitlement

The board of the Responsible Entity have determined that for the purposes of determining voting entitlement at the Meeting, Units will be taken to be held by persons who are registered as unitholders on Tuesday, 1 August 2017 at 17:00 (Sydney time)/09:00 (Johannesburg time).

How do you exercise your right to vote?

The vote on each resolution will be decided on a show of hands or a poll as determined by the Chairman subject to any requirements of the Act, the Constitution and, to the extent that it is not inconsistent with the Act, the JSE Listings Requirements.

In a resolution of the Fund determined by a show of hands, each unitholder present in person or by proxy has one vote. If your Units are jointly held, only one of the joint unitholders is entitled to vote on a show of hands.

In a resolution of the Fund determined by poll, each unitholder present in person or by proxy has one vote for every dollar of the total interest they have. The value of a unitholder's total interest in the Fund will be calculated by reference to the last sale price of the Units on the Johannesburg Stock Exchange on Tuesday, 1 August 2017.

Voting as a proxy

If a person is acting as a proxy, in a resolution of the Fund determined by a show of hands, the person is entitled to vote in the following way:

- If, on a poll, the person would have cast all votes in the same voting direction, the person is entitled to one vote only
- If, on a poll, the person would have cast votes in different directions, the person is entitled to one vote in each direction.

Jointly held Units

If your Units are jointly held, only one of the joint unitholders is entitled to vote. If more than one unitholder votes in respect of jointly held Units, only the vote of the unitholder whose name appears first in the register will be counted.

Attorney

Where a unitholder appoints an attorney to act on his or her behalf at the Meeting, such appointment must be made by a duly executed power of attorney. The power of attorney must be received by the Responsible at its registered office by 17:00 (Sydney time) on Sunday, 13 August 2017 or by Computershare Investor Services Proprietary Limited by 09:00 (Johannesburg time) on Sunday, 13 August 2017, being 48 hours before the Meeting.

If you plan to attend the Meeting, we ask that you arrive 15 minutes prior to the time designated for the Meeting so that we may check the value of your Units against the register of unitholders and note your attendance.

Corporations

Where a corporation that is a unitholder appoints a person to act as its representative, the appointment must comply with section 253B (for the meeting of the Fund) of the Act. The appointment must be received by the Responsible Entity by 17:00 (Sydney time) on Sunday, 13 August 2017 or by Computershare Investor Services Proprietary Limited by 09:00 (Johannesburg time) on Sunday, 13 August 2017, being 48 hours before the Meeting. Alternatively, the representative must bring to the Meeting satisfactory evidence of his or her appointment, including any authority under which it was signed.

Voting by proxy

If you cannot or do not wish to attend the Meeting, you may appoint a proxy to attend and vote for you. The proxy does not need to be a unitholder. If you appoint two or more proxies, you must specify the proportion or number of votes that each proxy is entitled to exercise. If you do not, each will be entitled to vote half your votes. Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands.

A Proxy Form must be signed by the unitholder or their attorney or, in the case of a corporation, executed in under its common seal, by any two (2) directors or a director and secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director, or signed by an authorised officer or attorney. If the Proxy Form is signed by an attorney or by an authorised officer of a corporation, the original or a notarised copy of the power of attorney or other authority (document of appointment) must accompany the Proxy Form unless it has previously been provided to the Responsible Entity.

Where a unitholder appoints a body corporate as proxy, that body corporate will need to ensure that:

- it appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 253B of the Act; and
- the instrument appointing the corporate representative is received by the Responsible Entity at its registered office by 17:00 (Sydney time) on Sunday, 13 August 2017 or by Computershare Investor Services Proprietary Limited by 09:00 (Johannesburg time) on Sunday, 13 August 2017, being 48 hours before the Meeting.

(1) A body corporate may appoint an individual as a representative to exercise all or any of its powers at a meeting of a registered scheme's members. The appointment may be a standing one.

(2) The appointment must set out what the representative is appointed to do and may set out restrictions on the representative's powers. If the appointment is to be by reference to a position held, the appointment must identify the position.

(3) A body corporate may appoint more than one (1) representative but only one (1) representative may exercise the body's powers at any one time.

(4) Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a resolution.

Proxy Forms along with any document of appointment should be completed and returned by no later than 17:00 (Sydney time) on Sunday, 13 August 2017 or 09:00 (Johannesburg time) on Sunday, 13 August 2017, being 48 hours before the Meeting.

To ensure that all unitholders can exercise their right to vote on the resolutions, a Proxy Form is enclosed together with a reply paid envelope. You can lodge the Proxy Form by sending it in the reply paid envelope or otherwise posting, delivering to:

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank
Johannesburg 2196
PO Box 61051
Marshalltown 2107
South Africa

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the Proxy Form. If, in respect of any of the items of business, you do not direct your proxy how to vote, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions. If you mark the abstain box for a particular item you are directing your proxy not to vote on your behalf and your Units will not be counted in computing the required majority on a poll. Please refer to the Proxy Form for further instructions.

The Chairman of the Meeting is deemed to be appointed where a signed Proxy Form is returned which does not contain the name of a proxy. In addition, if you direct your proxy how to vote and your nominated proxy does not attend, or attends but does not vote, on a poll on a resolution, the Chairman of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions.

If the Chairman of the Meeting is your proxy, you can direct the Chairman of the Meeting to vote for or against, or to abstain from voting on a resolution by marking the appropriate box opposite the relevant item on the Proxy Form.

The Chairman intends to vote available undirected proxies in favour of all resolutions.

If you have any questions or would like a copy of the Constitution, please contact Investor Relations by e-mail (investorrelations@investec.com).

Proxy form

Investec Australia Property Fund

ARSN 162 067 736

Investec
Australia Property Fund

I/We (full name in BLOCK LETTERS) ____________________

of (full address) ____________________

being **a unitholder/unitholders** of Investec Australia Property Fund ARSN 162 067 736 (the Fund) and entitled to attend and vote, appoint

(full name in BLOCK LETTERS) ____________________

of (full address) ____________________

(or, in **his/her** absence, or if no person is named, the chair of the meeting) as my/our proxy to vote for me/us on my/our behalf at the general meeting of the Fund to be held on Tuesday, 15 August 2017 and at any adjournment of the meeting and to demand a poll.

If two (2) proxies are appointed, the proportion or number of votes this proxy is appointed to represent is:

Proportion of votes ____________ % or Number of votes ____________ (see note 2 overleaf).

If you wish to instruct your proxy how to vote, please tick or otherwise mark the appropriate box opposite each item. Unless instructed to the contrary, proxies in favour of the chair will be used in support of the specific matters set out in the notice of meeting.

		For	Against	Abstain
1.	On-market repurchase or buy-back of Units			
2.	Issue of Units for cash			

PLEASE SIGN

	Individual or Member 1	**Member 2**	**Member 3**
Sign here ➤	____________________	____________________	____________________
	Individual/Sole Director and Sole Company Secretary *(delete whichever does not apply)*	Director	Company Secretary/Director *(delete whichever does not apply)*

Date ____________________

Please read the notes that follow.

Notes to the proxy form

1. Any instrument appointing a proxy in which the name of the appointee is not filled is regarded as given in favour of the chairman.
2. A unitholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote instead of the unitholder. An additional proxy form will be supplied by the Fund on request. Where two (2) proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes.
3. A proxy need not be a unitholder of the Fund.
4. Proxy forms must be signed by a unitholder or the unitholder's attorney or, if the unitholder is a corporation, must be under its common seal, or if it does not have one, by two (2) directors or by a director and a secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the proxy form is signed by a person who is not the registered holder of units in the Fund, then the relevant authority must be enclosed with the proxy form unless it has previously been provided to the Fund.
5. The proxy form and authority (if any) under which it is signed must be deposited at:

   Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Johannesburg 2196
PO Box 61051
Marshalltown 2107
South Africa

   not less than 48 hours before the time for holding the Meeting. Unless this is done the proxy will not be treated as valid.

Corporate information

Investec Australia Property Fund

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
Share code: IAP
ISIN: AU60INL00018

Internet address

www.investec.com.au

Directors of the Responsible Entity

Richard Longes# (Non-executive chairman)
Stephen Koseff (Non-executive)
Graeme Katz (Executive)
Sam Leon (Non-executive)
Sally Herman# (Non-executive)
Hugh Martin# (Non-executive)

Independent

Directors of the Manager

Graeme Katz *(Executive)*
Zach McHerron *(Executive)*
Kristie Lenton *(Executive)*
Sam Leon *(Non-executive)*

Company Secretary of the Responsible Entity

Paul Lam-Po-Tang (BCom, LLB)

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

Local representative office:

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 2001 (Cth)) on 6 February 2013. On 23 August 2013 the Registrar of Collective Investment Schemes 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 Collective Investment Schemes Control Act No. 45 of 2003, as amended.

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

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Johannesburg 2196
(PO Box 61051 Marshalltown 2107)
South Africa
Phone: +27 11 370 5159

Sponsor

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

Custodian

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

For queries regarding information in this document.

Investor Relations

Telephone +27 11 286 7070
E-mail: investorrelations@investec.com
Internet address: www.investec.com/en_za/#home/investor_relations.html

Preparer

This integrated annual report and financial statements have been prepared under the supervision of the chief financial officer Kristie Lenton CA.

Glossary of terms

Act	Corporations Act 2001 (Cth)
ASIC	Australian Securities and Investments Commission
AUD	Australian dollars
DCF	Discounted cash flow
DRIP	Distribution re-investment plan
FRSC	Financial Reporting Standards Council
GLA	Gross lettable area
GST	Goods and services tax
IAL	Investec Australia Limited
IAPF or Fund	Investec Australia Property Fund
IAPHPL	Investec Australia Property Holdings Pty Limited
IFRS	International Financial Reporting Standards
IPL	Investec Property Limited
IPML or Manager	Investec Property Management Pty Limited
JSE	Johannesburg Stock Exchange
King Code	King Code of Governance Principles
KPI	Key performance indicators
NABERS	National Australia Building Environment Ratings System
NAV	Net asset value
RE	Responsible entity
REIT	Real estate investment trust
WALE	Weighted average lease expiry
WHT	Withholding tax
ZAR	South African Rand

Notes