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

ABRIDGED REPORT FOR THE YEAR ENDED 31 MARCH 2019

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 2019
- Consolidated statement of financial position at 31 March 2019
- Consolidated statement of changes in equity for the year ended 31 March 2019
- Consolidated statement of cash flows for the year ended 31 March 2019
- 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 external 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 under authority of the board of IPL on 3 May 2019 and are signed on their behalf by:

RA Longes	GA Katz
Chairman	Chief executive officer
Dated at Sydney	Dated at Sydney
3 May 2019	3 May 2019

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has pleasure in submitting this report to unitholders as recommended by King IV.

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, King IV 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.

Significant matters the committee has considered this year in relation to the financial statements are:
- audit quality;
- audit independence;
- valuation of investment properties;
- related party transactions;
- borrowing classifications, derivatives and debt covenants; and
- going concern.

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;

- IPL as RE of the Fund has complied with the JSE Listings Requirements and the principles of King IV applicable to the Fund;

- it considered and approved that audit fee payable to the external auditors in respect of the audit for the year ended 31 March 2019 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 2019.

Sally Herman
Chairperson
Audit and risk committee

Sydney
3 May 2019

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 2019 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 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 478 802 454 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 set out in the table below:

Full name	Capacity
Richard Anthony Longes (Australian)	Chairperson 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)	Lead independent non-executive director
Hugh Martin (Australian)	Independent non-executive director

Details on directors' experience is set out in the Directorate section of this report. Details of Board meetings are set out in the Corporate Governance section of this 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 2019 is AUD 53 099 283.

The net assets of the Fund are AUD 621 477 206 at 31 March 2019. This equates to a net asset value of AUD 1.30 per unit.

Distributions
Unitholders were given notice of a final distribution declaration number 11 of:
- 5.18 AUD cents per unit pre-withholding tax
- 4.75 AUD cents per unit post-withholding tax

for the six months ended 31 March 2019. Withholding tax of 0.42528 AUD 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.

Unitholders were given notice of a special distribution declaration number 12 of:
- 1.59 AUD cents per unit pre-withholding tax
- 1.46 AUD cents per unit post-withholding tax
  for the period 1 April 2019 to 27 May 2019

Withholding tax of 0.13452 AUD 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.

Refer to section 6 of this report for further details on distributions.

Performance
The full year distribution growth is 2.0% pre-withholding tax and

1.2% post-withholding tax.

The effective tax rate for the year is 8.10834% compared to 7.95895% for the prior year which has impacted the lower growth rate in the post-WHT distribution.

The effective tax rate has been impacted by a reduction in the depreciation shield, from 39% in FY18 to 34% in FY19 along with an antecedent distribution in FY18 not subject to tax not recurring in FY19.

The performance of the Fund is a result of the successful implementation of the Fund's strategy, namely:

- delivering stable income growth;
- engaging in active property management; and
- efficiently managing 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:

AUD	2019	2018
Asset management fee	5 761 459	5 119 830
Property management fee*	1 305 528	1 281 754

* IPML has been contracted to perform property management services. IPML has sub-contracted certain of these services to third party property managers who receive a 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 fulfil 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 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 63.

Directors' remuneration

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

Directors of IPL who are employees or directors of other entities within the Investec Group are not remunerated for their services as directors of IPL. 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 IPL determines otherwise. In respect of the independent, non-associated and non-executive directors, fees and expenses are reimbursed out of the Fund.

Accordingly, directors' remuneration for the year to 31 March 2019 was as follows:

For the period to 31 March 2019 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)	–	37	–	–	–	37
Stephen Koseff(2)	–	13	–	–	–	13
Sam Leon(2)	–	19	–	–	–	19
Graeme Katz(3)	155	–	–	–	–	155
Sally Herman(4)	–	56	–	–	–	56
Hugh Martin(4)	–	45	–	–	–	45
Total	155	170	–	–	–	325

(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 chairperson fees and proportion of time allocated to IAPF. Mr Longes is not remunerated out of the Fund.
(2) Stephen Koseff and Sam Leon receive fees for their services to the Investec Group 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 2018 was as follows:

For the period to 31 March 2018 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)	–	37	–	–	–	37
Stephen Koseff(2)	–	13	–	–	–	13
Sam Leon(2)	–	19	–	–	–	19
Graeme Katz(3)	155	–	–	–	–	155
Sally Herman(4)	–	56	–	–	–	56
Hugh Martin(4)	–	45	–	–	–	45
Total	155	170	–	–	–	325

(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 chairperson 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 statement and governance framework are set out on page 28 of this report.

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 the risk and control systems.

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

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 78.

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 50 of this report.

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

Information on the Fund's use of derivatives can be found in note 22 of the financial report on page 65 of this report.

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 services to property management companies, namely Knight Frank Australia Pty Ltd, MaxiServ Pty Limited, Norwest Commercial and Industrial Real Estate Pty Limited, Honeywell Limited, Kiwi Property, Abacus Property Group and MMJ Real Estate.

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
During the year the Fund received unitholder approval to pursue an ASX listing and associated capital raising. A product disclosure statement dated on or around the same date as this report will be issued in relation to ASX listing and associated capital raise.

There is no other item, transaction or event of a material and unusual nature likely, in the opinion of IPL, to affect significantly the operations of the Fund, the results of these 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's 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 IPL, 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 ASIC 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	GA Katz
Sydney 3 May 2019	Sydney 3 May 2019

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF INVESTEC AUSTRALIA PROPERTY FUND

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 42 to 72, which comprise the consolidated statement of financial position as at 31 March 2019, and 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, segmental analysis and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Investec Australia Property Fund as at 31 March 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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

Valuation of investment property

Refer to accounting policy note 1.10 and notes 10 and 22.3 of the financial statements

The Group has investment property amounting to AUD1 063 million 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 were obtained in the current year from external independent valuers.

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 income capitalisation method.

Due to the significant judgement applied by the directors, 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.

How the matter was addressed in our audit

Our audit procedures in respect of the external valuations, which comprise 100% of the valuations in the current year, included the following:
- 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 challenged the key judgements and assumptions included in the external independent valuers reports by comparing and corroborating the key assumptions to external market data, individual property performance, historical trends of the valuations of these properties and consistency of these based on our knowledge of the market.
- We challenged the key judgements and assumptions included in the external independent valuers reports by comparing and corroborating the key assumptions to external market data and our understanding of the market and individual property performance;
- We evaluated the competence, independence and experience of the external independent valuers.
- We evaluated the consistency of the valuation methodology applied and the appropriateness thereof to the relevant accounting standards and Group policy.
- We evaluated the appropriateness of the capitalisation rate method used by the valuers in the context of the current market.

Other information
The directors are responsible for the other information. The other information comprises all information included in the Annual Report. 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 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 five years.

KPMG Inc.

Per Tracey Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director

3 May 2019

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March

AUD'000	Notes	2019	2018
Revenue, excluding straight-line rental revenue adjustment		88 539	75 451
Straight-line rental revenue adjustment		930	2 146
Revenue	2	89 469	77 597
Property expenses	3	(18 226)	(13 897)
Net property income		71 243	63 700
Other operating expenses	4	(6 951)	(6 177)
Operating profit		64 292	57 523
Fair value adjustments	5	3 184	61 225
Finance costs	6	(14 636)	(10 700)
Finance income	7	94	117
Other income		165	40
Total comprehensive income attributable to unitholders		53 099	108 205
Basic and diluted earnings per unit (cents)	9	11.09	24.04

The Notes on pages 55 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

AUD'000	Notes	2019	2018
Assets			
Non-current assets		1 069 211	987 663
Investment property	10	1 062 767	986 696
Financial instruments held at fair value	22	6 444	967
Current assets		14 200	10 976
Cash and cash equivalents	12	7 792	7 218
Trade and other receivables	11	6 408	3 758
Total assets		1 083 411	998 639
EQUITY AND LIABILITIES			
Equity		621 477	617 363
Contributed equity	13	515 203	515 203
Retained earnings		106 274	102 160
Non-current liabilities		401 614	350 614
Long-term borrowings	14	375 163	342 431
Trade and other payables	15	5 265	6 187
Financial instruments held at fair value	22	21 186	1 996
Current liabilities		60 320	30 662
Borrowings	14	28 635	-
Trade and other payables	15	6 898	6 335
Distribution payable	8	24 787	24 327
Total equity and liabilities		1 083 411	998 639
Number of units in issue ('000)		478 802	478 802
Net asset value per unit (AUD)*		1.30	1.29

* Net asset value per unit is calculated by dividing net asset by the number of unit in issue.

The Notes on pages 55 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019 AUD'000	Contributed equity	Retained earnings	Total unitholders' interest
Balance at 1 April 2017	466 879	38 789	505 668
Total comprehensive income attributable to unitholders	-	108 205	108 205

Issue of ordinary units	51 540	--	51 540
Distributions paid/payable to ordinary unitholders	(3 216)	(44 834)	(48 050)
Balance at 31 March 2018	515 203	102 160	617 363
Total comprehensive income attributable to unitholders		53 099	53 099
Issue of ordinary units		-	-
Distributions paid/payable to ordinary unitholders		(48 985)	(48 985)
Balance at 31 March 2019	515 203	106 274	621 477

The adjustment made to retained earnings on the impact of applying IFRS 9 and IFRS 15 is NIL

The Notes on pages 55 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	2019	2018
Cash flows from operating activities			
Rental income received		87 349	73 395
Property expenses		(17 241)	(14 166)
Fund expenses		(9 836)	(6 177)
Security deposits received/(refunded)		763	(798)
Cash generated from operations		61 035	52 254
Finance income received		95	117
Finance costs paid		(15 064)	(10 443)
Distribution paid to unitholders		(48 186)	(45 179)
Net cash (used in)/from operating activities	16	(2 120)	(3 251)
Cash flows from/(used in) investing activities			
Investment property acquired		(54 394)	(134 920)
Acquisition costs and capital expenditure		(4 706)	(4 379)
Net cash outflow used in investing activities		(59 100)	(139 299)
Cash flows from financing activities			
Borrowings raised		78 294	109 313
Repayment of loans		(16 500)	(15 200)
Proceeds from issue of units		-	52 054
Payment related to capital raising		-	(515)
Net cash inflow from financing activities		61 794	145 652
Net increase in cash and cash equivalents		574	3 103
Cash and cash equivalents at beginning of the period		7 218	4 116
Cash and cash equivalents at end of the period	12	7 792	7 218

The Notes on pages 55 to 72 are an integral part of these consolidated financial statements.

SEGMENTAL ANALYSIS

The Fund has determined the reportable segments to be on two separate segments, as follows:

1. The Fund's investment properties are made up of office and industrial assets. This is the first segment basis determined to be relevant to report and is consistent with the sectoral spread disclosure of the portfolio in the Fund's property landscape (refer to Section 1 of the annual report - Overview of Investec Australia Property Fund).

2. The Fund's investment properties are geographically spread over the states of Australia and New Zealand. This is the second segment basis determined to be relevant to report and is consistent with the geographical spread disclosure of the portfolio in the Fund's property landscape (refer to Section 1 of the annual report - Overview of Investec Australia Property Fund).

For the year ended 31 March 2019

AUD'000	Office	Industrial	Total
Statement of profit or loss and other comprehensive income 2019			
Revenue from external customers, excluding straight-line rental revenue adjustment	67 680	20 859	88 539

Straight-line rental revenue adjustment	295	635	930
Revenue	67 975	21 494	89 469
Property expenses	(15 698)	(2 528)	(18 226)
Net property income	52 277	18 966	71 243
Statement of financial position extracts at 31 March 2019			
Investment property balance 1 April 2018	770 922	215 774	986 696
Acquisitions	29 750	19 450	49 200
Foreign currency revaluation on property	2 515	-	2 515
Acquisition costs and capital expenditure	7 004	1 186	8 190
Straight-line rental revenue receivable	375	635	1 010
Fair value adjustments	12 301	2 855	15 156
Investment property at 31 March 2019	822 867	239 900	1 062 767
Other assets not managed on a segmental basis			20 644
Total assets as at 31 March 2019			1 083 411

For the year ended 31 March 2019 AUD'000	Victoria	Queens-land	South Australia	Western Australia	New South Wales	Austra-lian Capital Territory	New Zealand	Total
Statement of profit or loss and other comprehensive income 2019								
Revenue from external customers, excluding straight-line rental revenue adjustment	14 306	17 952	1 034	2 566	33 807	7 094	11 780	88 539
Straight-line rental revenue adjustment	21	307	(26)	221	704	(47)	(250)	930
Revenue	14 327	18 259	1 008	2 787	34 511	7 047	11 530	89 469
Property expenses	(2 491)	(3 649)	(70)	(335)	(6 916)	(1 061)	(3 704)	(18 226)
Net property income	11 836	14 610	938	2 452	27 595	5 986	7 826	71 243
Statement of financial position extracts at 31 March 2019								
Investment property balance 1 April 2018	167 700	203 150	9 401	29 000	388 351	69 623	119 471	986 696
Acquisitions	19 450	-	-	-	-	29 750	-	49 200
Acquisition costs and capital expenditure	1 554	908	10	17	3 922	1 520	259	8 190
Foreign currency revaluation on property	-	-	-	-	-	-	2 515	2 515
Straight-line rental revenue receivable	21	307	(26)	221	704	(47)	(170)	1 010
Fair value adjustments	12 775	2 485	(134)	262	(1 126)	52	842	15 156
Investment property at 31 March 2019	201 500	206 850	9 251	29 500	391 851	100 898	122 917	1 062 767
Other assets not managed on a segmental basis								20 644
Total assets as at 31 March 2019								1 083 411

For the year ended 31 March 2018 AUD'000	Office	Industrial	Total
Statement of profit or loss and other comprehensive income 2018			
Revenue from external customers, excluding straight-line rental revenue adjustment	57 453	17 998	75 451
Straight-line rental revenue adjustment	2 279	(133)	2 146
Revenue	59 732	17 865	77 597
Property expenses	(11 814)	(2 083)	(13 897)
Net property income	47 918	15 782	63 700
Statement of financial position extracts at 31 March 2018			
Investment property balance 1 April 2017	597 151	182 199	779 350
Acquisitions	112 137	22 000	134 137
Foreign currency revaluation on purchase	3 745	-	3 745
Acquisition costs and capital expenditure	4 420	1 629	6 049
Straight-line rental revenue receivable	2 279	(133)	2 146
Fair value adjustments	51 190	10 079	61 269
Investment property at 31 March 2018	770 922	215 774	986 696
Other assets not managed on a segmental basis			11 943
Total assets as at 31 March 2018			998 639

For the year ended 31 March 2018 AUD'000	Victoria	Queens-land	South Australia	Western Australia	New South Wales	Austra-lian Capital Territory	New Zealand	Total
Statement of profit or loss and other comprehensive income 2016								
Revenue from external customers,								

excluding straight-line rental revenue adjustment	11 741	17 580	996	2 398	32 519	6 708	3 509	75 451
Straight-line rental revenue adjustment	51	702	8	286	1 162	(219)	156	2 146
Revenue	11 792	18 282	1 004	2 684	33 681	6 489	3 665	77 597
Property expenses	(2 140)	(3 674)	(66)	(264)	(5 818)	(975)	(960)	(13 897)
Segment results	9 652	14 608	938	2 420	27 863	5 514	2 705	63 700
Statement of financial position extracts at 31 March 2018								
Investment property balance 1 April 2017	128 500	195 150	9 601	27 300	349 501	69 298	-	779 350
Acquisitions	22 000	-	-	-	-	-	112 137	134 137
Foreign currency revaluation on purchase	-	-	-	-	-	-	3 745	3 745
Acquisition costs and capital expenditure	2 527	2 116	-	44	1 047	-	315	6 049
Straight-line rental revenue receivable	51	702	8	286	1 162	(219)	156	2 146
Fair value adjustments	14 622	5 182	(208)	1 370	36 641	544	3 118	61 269
Investment property at 31 March 2018	167 700	203 150	9 401	29 000	388 351	69 623	119 471	986 696
Other assets not managed on a segmental basis								11 943
Total assets as at 31 March 2018								998 639

The Notes on pages 55 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 2019 was authorised for issue in accordance with a resolution of the directors of IPL (the RE) on 3 May 2019.

IAPF is domiciled in Australia. IPL 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 IPL 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 2019 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 and special distribution in May 2019. This results in the most efficient use of the Fund's strong cash flows. The current undrawn facility limit is AUD 26.3mn and the Fund has the ability to draw on this unconditionally.

Going concern

The Fund is in a net current liability position of AUD 46mn as at 31 March 2019. The net current liability position is principally due to the final distribution declared and borrowings which are due for repayment on 12 March 2020. It is anticipated that these will be paid from proceeds from the capital raising outlined in Note 21 and Section 1 of this report. Under an alternative proposal, the Fund will extend the term of the current borrowings. Management has prepared two separate cashflow forecasts, based on these two scenarios, which reflect that the Fund will be able to meet its commitments as they become due. Management has therefore prepared the financial statements on a going concern basis.

1. Accounting policies

1.1 Basis of preparation

1.1.1 Statement of compliance

The annual financial statements are prepared in accordance with and compliance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial pronouncements as issued by Financial Reporting Standards Council.

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; and
- 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 AUD, 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 ASIC Class Order, all financial information presented in AUD 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 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 trusts and controlled by the group with no restrictions.

1.2.2 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; and
- 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 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.

The Group recovers the costs associated with general building and tenancy operation from lessees in accordance with lease agreements. These are invoiced monthly based on an annual estimates basis. The consideration is due 30 days from the invoiced date. Recoverable outgoings revenue is recognised over time, based on the annual estimates, with the estimates reconciled at least annually.

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.

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; and
- net gain and 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 4/2018.

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 method, less any allowance under the expected credit loss ("ECL") model.

At each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL, including:

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

Debts that are known to be uncollectable are written off when identified.

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 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 method. Borrowings are classified as non-current unless they are repayable within 12 months.

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.
Initial direct costs incurred in negotiating and arranging an operating lease are recognised in profit or loss over the term of the lease.

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 an Attribution Managed Investment Trust for Australian tax purposes. As an Attribution Managed Investment Trust, the Fund 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.

As an Attribution Managed Investment Trust IPL as RE of the Fund will be required to withhold tax in Australia at 10% on Australian sourced interest income and 15% on other Australian sourced income to investors in South Africa.

The New Zealand sourced income is subject to the corporate tax rate in New Zealand of 28%, and is not subject to Australian withholding tax.

1.14 Unit capital

1.14.1 Ordinary unit capital

Units are classified as equity when the units are redeemable only at IPL'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 New accounting standards adopted by the Group

The Group applied the following accounting standards amendments that became mandatory for the first time during the reporting period:

IFRS 9
accounting standards adopted by the Group

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IFRS 139 Financial Instruments: Recognition and Measurement.

(a Classification - Financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the existing IFRS 139 categories of held to maturity, loans and receivables and available for sale. Loans and receivables are classified and measured at amortised cost. The Group holds these assets in order to collect contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal outstanding.

The standard requires all financial liabilities to be subsequently classified at amortised cost, except in certain circumstances, of which none apply to the Group. Accordingly, there is no change in the classification of the Group's payables and borrowings on adoption of IFRS 9.

IFRS 15
IFRS 15 applies to all contracts with customers to deliver goods or services as part of the entity's ordinary course of business excluding insurance contracts, financial instruments and leases, which are addressed by other standards. It replaces existing revenue recognition guidance, including IFRS 18 Revenue and IAS 11 Construction Contracts and contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based give-step analysis of transactions to determine whether, how much and when revenue is recognised.

(a) Classification and measurement of revenue

Revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits as the entity performs;

- The customer controls the asset as the entity creates or enhances it; or

- The seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for the performance to date.

Where the above criteria are not met, revenue is recognised at a point in time.

In the notes to the financial statements, the Group has disaggregated income for the current and comparative financial period to disclose recoveries revenue. Based on the Group's assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing to the previous accounting policy, other than the change in terminology. Under IFRS 15, recoveries revenue will be recognised over time.

(b) Transition

Changes in the accounting policies resulting from the adoption of IFRS 15 have been applied retrospectively. There has been no impact on the Group's previously reported financial position as a result of the adoption of IFRS 15.

1.16 Accounting standards applicable to the Group not yet effective

This standard introduces a single, on-balance sheet accounting model for leases and is effective for annual reporting periods on or after 1 January 2019. A lessee recognises a right-of-use asset representing its obligation to make lease payments.

Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. At the Group operations involve leasing of investment properties, as a lessor, it is expected that the changes will have minimal impact to the Group.

1.17 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	2019	2018
2. Revenue		
Contracted rental income	77 474	65 665
Recoverable outgoings	11 065	9 786
Revenue, excluding straight-line rental revenue adjustment	88 539	75 451
Straight-line rental revenue adjustment	930	2 146
	89 469	77 597

For the period ended 31 March

AUD'000	2019	2018
3. Property expenses		
Statutory expenses	(5 876)	(3 405)
Electricity	(1 694)	(1 771)
Insurance	(1 142)	(549)
Cleaning	(1 264)	(1 005)
Building management	(2 277)	(1 979)
Repairs and maintenance	(1 019)	(733)
Amortisation of fitout expenses	(957)	(922)
Tenant rechargeable expenditure	(724)	(815)
Air-conditioning	(814)	(626)
Fire protection	(432)	(401)
Lift and escalators	(444)	(358)
Leasing fee	(330)	(345)
Other property expenses	(1 253)	(988)
	(18 226)	(13 897)

For the period ended 31 March

AUD'000	2019	2018
4. Other operating expenses		
Asset management fee	(5 761)	(5 120)
Fund operating costs		
Auditors' remuneration*	(331)	(303)
Audit fee	(203)	(210)
Tax compliance fees	(128)	(93)

Directors' fees	(101)	(101)
Legal and consulting fees	(244)	(180)
Other fund expenses	(514)	(473)
	(6 951)	(6 177)

* All audit and tax services were provided by KPMG.

For the period ended 31 March		
AUD'000	2019	2018
5. Fair value adjustments		
Fair value adjustments - investment property	15 178	61 269
Fair value adjustments - interest rate swaps	(13 714)	(2 305)
Fair value adjustments - foreign currency revaluation	1 720	2 261
Total fair value adjustment	3 184	61 225

For the period ended 31 March		
AUD'000	2019	2018
6. Finance costs		
Interest paid on borrowings	(14 636)	10 700)
Total finance costs	(14 636)	10 700)

Refer to note 14 for details on borrowings

For the period ended 31 March		
AUD'000	2019	2018
7. Finance income		
Interest received from banks	94	117
Total finance income	94	117

For the period ended 31 March		
AUD'000	2019	2018
8. Distribution per unit		
Profit for the period	53 099	108 205
Less: Straight-line rental revenue adjustment	(930)	(2 146)
Fair value adjustments	(3 184)	61 225)
Antecedent distribution	-	3 216
Distributable earnings	48 985	48 050
Reconciliation of distribution per unit		
Final distribution for the year to 31 March		
Distributable earnings	48 985	48 050
Less: interim distribution paid	24 198	23 723
Final distribution (pre withholding tax)	24 787	24 327
Withholding tax paid/payable to the Australian Taxation Office	(2 036)	(1 705)
Income tax paid/payable to the New Zealand Inland Revenue Office	-	(366)
Final distribution (post withholding tax)	22 751	22 256
Units in issue at 31 March ('000)	478 802	478 802
Final distribution per unit (cents) (pre withholding tax)	5.18	5.08
Interim distribution per unit (cents) (pre withholding tax)	5.05	4.95
Total distribution per unit (cents) (pre withholding tax)	10.23	10.03
Final distribution per unit (cents) (post withholding tax)	4.75	4.65
Interim distribution per unit (cents) (post withholding tax)	4.65	4.64
Total distribution per unit (cents) (post withholding tax)	9.40	9.29

Withholding tax

The blended withholding tax rate for the total distribution is 8.10834%.

For the period ended 31 March		
AUD'000	2019	2018
9. Earnings per unit		
Reconciliation of basic earnings to headline earnings		
Profit for the period	53 099	108 205
Less: Net fair value adjustment - investment property	(15 178)	(61 269)
Headline earnings attributable to unitholders	37 921	46 936
	Cents	Cents
Basic and diluted earnings per unit	11.09	24.04
Basic and diluted headline earnings per unit	7.92	10.43
Units in issue at the end of the year ('000)	478 802	478 802
Weighted average number of units in issue ('000)	478 802	450 084
Reconciliation of weighted average number of units in issue:		
Units at the beginning of the year	478 802	435 588
Share buy back ('000)	-	(2 124)
Rights offer ('000)	-	16 620

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 4/2018.

For the period ended 31 March		
AUD'000	2019	2018
10. Investment property		
Cost	941 582	881 779
Accumulated fair value adjustment	110 516	95 256
Investment properties	1 052 098	977 035
Straight-line rental revenue receivable	10 669	9 661
Carrying value	1 062 767	986 696
Movement in investment properties		
Balance at beginning of year	986 696	779 350
Acquisitions	49 200	134 137
Foreign currency revaluation on property	2 515	3 745
Acquisition costs and capital expenditure	8 190	6 049
Fair value adjustment on revaluation of investment properties	15 156	61 269
Straight-line rental revenue adjustment	1 010	2 146
Carrying value at end of the year	1 062 767	986 696

Property to the value of AUD 1 062.8mn is held as security under the syndicated debt facility currently drawn down to a value of AUD 405.4 mn.

All of the investment properties located in New South Wales, Victoria, Western Australia, New Zealand, 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 AUD 15.2 mn 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.

	Latest external valuation		Consolidated carrying value
Property Portfolio			
AUD'000	Date	Valuation	2019
10. Investment property (continued)			
Industrial Portfolio			
47 Sawmill Circuit, Hume ACT	30 September 2018	11 400	11 400
57 Sawmill Circuit, Hume ACT	30 September 2018	10 350	10 350
24 Sawmill Circuit, Hume ACT	30 September 2018	9 900	9 900
44 Sawmill Circuit, Hume ACT	30 September 2018	11 300	11 300
2-8 Mirage Road, Direk SA	30 September 2018	9 250	9 250
30-48 Kellar Street, Berrinba QLD	30 September 2018	8 350	8 350
165 Newton Road, Wetherill Park NSW	30 September 2018	23 450	23 450
24 Spit Island Close, Newcastle NSW	30 September 2018	10 000	10 000
67 Calarco Drive, Derrimut VIC	30 September 2018	9 700	9 700
66 Glendenning Road, Glendenning NSW	30 September 2018	25 600	25 900
85 Radius Drive, Larapinta QLD	30 September 2018	18 000	18 000
54 Miguel Road, Bibra Lake WA	30 September 2018	29 500	29 500
24 Rodborough Road, Frenchs Forest NSW	30 September 2018	21 000	21 000
6-8 and 10 Siddons Way, Hallam VIC	30 September 2018	22 350	22 350
36-42 Hydrive Close, Dandenong South VIC	30 September 2018	19 450	19 450
Office Portfolio			
449 Punt Road, Cremorne VIC	31 March 2019	57 000	57 000
35-49 Elizabeth Street, Richmond VIC	31 March 2019	93 000	93 000
2404 Logan Road, Eight Mile Plains QLD	30 September 2018	20 000	20 000
186 Reed Street, Greenway ACT	30 September 2018	28 200	28 200
757 Ann Street, Fortitude Valley QLD	30 September 2018	85 000	85 000
21-23 Solent Circuit, Baulkham Hills NSW	30 September 2018	59 000	59 000
266 King Street, Newcastle NSW	30 September 2018	75 000	75 000
113 Wicks Road, Macquarie Park NSW	30 September 2018	26 500	26 500
324 Queen Street, Brisbane QLD	30 September 2018	75 500	75 500
20 Rodborough Road, Frenchs Forest NSW	30 September 2018	61 000	61 000
2 Richardson Place, North Ryde NSW	30 September 2018	90 000	90 000
100 Willis Street, Wellington NZ*	30 September 2018	123 397	122 917
24 Wormald Street, Symonston ACT	8 February 2019	29 750	29 750
Total Investment Properties			1 062 767

* Converted at spot rate of 1.04135 at 31 March 2019.
Refer to property selection and property portfolio disclosed on pages 16 to 20 of this report 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, Urbis, Savills, Knight Frank, Janes Lang LaSalle, LandMark White 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:

	2019	2018
Capitalisation rate	6.59%	6.70%
Discount rate	7.50%	7.62%
Rental growth rate	3.32%	3.18%

The above are weighted average rates based on fair value.

(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 2019 there were no significant contractual obligations or capital commitments relating to investment property (31 March 2018: Nil).

(D) Leasing arrangements

AUD'000	2019	2018
The Fund leases office and industrial properties under operating leases.		
Contractual amounts due in terms of operating lease agreements		
Less than 1 year	85 224	82 399
Between 1 and 5 years	241 271	240 112
More than 5 years	102 763	79 281
	429 258	401 792

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 5 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	2019	2018
11. Trade and other receivables		
Prepaid expenses	2 384	2 176
Capitalised incentives	132	212
Sundry debtors	3 892	1 371
	6 408	3 758

For the period ended 31 March

AUD'000	2019	2018
12. Cash and cash equivalents		
Cash held on call account	7 792	7 218
Total cash and cash equivalents	7 792	7 218

For the period ended 31 March

AUD'000	2019	2018
13. Contributed equity		
Issued		
On establishment - 22 000 000 fully paid ordinary units; par value $1.00	22 000	22 000
On listing - 112 685 000 fully paid ordinary units; par value $1.00	112 685	112 685
On completion of renounceable rights offer Oct 2014 - 111 896 298 fully paid ordinary units; par value $1.09	121 501	121 501
On completion of renounceable rights offer Feb 2016 - 59 566 747 fully paid ordinary units; par value $1.01	59 964	59 964
On completion of renounceable rights offer Mar 2017 - 108 004 819 fully paid ordinary units; par value $1.33	143 462	143 462

Distribution re-investment plan Nov 2015 - 6 393 331 fully paid ordinary units; par value $1.07	6 815	6 815
Distribution re-investment plan Jun 2016 - 9 818 121 fully paid ordinary units; par value $1.22	12 008	12 008
Distribution re-investment plan Dec 2016 - 5 223 526 fully paid ordinary units; par value $1.36	7 111	7 111
Share buy back - 6 330 842 fully paid ordinary units; par value $1.26	(8 000)	(8 000)
On completion unit placement offer Nov 2017 - 49 545 454 fully paid ordinary units; par value $1.21	60 055	60 055
Fund establishment costs capitalised to contributed equity	(7 211)	(7 211)
Antecedent distributions paid	(15 187)	(15 187)
In issue at year end	515 203	515 203

Refer to unitholder analysis included on pages 78 and 79 of this report for further details on unitholders.

For the period ended 31 March AUD'000	Tranche expiry date	Interest rate	2019	2018
14. Borrowings				
Loans - secured - bank debt				
Westpac Facility - Tranche A - Restructured	10 December 2019	BBSY + 1.275%*	-	48 240
Westpac Facility - Tranche B - Restructured	31 March 2020	BBSY + 1.275%*	-	45 000
Westpac Facility - Tranche C - Restructured	29 April 2020	BBSY + 1.275%*	-	15 000
Westpac Facility - Tranche D - Restructured	20 August 2020	BBSY + 1.275%*	-	15 500
Westpac Facility - Tranche E - Restructured	16 October 2020	BBSY + 1.275%*	-	28 000
ANZ Facility - Tranche G	30 June 2022	BBSY + 1.3500%*	20 000	20 000
ANZ Facility - Tranche H	01 December 2022	BBSY + 1.3500%*	75 000	75 000
ANZ Facility - Tranche I	07 March 2023	BBSY + 1.4500%*	19 000	21 000
ANZ and Westpac Facility - Tranche J - Restructured	18 October 2022	BBSY + 1.4500%*	-	30 000
ANZ and Westpac Facility - Tranche K - Restructured	07 December 2022	BBSY + 1.5000%*	-	45 880
Westpac Facility - Tranche M	28 September 2021	BBSY + 1.4500%*	50 000	-
Westpac Facility - Tranche N	28 March 2023	BBSY + 1.5500%*	101 740	-
ANZ and Westpac Facility - Tranche O	28 September 2023	BBSY + 1.6000%*	111 039	-
ANZ Facility - Tranche P	12 March 2020	BBSY + 1.1000%*	28 635	-
Total long-term borrowings - secured			405 414	343 620
Capitalised loan establishment costs			(1 616)	(1 189)
Total value of interest-bearing borrowings			403 798	342 431
Movement in borrowings				
Balance at beginning of year			343 620	249 007
Interest charged			14 636	10 700
Interest paid			(14 636)	(10 700)
Additional borrowing acquired			61 794	94 613
Closing balance at the end of the year			405 414	343 620

* Varies based on gearing levels.

The Fund's LVR was 38.14% as at 31 March 2019 (31 March 2018: 34.83%).

At 31 March 2019 the approved facility limit of the loan facility was AUD 431.74mn with AUD 26.33mn undrawn.

The Fund's policy is to hedge at least 75% of interest rate risk. At year end, 77.5% of borrowings were hedged using interest rate swaps, locking in a blended rate (including margin and line fees) of 3.75% for a weighted average 3.6 year term.

For the period ended 31 March AUD'000	2019	2018
15. Trade and other payables		
Security deposits	757	640
Income received in advance	2 389	3 514
Other payables	2 119	2 034
Trade and other payables - non current	5 265	6 187
Accrued expenses	2 228	1 750
Trade creditors	460	554
Income received in advance	2 040	1 080
GST payable	1 551	1 407
Other payables	619	1 544
Trade and other payables - current	6 898	6 335

For the period ended 31 March AUD'000	2019	2018
16. Reconciliation of cash flows from operating activities		
Profit for the period	53 099	108 205
Adjusted for:		
Fair value adjustments - investment property	(15 178)	(61 269)
Fair value adjustments - derivatives	13 714	2 305
Fair value adjustments - foreign currency revaluation	(1 720)	(2 261)
Straight-line rental revenue adjustment	(930)	(2 146)
Working capital movement		

Change in trade and other receivables	(1 935)	(1 268)
Change in trade and other payables	(984)	(1 638)
Distributions paid	(48 186)	(45 179)
Net cash from operating activities	(2 120)	(3 251)

17. Related party transactions

Responsible entity (RE)

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	2019	2018
Payments to Investec Group and its subsidiaries:		
Investec Property Management Pty Limited - subsidiary		
Asset management fee	5 761	5 120
Property management fee*	1 306	1 282
Leasing fee	-	494
Investec Bank Limited - parent company		
Sponsor fee	24	29
Capital raising fees and listing costs	63	473
Investec Bank plc - parent company		
Interest on swaps	-	896
Investec Australia Limited - subsidiary		
Interest on swaps	828	393
Amounts owing to related parties		
Investec Property Management Pty Limited - subsidiary		
Asset management fee payable	547	433

* 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.

** Asset management fee is billed monthly and payable within 30 days. Outstanding balances with related parties are to be settled within one month of the reporting date. No security has been given.

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 IPL as RE of the Fund has sub-contracted the management of IAPF to the Manager which is also considered KMP. The directors of IPL are Richard Longes (Chairperson), Sam Leon, Stephen Koseff, Graeme Katz, Sally Herman and Hugh Martin. The directors of the Manager are Graeme Katz, Zach McHerron and Kristie Lenton.

KMP compensation

Directors of IPL who are employees or directors of entities within the Investec Group are not remunerated for their services as directors of IPL. 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 IPL 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 2018	Purchases	Sales	Held at 31 Mar 2019
Directors				
Sam Leon	4 000 000	-	-	4 000 000
Graeme Katz	229 296	-	-	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.

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

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. Intertrust 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. 17	Australia	Ordinary	100%
Investec Australia Sub Trust No. 18	Australia	Ordinary	100%
Investec Australia Sub Trust No. 19	Australia	Ordinary	100%
Investec Australia Sub Trust No. 20	Australia	Ordinary	100%
Investec Australia Sub Trust No. 21	Australia	Ordinary	100%

For the period ended 31 March AUD'000	2019	2018
19. Parent entity disclosures		
As at, and throughout the period ending 31 March 2019 the parent of the Group was Investec Australia Property Fund.		
Result of parent entity		
Profit for the period	54 378	49 660
Total comprehensive income for the period	54 378	49 660
Financial position of parent entity at period end		
Current assets	4 415	918
Total assets	596 459	589 516
Current liabilities	6 205	1 485
Total liabilities	77 175	71 009
Net assets	519 284	518 507
Total equity of parent entity comprising of:		
Contributed equity	515 203	515 203
Retained earnings	4 081	3 304
Total equity	519 284	518 507

For the period ended 31 March AUD'000	2019	2018
20. Net asset value		
Units in issue at end of year	478 802	478 802
Net asset value per unit (AUD)	1.30	1.29

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

During the year the Fund received unitholder approval to pursue an ASX listing and associated capital raising. A product disclosure statement dated on or around the same date as this report will be issued in relation to ASX listing and associated capital raising.

There is no other item, transaction or event of a material and unusual nature likely, in the opinion of IPL, 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.

As at 31 March 2019 AUD'000	Measured at fair value	Non-financial instruments	Amortised cost	Total
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 2019

ASSETS				
Non-current assets				
Investment property	-	1 062 767	-	1 062 767
Financial instrument held at fair value	6 444	-	-	6 444
Current assets				
Cash and cash equivalents	-	-	7 792	7 792
Trade and other receivables	-	-	6 408	6 408
Total assets	6 444	1 062 767	14 200	1 083 411
LIABILITIES				
Non-current liabilities				
Long-term borrowings	-	-	375 163	375 163
Financial instruments held at fair value	21 186	-	-	21 186
Trade and other payables	-	-	5 265	5 265
Current liabilities				
Borrowings	-	-	28 635	28 635
Trade and other payables	-	-	6 898	6 898
Unitholders for distributions	-	-	24 787	24 787
Total liabilities	21 186	-	440 748	461 934

As at 31 March 2018 AUD'000	Measured at fair value	Non-financial instruments	Amortised cost	Total

22. Financial risk and capital management (continued)

22.1 Total financial and non-financial assets and liabilities (continued)

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 2018

ASSETS				
Non-current assets				
Investment property	-	986 696	-	986 696
Financial instrument held at fair value	967	-	-	967
Current assets				
Cash and cash equivalents	-	-	7 218	7 218
Trade and other receivables	-	-	3 758	3 758
Total assets	967	986 696	10 976	998 639
LIABILITIES				
Non-current liabilities				
Long-term borrowings	-	-	342 431	342 431
Financial instruments held at fair value	1 996	-	-	1 996
Trade and other payables	-	-	6 187	6 187
Current liabilities				
Trade and other payables	-	-	6 335	6 335
Unitholders for distributions	-	-	24 327	24 327
Total liabilities	1 996	-	379 280	381 276

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

In the case of financial instruments whose carrying amount is not the same as their fair value. The fair value has been calculated as follows:

a. The fair value of "long term borrowings at amortised cost" has been estimated by discounting effective interest rate at each year end.

For financial instruments whose carrying amount is equivalent to their fair value, the measurement processes used are 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).

Fair value and carrying amount	Carrying	Fair value

AUD'000	amount	Level 1	Level 2	Level 3	Total
For the year ended 31 March 2019					
Financial assets not measured at fair value					
Cash and cash equivalents	7 792	-	-	-	-
Trade and other receivables	6 408	-	-	-	-
	14 200	-	-	-	-
Financial assets not measured at fair value					
Interest rate swaps	6 444	-	6 444	-	6 444
Financial instruments held at fair value	6 444	-	6 444	-	6 444
Financial liabilities not measured at fair value					
Trade and other payables	36 950	-	-	-	-
Long-term borrowings	403 798	-	378 989	-	378 989
	440 748	-	378 989	-	378 989
Financial liabilities measured at fair value					
Interest rate swaps	21 186	-	21 186		21 186
	21 186	-	21 186	-	21 186
For the year ended 31 March 2018					
Financial assets not measured at fair value					
Cash and cash equivalents	7 218	-	-	-	-
Trade and other receivables	3 758	-	-	-	-
	10 976	-	-	-	-
Financial assets not measured at fair value					
Interest rate swaps	967	-	967	-	967
	967	-	967	-	967
Trade and other payables	36 849				
Long-term borrowings	342 431	-	327 983	-	327 983
	379 280	-	327 983	-	327 983
Financial liabilities measured at fair value					
Interest rate swaps	1 996	-	1 996	-	1 996
	1 996	-	1 996	-	1 996

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

c. 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 DCF method.

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 3.32%.
b. Void periods average six months after the end of each lease.
c. Void periods average six months after the end of each lease.
d. Weighted average cap rate of 6.59%.

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.

For the year ended 31 March 2019 AUD'000	Measured at fair value Level 1	Level 2	Level 3	Total gain or (loss) in the period in profit or loss
Total assets				
Investment property				
Office	-	-	822 867	12 301
Industrial	-	-	239 900	2 855
Total non-financial assets	-	-	1 062 767	15 156

For the year ended 31 March 2018 AUD'000	Measured at fair value Level 1	Level 2	Level 3	Total gain or (loss) in the period in profit or loss
Total assets				
Investment property				
Office	-	-	770 922	51 190
Industrial	-	-	215 774	10 079
Total non-financial assets	-	-	986 696	61 269

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.

22.4 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 cash and cash equivalents, 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.

The Fund applies the lifetime ECL model to manage the credit risk of financial assets carried at amortised cost in accordance with the accounting policy described in Note 1.9.1.

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 2019, 77.5% of the Fund's interest rate exposure was hedged. Therefore, for the year ended 31 March 2019, 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.

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 2019 AUD'000	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total	Carrying value
Long-term borrowings(1)	42 144	12 697	398 448	-	453 289	403 798
Trade and other payables	6 898	1 740	893	2 631	12 162	12 162
Distributions payable	24 787	-	-	-	24 787	24 787
Total liabilities	73 829	14 437	399 341	2 631	490 238	440 747
For the year ended 31 March 2018 AUD'000	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total	Carrying value
Long-term borrowings(1)	11 103	103 880	264 408	-	379 391	342 431
Trade and other payables	6 335	2 148	1 773	2 266	12 522	12 522
Distributions payable	24 327	-	-	-	24 327	24 327
Total liabilities	41 765	106 028	266 181	2 266	416 240	379 280

(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):

For the year ended 31 March AUD'000	2019	2018
Value of investment property	1 062 767	986 696
Carrying value of interest bearing borrowing	405 414	343 620
Current ratio of interest bearing borrowings to value of investment property (%)	38.14	34.83

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 2019				
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%
Westpac Banking Corporation	67 303	11 December 2017	12 December 2024	2.30%
Westpac Banking Corporation	55 000	14 March 2019	25 December 2023	2.38%
Westpac Banking Corporation	30 435	14 March 2019	25 February 2024	2.41%
Westpac Banking Corporation	30 435	14 March 2019	25 February 2025	2.53%
Westpac Banking Corporation	60 870	14 March 2019	25 February 2026	2.66%
Westpac Banking Corporation	20 000	14 March 2019	01 March 2022	2.00%
Westpac Banking Corporation	12 500	14 March 2019	20 October 2025	2.61%
Westpac Banking Corporation	25 000	14 March 2019	20 October 2024	2.49%
Westpac Banking Corporation	12 500	14 March 2019	20 October 2027	2.81%

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 2019, the nominal value of borrowings was equal to 38.1% 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.

DISTRIBUTION ANNOUNCEMENT

Final distribution

Notice is hereby given of a final distribution declaration number 11 of:

- 5.17708 AUD cents per unit pre-WHT
- 4.75180 AUD cents per unit post-WHT

for the six months ended 31 March 2019. Tax of 0.42528 AUD cents or 8.21465% per unit will be withheld from the distribution paid to non-Australian unitholders.

The salient dates relating to the distribution are as follows:

	2019
Exchange rate to convert the distribution to ZAR and announced on SENS(1) by 11h00	Monday, 13 May
Last day to trade cum distribution	Tuesday, 21 May
Units to trade ex distribution	Wednesday, 22 May
Distribution amount transferred to South Africa	Friday, 24 May
Record date	Friday, 24 May
Distribution posted/paid to certificated unitholders	Monday, 27 May

(1) Exchange rate calculated on Monday, 13 May 2019.
Units may not be dematerialised or rematerialised between commencement of trade Wednesday, 22 May 2019 and close of trade on Friday, 24 May 2019, both dates inclusive.

This distribution includes a "Fund Payment" amount of 2.87611 AUD cents per unit, pursuant to Subdivision 12-H of Schedule 1 of the Taxation Administration Act 1953 and relates to the period ending 31 March 2019.

The Fund declares that it is an Attribution Managed Investment Trust for the purposes of 12-H of Schedule 1 of the Taxation Administration

Act 1953, in respect of the income year ended 31 March 2019.

	Total distribution
Fund payment (subject to fund payment withholding)	2.87611
Interest income (subject to other non-resident withholding)	0.13138
Foreign income (subject to New Zealand corporate tax)	0.96321
Tax deferred	1.20638
Total cash distribution	5.17708

The above information has been included in the notice solely to assist other entities with Australian withholding tax obligations that may arise in respect of any amounts distributed to non-Australian residents.

Special distribution
Notice is hereby given of a special distribution declaration number 12 of:
- 1.59380 AUD cents per unit pre-WHT
- 1.45928 AUD cents per unit post-WHT

for the period from 1 April 2019 to 27 May 2019. Tax of 0.13452 AUD cents or 8.43980% per unit will be withheld from the distribution paid to non-Australian unitholders. The special distribution relates to the period from 1 April 2019 to 27 May 2019 being the period prior to the proposed ASX listing and allotment of new units under the associated capital raise. For further information on the ASX listing and where to obtain a product disclosure statement in connection with the capital raising, please see page 88 of this report.

The salient dates relating to the distribution are as follows:

	2019
Exchange rate to convert the distribution to ZAR and announced on SENS1 by 11h00	Monday, 13 May
Last day to trade cum distribution	Tuesday, 21 May
Units to trade ex distribution	Wednesday, 22 May
Distribution amount transferred to South Africa	Friday, 24 May
Record date	Friday, 24 May
Distribution posted/paid to certificated unitholders	Monday, 27 May

(1) Exchange rate calculated on Monday, 13 May 2019
Units may not be dematerialised or rematerialised between commencement of trade Wednesday, 22 May 2019 and close of trade on Friday, 24 May 2019, both dates inclusive.

This distribution includes a "Fund Payment" amount of 1.08026 AUD cents per unit, pursuant to Subdivision 12-H of Schedule 1 of the Taxation Administration Act 1953 and relates to the period ending 31 March 2020.

The Fund declares that it is an Attribution Managed Investment Trust for the purposes of 12-H of Schedule 1 of the Taxation Administration Act 1953, in respect of the income year ended 31 March 2020.

	Total distribution
Fund payment (subject to fund payment withholding)	1.08026
Interest income (subject to other non-resident withholding)	0.00000
Foreign income (subject to New Zealand corporate tax)	0.00015
Tax deferred	0.51339
Total cash distribution	1.59380

The above information has been included in the notice solely to assist other entities with Australian withholding tax obligations that may arise in respect of any amounts distributed to non-Australian residents.

General unitholder tax information
The Fund and its management arrangements are structured to meet the required criteria to be classified as an Attribution Managed Investment Trust for Australian tax purposes. As an Attribution Managed Investment Trust, IPL as RE of the Fund will be required to withhold tax on Australian sourced income at a concessional rate of 15% on distributions to individual and institutional unitholders in South Africa.

The New Zealand sourced income is subject to the corporate tax rate in New Zealand of 28%, and is not subject to Australian withholding tax.

The effect of these taxes on the Fund's distribution for the period from 1 October 2018 to 31 March 2019 has been reduced to 8.21465%, equivalent to 0.42528 AUD cents per unit, through certain deductions such as depreciation. Thus, tax of 0.42528 AUD cents per unit will be withheld from the distribution accruing to unitholder and will be paid to the Australian Taxation Office for Australian sourced income and the New Zealand Inland Revenue Office for New Zealand sourced income.

The effect of these taxes on the Fund's distribution for the period from 1 April 2019 to 27 May 2019 has been reduced to 8.43980%, equivalent to 0.13452 AUD cents per unit, through certain deductions such as depreciation. Thus, tax of 0.13452 AUD cents per unit will be withheld from the distribution accruing to unitholder and will be paid to the Australian Taxation Office for Australian sourced income and the New Zealand Inland Revenue Office for New Zealand sourced income.

South African unitholder tax implications
The distributions are regarded as a foreign distribution for South African unitholders.

The distributions comprise gross income, and are to be taxed as such, in the hands of South African investors. The pre tax distributions are to be included in an investors' taxable income and subject to normal tax in full. Tax paying unitholders will be able to claim a rebate equivalent to 8.21465% per unit for the distribution for the period 1 October 2018 to 31 March 2019 and 8.43980% per unit for the distribution for the period 1 April 2019 to 27 May 2019 against tax paid in Australia and New Zealand. Non-tax paying unitholders will not be entitled to claim a rebate.

By order of the Board

Investec Property Limited
Company Secretary
3 May 2019

Sponsor
Investec Bank Limited