

## **THIS PRE-LISTING STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take, please consult your CSDP, banker, broker, legal advisor, accountant or other professional advisor immediately.

**The definitions and interpretations set out on pages 3 and 4 of this Pre-listing Statement have been used on this front cover and throughout this document, apart from Annexure 3, which has its own set of definitions.**

The distribution of this document in jurisdictions other than South Africa may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Rand perpetual preference shares are not transferable except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 6.5 of this Pre-listing Statement. Accordingly, this document may not be supplied to the public in any jurisdiction in which any registration, qualification or other requirements exist or would exist in respect of any public offering of shares.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Rand perpetual preference shares by any person in any circumstances in which such offer or solicitation is unlawful and is not for distribution in or into Australia, Canada, Japan or the United States.

No prospectus has been published in respect of the Rand perpetual preference shares in any Relevant Member State and, save for certain exceptions, the Rand perpetual preference shares may not be offered or sold to the public in any Relevant Member State. The Rand perpetual preference shares will not be registered under the Securities Act or the applicable securities laws of Australia, Canada or Japan and subject to certain exceptions, may not be offered or sold within the United States, Australia, Canada or Japan or to, or for the account or benefit of US persons or citizens or residents of Australia, Canada or Japan.



plc

(Incorporated in England and Wales)  
(Registration number 3633621)  
Share code: INPPR ISIN: GB00B4B0Q974  
("Investec plc" or "the Company")

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## **PRE-LISTING STATEMENT**

**Prepared in terms of the Listing Requirements of the JSE relating to an offer for subscription of Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares**

<b>Opening date of the offer for subscription (12:00)</b>	<b>17 June 2011</b>
<b>Closing date of the offer for subscription (17:00)</b>	<b>22 June 2011</b>
<b>Proposed listing date (09:00)</b>	<b>29 June 2011</b>

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**Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R1 000 000.**

The Rand perpetual preference shares will only be admitted to a listing on the JSE and will only trade on the JSE. At the date of issue of this Pre-listing Statement, the issued share capital of Investec plc will comprise 537 177 588 ordinary shares, 272 836 668 Special Converting ("SC") shares, 1 special voting share, 1 dividend access (Non-South African Resident) redeemable share ("UK DAN Share"), 1 dividend access (South African Resident) redeemable share ("UK DAS Share"), and 15 081 149 non-redeemable, non-cumulative, non-participating Sterling perpetual preference shares ("Sterling perpetual preference shares").

Rand perpetual preference shares will be issued in order to raise a maximum capital amount of R750 million. The number of Rand perpetual preference shares issued will be determined on the closing date of the offer for subscription. The Rand perpetual preference shares will be issued at par value, with an initial annual dividend yield and coupon rate of 8.55%. The Rand perpetual preference shares, when issued, will rank *pari passu* with one another and with the Sterling perpetual preference shares. Application will be made to the JSE on the closing date of the offer for subscription to list the Rand perpetual preference shares in the Specialist Securities – "Preference Shares" sector under the abbreviated name "INVPREFR" and alpha code "INPPR", subject to the condition referred to in paragraph 6.3 of this Pre-listing Statement. It is anticipated that the listing will be effective from the commencement of business on Wednesday, 29 June 2011.

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Date of issue: 17 June 2011

**The Directors have the right to increase the amount of permanent capital raised through the issue of Rand perpetual preference shares by undertaking a separate private placement of Rand perpetual preference shares during and subsequent to the offer for subscription. The issue price of these private placements may be negotiated between parties depending on the market conditions at the time.**

**The Rand perpetual preference shares will only be traded in electronic form and accordingly all preference shareholders who elect to receive certificated Rand perpetual preference shares will have to dematerialise their certificated Rand perpetual preference shares should they wish to trade on the JSE.**

The Directors whose names are set out herein, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Pre-listing Statement contains all information required by law and by the JSE Listings Requirements.

**These Rand perpetual preference shares were initially due to list on the JSE on 24 March 2011, with this document being publicly issued on 8 March 2011. Further to their postponement, Investec has released its annual results for the year ended 31 March 2011. These have been included in Annexure 5 to this Pre-listing Statement. There have been no other material changes to this document, save for pricing and timing implications.**

**An abridged version of this Pre-listing Statement was released on SENS and published in the South African press on 15 June 2011.**

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Investment bank and sponsor



Bank Limited

Investec Bank Limited  
(Registration number 1969/004763/06)

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## CORPORATE INFORMATION RELATING TO INVESTEC PLC

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### Directors of Investec plc

Hugh S Herman (*Non-executive Chairman*)  
Stephen Koseff (*Chief Executive Officer*)  
Bernard Kantor (*Managing Director*)  
Glynn R Burger (*Executive Director*)  
Hendrik du Toit (*Executive Director*)  
Samuel E Abrahams (*Non-executive Director*)  
George F O Alford (*Non-executive Director*)  
Cheryl A Carolus (*Non-executive Director*)  
Peregrine K O Crosthwaite (*Non-executive Director*)  
Bradley Fried (*Non-executive Director*)  
Haruko Fukuda OBE (*Non-executive Director*)  
Ian R Kantor (*Non-executive Director*)  
M Peter Malungani (*Non-executive Director*)  
Sir David Prosser (*Non-executive Director*)  
Peter R S Thomas (*Non-executive Director*)  
Fani Titi (*Non-executive Director*)

### Secretary and registered office

David Miller  
2 Gresham Street  
London  
EC2V 7QP  
United Kingdom

### Investment bank and sponsor

Investec Bank Limited  
(Registration number 1969/004763/06)  
Second Floor  
100 Grayston Drive  
Sandown, Sandton 2196  
(PO Box 785700, Sandton, 2146)

### Banking Institution

Standard Bank Vostro account  
3 Simmonds Street  
Johannesburg  
2000  
PO Box 7725  
Johannesburg  
2000

### Transfer secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Auditors

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London, SE1 7EU  
United Kingdom

This Pre-listing Statement is available in English and copies may be obtained from:

- Investec Limited, 100 Grayston Drive, Sandown, Sandton; and
- Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg.

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## DEFINITIONS AND INTERPRETATIONS

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In this Pre-listing Statement, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“£” or “Pounds Sterling”	the lawful currency of the United Kingdom;
“bank(s)”	public companies registered as bank(s) under the Banks Act (the South African Banks Act, 1990 (Act 94 of 1990), as amended);
“business day”	any day other than a Saturday, Sunday or public holiday in South Africa
“CISX”	The Channel Island Stock Exchange, registered in Guernsey with a registered number of 33 1770;
“CSDP”	Central Securities Depository Participant, registered as such in terms of the SA Securities Services Act;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Computershare” or “Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
“coupon rate”	the variable rate applied to the deemed value in order to determine the dividend, calculated as the prime rate multiplied by the Rand preference dividend rate;
“deemed value”	means the deemed value of each Rand perpetual preference share for purposes of calculation of the dividend, being an amount of R100, notwithstanding the actual issue price of a Rand perpetual preference share (that is the nominal value of the Rand perpetual preference share plus a premium/discount thereon) which may vary because of a difference in the price at which the Rand perpetual preference shares may be issued from time to time;
“Directors”	the Directors of Investec, whose names and details are given in paragraph 3.1 of this Pre-listing Statement;
“dividend”	the Rand perpetual preference share dividend determined by multiplying the deemed value by the coupon rate, multiplied by the number of days in the dividend period, divided by 365;
“Income Tax Act”	the South African Income Tax Act, 1962 (Act 58 of 1962), as amended;
“Initial dividend yield”	the initial annual dividend to be paid divided by the issue price;
“Investec”	collectively, Investec plc and Investec Limited;
“Investec Group” or “Group”	Investec plc and Investec Limited and their respective subsidiaries;
“Investec Limited”	Investec Limited (Registered number 1925/002833/06), a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Botswana Stock Exchange and the Namibian Stock Exchange;
“Investec plc” or “the Company”	Investec plc, a company registered in England and Wales with registered number 3633621 and listed on the LSE with a secondary listing on the JSE;
“Investec plc Member” or “Member”	a holder of Investec plc ordinary shares;
“Investec plc ordinary shares” or “ordinary shares”	ordinary shares of £0.0002 each in the share capital of Investec plc;
“Investec plc ordinary dividend payment dates”	the dates on which Investec plc pays its interim and final dividends in respect of each financial year;

“issue price”	the allotment and issue price per Rand perpetual preference share in Rand;
“JSE”	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the SA Securities Services Act;
“latest practicable date”	28 February 2011, unless otherwise indicated;
“listing”	the listing of the Rand perpetual preference shares on the JSE in the Specialist Securities – “Preference Shares” sector under the abbreviated name “INVPREFR” and alpha code “INPPR”, subject to the condition referred to in paragraph 6.3 of this Pre-listing Statement;
“LSE”	the London Stock Exchange plc, a company registered in England and Wales with registered number 2075721;
“offer for subscription”	the offer for subscription contained in this Pre-listing Statement, to subscribe for Rand perpetual preference shares at a minimum subscription amount of R1 000 000 per single addressee acting as principal;
“preference dividend rate”	means a rate equal to 95% of the prime rate from time to time;
“preference shareholder”	a holder of Rand perpetual preference shares;
“this Pre-listing Statement”	this Pre-listing Statement and its annexures, dated 17 June 2011;
“Prospectus Directive”	the European Commission Directive 2003/71/EC including any relevant implementing measure in each Relevant Member State;
“prime rate”	means Investec Bank Limited’s prime lending rate from time to time (expressed as a percentage rate of interest per annum, calculated daily and compounded monthly on the basis of a 365 day year factor irrespective of whether the year is a leap year or not), as certified (save for manifest error) by any manager of Investec Bank Limited, whose appointment or authority need not be proved; which at the latest practicable date was 9%;
“Rand perpetual preference shares”	means the non-redeemable, non-cumulative, non-participating Rand perpetual preference shares, denominated in South African Rand, issued by the Company as a separate class from all existing shares in issue as class 152 with the rights, privileges, restrictions and conditions as set out herein;
“Relevant Member State”	any member state of the European Economic Area which has implemented the Prospectus Directive;
“Registrar of Companies”	the Registrar of Companies in South Africa;
“RIS”	any Regulatory Information Service that is approved by the Financial Services Authority in the UK as meeting the Primary Information Provider criteria and that is on the list of Regulatory Information Services maintained by the Financial Services Authority;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa” or “SA”	Republic of South Africa;
“SA Companies Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“SA Securities Services Act”	the South African Securities Act, 2004 (Act 36 of 2004), as amended;
“Sterling perpetual preference shares”	means the non-redeemable non-cumulative, non-participating perpetual preference shares, denominated in pounds sterling, issued by the Company as a separate class from all existing shares in issue as class 151 with the rights, privileges, restrictions and conditions as set out therein and listed on the JSE and CISX;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in South Africa and a registered central securities depository in terms of section 1 of the SA Securities Services Act, and being the clearing and settlement system generated by the JSE for share transactions to be settled and transfer of ownership to be recorded electronically; and
“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland.

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## SALIENT FEATURES

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The following information is only a summary of the more detailed information contained in the main body of this Pre-listing Statement, and may not contain all the information that investors should consider before deciding to invest in the Investec plc Rand perpetual preference shares. Investors should read the entire Pre-listing Statement, and where referred, make use of the appropriate annual financial statements which can be accessed on the Investec website ([www.investec.com](http://www.investec.com)).

Prospective purchasers of the Rand perpetual preference shares should ensure that they understand fully the nature of the product and the extent of their exposure to risks, and that they consider the suitability of such Rand perpetual preference shares as an investment in light of their own circumstances and financial position.

### I. INTRODUCTION AND RATIONALE

Investec plc currently has 15 081 149 Sterling perpetual preference shares listed on the JSE and CISX. The dividend rate applicable to the Sterling perpetual preference shares is equivalent to 1% plus the base rate of the Bank of England from time to time as published by the Bank of England. It is now the intention of Investec plc to issue Rand perpetual preference shares which will be listed on the JSE, with a dividend rate being the equivalent to a percentage of Investec Bank Limited's prime lending rate from time to time. The Rand perpetual preference shares will be subject to substantially similar terms and conditions as the existing issued Sterling perpetual preference shares, the details of which are contained in this Pre-listing Statement, save that the denomination currency will be South African Rand instead of Pound Sterling.

Investec plc intends to issue these Rand perpetual preference shares, which will only be listed on the JSE, in order to raise permanent capital, thus creating a more efficient capital structure and allowing it to pursue growth opportunities as and when they may arise. The Directors believe the Rand perpetual preference shares represent an attractive alternative investment opportunity for potential investors with a competitive dividend yield.

The purpose of this Pre-listing Statement is to:

- provide investors and the market with information relating to Investec, its operations and its Directors and management;
- enable Investec plc to undertake the offer for subscription in order to raise permanent capital of up to a maximum of R750 000 000 and to bring about the listing of these Rand perpetual preference shares on the JSE;
- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form;
- set out the historical financial information for Investec for the three financial years ended 31 March 2008, 2009 and 2010 as well as for the six months ended 30 September 2010; and
- set out the financial information for Investec for the year ended 31 March 2011.

Potential investors' attention is drawn to the fact that offers for subscription are limited to a minimum acquisition cost, for a single addressee acting as principal, of R1 000 000.

### 2. DETAILS OF THE OFFER FOR SUBSCRIPTION

#### 2.1 Particulars of the offer for subscription

Deemed value for dividend purposes	<b>R100</b>
Prime Rate	<b>9%</b>
Preference Dividend Rate	<b>95%</b>
Initial annual dividend yield based on the deemed value	<b>8.55%</b>
Minimum Rand value of subscription per subscriber acting as principal	<b>R1 000 000</b>
Maximum amount to be raised in terms of the offer for subscription	<b>R 750 000 000</b>

## 2.2 Times and dates of the opening and closing of the offer for subscription

Opening date of the offer for subscription (12:00)	<b>17 June 2011</b>
Closing date of the offer for subscription (17:00)	<b>22 June 2011</b>
Proposed listing date (09:00)	<b>29 June 2011</b>

## 2.3 Condition to the listing

Application has been made to the JSE to list the Rand perpetual preference shares in the Specialist Securities – "Preference Shares" sector. The number of Rand perpetual preference shares to be listed will be determined on the closing date of the offer. The listing is subject to the condition that Investec plc meets the Listings Requirements of the JSE in respect of the requisite spread of preference shareholders, being a minimum of 50 public shareholders, excluding employees and their associates.

Your attention is drawn to paragraph 6.3 in the Pre-listing statement for further conditions.

## 3. SALIENT FEATURES OF THE RAND PERPETUAL PREFERENCE SHARES

The Rand perpetual preference shares are non-redeemable, non-cumulative and non-participating and dividends are payable semi-annually on a date at least seven business days prior to the date on which Investec plc pays final and interim ordinary dividends to its ordinary shareholders, if any, but, if declared, shall be payable, not later than 120 business days after 31 March and 30 September of each year, respectively. The full terms of the Rand perpetual preference shares are set out in Annexure 3 to this Pre-listing Statement. The summary below, also found in paragraphs 4.4.1, 4.4.2 and 4.4.3 of this Pre-listing circular, is not conclusive or exhaustive, and potential investors should refer to the said Annexure for full particulars of the terms and conditions of the Rand perpetual preference shares.

### 3.1 Voting rights

Preference shareholders will only be entitled to vote during periods when a preference dividend (which has been declared) or any part of it remains in arrear and unpaid after six months from the due date thereof or when resolutions are proposed which directly affect any rights attaching to the Rand perpetual preference shares or the interests of preference shareholders or a resolution is proposed to wind up or in relation to the winding-up of the Company or for the reduction of its capital.

### 3.2 Entitlements to dividends

The Directors may resolve to declare and pay in full or in part dividends on the Rand perpetual preference shares. If the Directors do not resolve to pay such dividends, holders will not have any right to receive any unpaid dividends. Further, as a matter of UK company law, the Directors are not permitted to declare or pay any dividends on the Rand perpetual preference shares unless such dividends can be paid out of profits available for distribution and permitted by law to be distributed.

Subject to the above, the holders of the Rand perpetual preference shares will receive a semi-annual dividend based on the coupon rate (being equivalent to 95% multiplied by the prime rate) multiplied by the deemed value, on a daily basis and payable in two semi-annual instalments. An ordinary dividend is not expected to be declared by Investec plc at any time while the Rand perpetual preference shares exist unless the last occurring Rand perpetual preference share dividend was declared and is expected to be, or has been, paid in full. The terms and conditions of the Rand perpetual preference shares require certain amounts to be retained in reserve by the Company in such circumstances. The deemed value for the purpose of calculating a preference dividend shall be an amount of R100, notwithstanding the actual issue price of a Rand perpetual preference share. The full terms and conditions of the Rand perpetual preference shares are set out in the Articles of the Company when read together with the terms and conditions of the Rand perpetual preference shares as set out in Annexure 3 to this document.

All dividends to the preference shareholders will be declared and paid in Rand.

In the case of South African resident preference shareholders, in terms of the draft 2011 Taxation Laws Amendment Bills, a proposed Dividends Tax is expected to become operational as of 1 April 2012 (via Ministerial notice in the Government Gazette). Subject to specific exemptions, South African residents will thus most likely be subject to 10% dividends tax on the dividends paid in relation to the Rand perpetual preference shares, with no additional income tax arising on such dividends. The preference dividend rate of 95% on the prime rate will not be adjusted when Dividends Tax becomes effective. The issue yield has already taken this tax into consideration when determining the appropriate pricing for this instrument.



Proposed legislation indicates that the dividends paid, in relation to the Rand perpetual preference shares listed on the JSE, to non South African residents will be exempt from the dividends tax.

**Your attention is drawn to the fact that this legislation has not yet been finalised. All applicants must obtain their own advice in connection with the taxation consequences relating to their investment in the Rand perpetual preference shares.**

#### **4. FURTHER COPIES OF THIS PRE-LISTING STATEMENT**

Copies of this Pre-listing Statement can be obtained during normal business hours from 12:00 on 17 June 2011 until the closing date of the offer for subscription at the offices of Investec Limited, 100 Grayston Drive, Sandown, Sandton, 2196, as well as from the Company's Transfer Secretary, the address of which is set out in the "Corporate information relating to Investec plc" section of this Pre-listing Statement.



plc

(Incorporated in England and Wales)  
(Registration number 3633621)  
Share code: INPPR ISIN: GB00B4B0Q974  
("Investec plc" or "the Company")

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## PRE-LISTING STATEMENT

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### I. INTRODUCTION AND RATIONALE

Investec plc intends to issue these Rand perpetual preference shares, which will only be listed on the JSE, in order to raise permanent capital, thus creating a more efficient capital structure and allowing it to pursue growth opportunities as and when they may arise. The Directors believe the Rand perpetual preference shares represent an attractive alternative investment opportunity for potential investors with a competitive dividend yield.

The purpose of this Pre-listing Statement is to:

- provide investors and the market with information relating to Investec, its operations and its Directors and management;
- enable Investec plc to undertake the offer for subscription in order to raise permanent capital of up to a maximum of R750 000 000 and to bring about the listing of these Rand perpetual preference shares on the JSE;
- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form;
- set out the historical financial information for Investec for the three financial years ended 31 March 2008, 2009 and 2010 as well as for the six months ended 30 September 2010; and
- set out the financial information for Investec for the year ended 31 March 2011.

Potential investors' attention is drawn to the fact that offers for subscription are limited to a minimum acquisition cost, for a single addressee acting as principal, of R1 000 000.

### 2. INFORMATION RELATING TO INVESTEC

#### 2.1 Overview and history

Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base. It was founded as a leasing company in Johannesburg in 1974, acquired a banking license in 1980 and was listed on the JSE Limited in 1986.

In July 2002, the Group implemented a dual listed companies structure, with linked companies listed in London and Johannesburg. Investec plc is listed and trades on the London Stock Exchange and Investec Limited is listed on the JSE Limited. Investec plc also has a secondary listing on the JSE Limited. The two companies are linked by a Sharing Agreement, which stipulates that they must operate as if they were a single corporate group. Investec plc and Investec Limited thus have a single board and management structure, which comprise the same individuals. Investec plc is a constituent of the FTSE 100 index. In 2003 the Investec group concluded a significant empowerment transaction in which the Group's empowerment partners collectively acquired a 25.1 % stake in the issued share capital of Investec Limited.

The Group has expanded through a combination of substantial organic growth and a series of strategic acquisitions. It has an efficient integrated international business platform offering all of its core activities in the UK and South Africa, with select activities also in Australia.



## **Wealth and Investment**

Investec's Wealth and Investment business offers high net worth individuals a selection of personal investment and stockbroking services. As at 31 March 2010, this business had approximately £22.5 billion in funds under management (which includes £12.3 billion as at 31 December 2009 relating to Rensburg Sheppards) (£16.3 billion for the year ended 31 March 2009 which includes £12.9 billion as at 31 December 2008 relating to Rensburg Sheppards), of which £9.9 billion and £12.6 billion (£7.6 billion and £8.7 billion respectively for the year ended 31 March 2009) were managed on a discretionary and non-discretionary basis, respectively.

### *United Kingdom*

Rensburg Sheppards plc became a wholly-owned subsidiary of the Investec Group on 25 June 2010. Prior to this date, Investec owned 47.1% of Rensburg Sheppards plc. The Rensburg Sheppards group comprises two principal trading subsidiaries, and Rensburg Sheppards Investment Management Limited.

### *South Africa*

Investec commenced its Wealth and Investment business in South Africa in 1996 through the acquisition of Fergusson Bros, which now operates under the name Investec Securities Limited. Measured by assets under management, Investec Securities Limited is one of the largest private client stockbrokers and one of the largest private client portfolio managers in South Africa. The business has grown primarily through strategic acquisitions, supplemented with solid discretionary portfolio management growth in managed clients. Some of the subdivision's significant acquisitions include:

- the June 1999 purchase of HSBC's Johannesburg private client operation (resulting in the addition of approximately R4.5 billion in assets under management);
- the October 2000 purchase of Quyn Martin Asset Management (adding R1.8 billion in assets under management);
- the January 2002 purchase of Merrill Lynch South Africa's private client operation in Cape Town (adding R4.3 billion in assets under management); and
- the March 2005 acquisition of HSBC's Cape Town private client operation (adding approximately R13.4 billion to assets under management).

As at 31 March 2010, Investec's South African Wealth and Investment business had assets under management of R113 billion (£10.2 billion) (R84.9 billion or £6.3 billion for the year ended 31 March 2009) of which R19.7 billion (£1.8 billion) (R15.6 billion or £1.1 billion for the year ended 31 March 2009) and R93.3 billion (£8.4 billion) (R69.4 billion or £5.1 billion for the year ended 31 March 2009) were managed on a discretionary and non-discretionary basis, respectively.

## **Property Activities**

The Property division contributed £33.5 million to operating profit for the year ended 31 March 2010 (£24.7 million for the year ended 31 March 2009), or 7.7% (6.2% for the year ended 31 March 2009) of Investec's total for the period (excluding Group Services and Other Activities), making it the fifth largest contributor to operating profit for the period. The South African business is well established and the UK and Australian businesses have been operational since 2007.

Services provided by the Property business in South Africa include management of property investment funds (listed and unlisted), property trading and development and listed property portfolio management. As at 31 March 2010, total funds under management in the South African business amounted to R678 million (£61 million) (R846 million or £62 million for the year ended 31 March 2009).

Investec is making progress in expanding the Group's South African property model in the UK to include property fund management, investment, trading and development.

The platform for Investec's property investments business in Australia was enhanced by the creation of the Investec Property Opportunity Fund in 2007. Total funds under management as at 31 March 2010 were A\$252 million (£152 million) (A\$252 million or £122 million for the year ended 31 March 2009).

## **Private Banking**

The Private Banking division is the fourth largest contributor to Investec's operating profit, accounting for an operating profit of £37.1 million for the year ended 31 March 2010 (£80.5 million for the year ended 31 March 2009), which represented 8.6% (20.3% for the year ended 31 March 2009) of Investec's total for the period.

The division had retail deposits and a total loan portfolio as at 31 March 2010 of £11.8 billion and £12.9 billion, respectively (£7.7 billion and £11.1 billion each for the year ended 31 March 2009). Total funds under advice in the Private Banking division amounted to £4.1 billion (£3.3 billion for the year ended 31 March 2009).

Investec Private Bank provides a range of private banking services, targeting select high income and high net worth individuals and their businesses in chosen niche markets, primarily in the UK, South Africa and Australia. These services include: wealth management and advisory; structured property finance; specialised lending; growth and acquisition finance; trust and fiduciary services and banking services. Investec seeks to position its private banking operations in the low volume, high advisory market. The Private Bank's strategy is to operate as 'an investment bank for private clients', offering both credit and investment services to its select clientele. The Directors believe that one of Investec's strengths is its ability to originate new business by leveraging off the strong client relationships it has been able to establish through its lending activities. The Directors believe that this operating model positions it more favourably compared to private banks that are dependent on the more traditional asset-gathering model.

#### *United Kingdom and Europe*

Investec entered the UK private banking market in 1992 with the acquisition of Allied Trust Bank Limited, a domestic bank with a predominantly retail banking product and service offering, as well as limited lending capability. Since that date, Investec has grown its Private Banking operations organically and through select acquisitions. The UK operation is based in London, with support offices in Manchester, the Channel Islands, Switzerland and Ireland. As at 31 March 2010, Investec's UK and European private banking operation had a loan portfolio of £3.6 billion (also £3.6 billion for the year ended 31 March 2009), retail deposits of £6.3 billion (£4.1 billion for the year ended 31 March 2009) and third party assets under advice of £1.8 billion (£1.4 billion for the year ended 31 March 2009).

#### *South Africa*

Investec operates one of South Africa's leading private banks and has offices in 10 cities in South Africa. As at 31 March 2010, Investec's South African private banking operation had a loan portfolio of R85.5 billion (£7.7 billion) (R84 billion or £6.2 billion for the year ended 31 March 2009), retail deposits of R51.2 billion (£4.6 billion) (R40.6 billion or £3 billion for the year ended 31 March 2009) and third party assets under advice of R20.9 billion (£1.9 billion) (R21.9 billion or £1.6 billion for the year ended 31 March 2009).

#### *Australia*

Investec received a banking licence in Australia in August 2002 which opened up many opportunities including the expansion of the Private Banking division. In Australia the division specialises in property investment banking, investment management services, money market activities and, more recently, growth and acquisition finance and specialised lending. The acquisition of Experien Pty Ltd in late 2007 has enabled the division to build relationships with specialists in the medical and accounting fields, further establishing Investec's banking platform and expanding its brand footprint to a wider target audience. As at 31 March 2010, Investec's Australian private banking operation had a loan portfolio of A\$2.7 billion (£1.6 billion) (A\$2.6 billion or £1.2 billion for the year ended 31 March 2009), retail deposits of A\$1.4 billion (£0.9 billion) (also A\$1.4 billion or £0.7 billion for the year ended 31 March 2009) and third party assets under advice of A\$0.6 billion (£0.4 billion) (A\$0.5 billion or £0.2 billion for the year ended 31 March 2009).

### **Private Banking product and service offering**

Investec's principal private banking product and service offering includes the following:

#### *Structured property finance*

This sub-division focuses on providing senior debt and equity for residential and commercial transactions.

#### *Specialised lending*

The specialised lending practice provides structured finance facilities to individuals. In the UK the focus is on four sectors: publicly listed equities; the private equity industry; the sports and media industry; and movable assets. In South Africa the offering includes margin lending and the financing of non-standard assets.

#### *Growth and acquisition finance*

This sub-division works with entrepreneurs, management teams and private equity houses to implement acquisition and growth strategies for their businesses through the use of preferred equity, integrated finance and/or asset-based lending.

### *Trust and fiduciary services*

Investec Trust operates within the fiduciary market, as a bank-owned trust company with the independence to operate with partners best suited to the needs of clients. Investec Trust offers a comprehensive range of services to its target market of high net worth individuals including trustee and executorship services, company formation and management, trust advice, international tax planning and qualifying employee share ownership trusts.

### *Banking*

The offering in South Africa comprises a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies, including lending, foreign exchange, daily transactional banking, mortgages and treasury. The treasury area spans currency deposits, money market deposits, structured deposits and cash management services.

The UK banking offering targets pension funds, discretionary asset managers, professional intermediaries, owner managed businesses and private clients. The onshore and offshore product range includes deposits, foreign exchange, interest rate instruments and principal protected deposits. Savings and transactional accounts for individuals and small businesses also form part of the offering. The mortgage range includes UK main residence and investment property mortgages, overseas property mortgages and multi-currency loans. All mortgages are secured against assets such as residential property, investment portfolios and offshore deposits.

### **Investment Banking**

Investec engages in a range of investment banking activities and positions itself as an integrated business focused on local client delivery with international access. These activities comprise corporate finance, institutional research, sales and trading and principal investments. The key markets of operation are the UK and South Africa, although there are also limited activities in Australia. The division's mission statement is 'to be an integrated entrepreneurial investment banking business'.

The Investment Banking division was the third largest contributor to Investec's operating profit, having accounted for £41.6 million (£28.2 million for the year ended 31 March 2009), or 9.6 % (7.1 % for the year ended 31 March 2009) of such operating profit for the year ended 31 March 2010. The division's Corporate Finance and Institutional Research Sales and Trading operations contributed 16.6 % (56.3 % for the year ended 31 March 2009) and Principal Investments contributed 83.4 % (43.7 % for the year ended 31 March 2009) for the period.

### *United Kingdom*

Investec operates its UK Investment Banking division under the name Investec Investment Banking and Securities. Investec entered the UK investment banking market in 1998, following its acquisition of Guinness Mahon, which included a securities and investment banking house, Henderson Crosthwaite Institutional Brokers.

The focus of the Investment Banking division in the UK is primarily on corporate finance and institutional broking activities, in both cases specialising in mid-market companies. The division also provides institutional broking services to large capitalisation companies where Investec has strong research capabilities and, additionally, has principal investments (currently a small managed private equity portfolio).

### *Corporate finance*

Investec provides financial advisory services, particularly for mergers and acquisitions. The sub-division also advises on and participates in equity market fundraisings for its clients. Investec's corporate client list comprises 95 quoted companies and a number of private company advisory roles. For the year ended 31 March 2010, the sub-division advised on 15 (20 for the year ended 31 March 2009) mergers and acquisitions transactions with a combined value of £0.6 billion (£3.5 billion for the year ended 31 March 2009) and completed 11 fundraisings (13 for the year ended 31 March 2009) raising in aggregate £297 million (£599 million for the year ended 31 March 2009). Investec continues to expand its client base.

### *Institutional broking*

Institutional broking activities in the UK are carried out under the name of Investec Securities. The division provides research, sales, trading and market making services to a range of UK and international institutional clients. A team of 29 equity analysts compile research coverage on approximately 250 companies in the UK focusing on 29 sectors. Investec also acts as market maker to approximately 125 small to mid cap stocks and offers price making in selected large cap stocks.

### *Principal investments*

Investec inherited a UK managed private equity portfolio as part of the Guinness Mahon and Hambros acquisitions in 1998 and continues to divest itself of this specific portfolio of investments. The sub-division continues to seek appropriate investment opportunities to enable it to leverage off the skills and knowledge base of the Group. As at 31 March 2010, the aggregate book value of the UK Principal Investments portfolio was approximately £64 million (£72 million for the year ended 31 March 2009).

### *South Africa*

Investec has established itself as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. In addition, as a result of the local knowledge and expertise it has developed, Investec has been well placed to take advantage of opportunistic direct investments largely in connection with corporate advisory transactions in which it has been involved. Investec also provides institutional research sales and trading services, which is developed following its acquisition of Fergusson Bros in 1996.

### *Corporate finance*

Since 1999, there has been relatively little domestic capital markets activity in South Africa. Accordingly, Investec has focused on the development of its domestic financial advisory business, in particular regarding black economic empowerment transactions, mergers and acquisitions, divestitures, restructurings and the provision of innovative and creative deal structures and advice. The Corporate Finance sub-division was ranked second in volume of listed mergers and acquisitions transactions and first in general corporate finance by volume in Dealmakers Magazine Survey for Corporate Finance (2009 calendar year). This is the sixth year out of the last seven that Investec have been awarded the "M&A Gold Medal". The Sponsor sub-division was ranked first in volume of mergers and acquisitions transactions and second in general corporate finance in the Dealmakers Magazine Survey for Sponsors (2009 calendar year). This is the seventh consecutive year that Investec has won this award. The Corporate Finance and Sponsor sub-divisions were also both ranked first in volume of mergers and acquisitions transactions in the "Ernst & Young review for M&A" (2008 calendar year).

### *Institutional research sales and trading*

Operating under the name Investec Securities Limited, Investec offers an integrated research, sales and execution capability in South African stocks for domestic and international fund managers with an interest in, and exposure to, South Africa. The sub-division is also represented in the UK and United States to promote South African stocks to a global emerging market client base.

### *Principal investments*

As a result of its in-depth market knowledge and local expertise, Investec is well positioned to take direct positions in predominantly JSE listed shares where it believes that the market is mispricing the value of the underlying portfolio of assets. These investments are always carefully researched prior to any position being taken. The sub-division continues to pursue opportunities to help to create and grow black owned and controlled companies. Investec also actively seeks and selects expansion and buy-out investments as principal in unlisted South African companies. Investments are selected based on the track record of the management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy.

As at 31 March 2010, the South African Principal Investments portfolio had an aggregate book value of approximately R4.9 billion (£439 million) (R4.3 billion or £325 million for the year ended 31 March 2009).

### *Australia*

Investec entered the Australian investment banking market in March 2001 with the acquisition of Wentworth Associates, one of the leading corporate finance boutiques in Australia. This acquisition provided a platform to develop Investec's corporate finance and private equity subdivisions in Australia. Investec also has a limited private equity operation that sources transactions principally from its relationships with private and quoted Australian businesses.

As at 31 March 2010, the total value of Private Equity funds managed was A\$460 million (£277 million) (A\$460 million or £222 million for the year ended 31 March 2009) and the value of the Australian Principal Investments portfolio was A\$27 million (£16 million) (A\$60 million or £29 million for the year ended 31 March 2009).

## **Capital Markets**

Investec's Capital Markets division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. The division undertakes the bulk of Investec's wholesale debt, structuring, proprietary trading, capital markets and derivatives business, and was the largest contributor to Investec's operating profit for the year ended 31 March 2010. Operating profit for the year ended 31 March 2010 was £179.1 million (£141.4 million for the year ended 31 March 2009), representing 41.4 % (35.6 % for the year ended 31 March 2009) of Investec's total.

The division is focussed on a number of product areas including; asset and liability management; treasury products and distribution; financial products; structured and asset finance; project and infrastructure finance; commodities and resource finance; interest rate trading; foreign exchange trading; structured equity and equity derivatives trading.

Most of the division's operating income is attributable to its operations in the UK and South Africa, although there are also limited activities in Australia. The Australian business has furthered its presence in this area following the acquisition of the banking operations of NM Rothschild & Sons Australia Limited in July 2006.

The division focuses on the following activities:

### *Asset and liability management*

This area provides South African Rand, sterling, euro, Australian Dollar and US Dollar funding to the Group and manages liquidity and interest rate risk for the Group.

### *Treasury products and distribution*

The UK division offers a broad range of treasury products and services to the corporate and public sector markets, including spot, forward exchange, currency swaps and options, principally in G7 currencies. The Corporate Treasury in South Africa offers corporate and commercial clients a direct dealing capability with a single point of contact for both foreign exchange requirements, and short-term international and domestic money market products.

### *Financial products*

The UK division is involved in financial engineering, preference share investments and structures, equities scrip lending, credit derivatives and the development of investment products. In South Africa the sub-division comprises four businesses which offer derivative hedging solutions to clients in the interest rate and foreign exchange environment, provide scrip lending services on an agency basis, structure and distribute investment products to individuals and institutions, manage Investec's preference share investments and funding thereof as well as structure equity solutions for individuals, corporates and black economic empowerment consortia.

### *Structured and asset finance*

This area focuses on structured and conventional lending and debt capital markets, including securitisation and advice, bond origination and principal finance across various asset classes. Structured lending includes asset finance and leasing, preference share finance, mezzanine debt financing, leveraged buy-out funding and financing solutions for corporate, government and public sector clients. In August 2007, Investec plc acquired Kensington Group plc ("Kensington") as a platform to enhance the securitisation activities of the Capital Markets division. Kensington is a specialist lender, whose current offering includes prime, self-certified and buy-to-let mortgages.

### *Project and infrastructure finance*

This sub-division provides advisory services, debt arranging and underwriting and equity raising in the infrastructure, power and industrial sectors with a focus on healthcare, telecoms, defence projects, transport and power.

### *Commodities and resource finance*

This area is active in the precious and base metals, minerals, oil and gas sectors. The business operates across the debt-equity spectrum and includes advisory services, debt arranging and underwriting, structuring and providing hedging solutions.

### *Interest rate trading*

Products include forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements. In South Africa, Investec acts as a market maker and trades as principal.



#### *Foreign exchange trading*

Investec is a participant (in the UK) and market maker (in Southern Africa) in the spot, forward exchange, currency swaps and currency derivatives markets (options and futures), principally in Rand and G7 currencies and certain emerging markets currencies.

#### *Structured equity*

Structured equity capabilities have been available across Irish and UK markets since the Structured Equities Desk in London was set up in July 2007. The desks undertake structuring, finance, product issuance, market making, arbitrage and principal trading in equities and equity derivatives. The team manufactures and delivers a comprehensive suite of solutions to the retail and wholesale markets. The focus of the business is to develop close relationships with clients, creating product synergies wherever possible.

#### *Equity derivatives trading*

Investec in South Africa trades major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants. The sub-division provides hedging and structuring services directly to financial intermediaries and institutions and indirectly via the Financial Markets (described above) area to companies and individuals.

### **Group Services and Other Activities**

Group Services includes the Central Services and Central Funding functions, while Other Activities predominantly includes the International Trade Finance business. Group Services and Other Activities accounted for a profit of £31.7 million for the year ended 31 March 2010 (£31.8 million for the year ended 31 March 2009). For the same period, Central Services incurred net costs of £73.2 million (£66.1 million for the year ended 31 March 2009), Central Funding contributed operating profit of £97.7 million (£90.7 million for the year ended 31 March 2009) and International Trade Finance contributed operating profit of £7.2 million (also £7.2 million for the year ended 31 March 2009).

#### *Central Services*

Central Services is made up of functional areas that provide services centrally across all of Investec's business operations. Consistent with Investec's philosophy of operating as a single organisation, Central Services provides integrating mechanisms between the business operations. While these services do not form part of the operating divisions, there is a policy in place whereby a portion of these costs are allocated to the divisions.

Central Services include: Group Risk Management, Group Information Technology, Group Finance, Investor Relations, Group Marketing and Organisation Development. Other group support services include: Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information and Business Intelligence Centre, Regulatory and Facilities. There are certain costs that are strategic in nature and which have not been allocated to the operating divisions.

#### *Central Funding*

Investec's business model involves maintaining a central pool of capital, with the aim of obtaining economies of scale for corporate investments, funding and overall management. Investec uses various sources of funding, depending on the specific financial and strategic requirements that the Group faces at the time. The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to the principal operating divisions.

#### *Other Activities – International Trade Finance*

Investec acquired its International Trade Finance business, Reichmans Capital, in South Africa in 1990. Clients are small to medium-sized owner managed businesses. The sub-division offers trade, asset and debtor finance to provide clients with working capital and funding for the acquisition of assets, and to facilitate growth.

## **2.3 General commentary for the year ended 31 March 2010**

Over the past year Investec has concentrated on improving the quality of its balance sheet whilst at the same time moving the organisation onto the front foot. This has resulted in a satisfactory year end performance, with a strengthening of both liquidity and capital and an increase in adjusted earnings per share. The foundation is now in place for further growth both in Investec's non capital intensive asset management businesses as well as in its core specialist banking businesses. Although the economic situation remains uncertain the business is oriented towards capturing available opportunities in all its core geographies.

## 2.4 **Outlook as provided by the Directors of the Company on 18 November 2010, in the results released for the six months to 30 September 2010**

Investec's operational performance is reflective of its forward-focused approach over the past year and the ongoing effort to build its brand throughout the financial crisis. While the pace of economic recovery varies across the world, and the regulatory environment remains challenging, the system has stabilised and activity levels are starting to improve.

The strength and resilience of the Investec franchise, together with a solid balance sheet position, provides appropriate flexibility to support existing businesses and allows it to capture opportunities arising from the realignment of the financial services industry.

## 2.5 **Historical financial information**

Relevant financial information, extracted from the annual financial statements of Investec for the three financial years ended 31 March 2008, 2009 and 2010, as well as for the six months ended 30 September 2010 is set out in Annexure I to this Pre-listing Statement.

# 3. **DIRECTORS**

## 3.1 **Directors**

The full names, ages, nationalities (if not South African), addresses, occupations and profiles of the Directors are set out below:

### 3.1.1 **Hugh S Herman (70)#** (Non-executive Chairman – appointed 1994)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BA, LLB, LLD (*Honoris Causa*)

Hugh practised as a lawyer before joining Pick n Pay, a leading South African retail group, where he became Managing Director. He joined Investec in 1994. His directorships include Investec Bank Limited, Investec Bank (UK) Limited, Growthpoint Properties Limited, Metaf Investment Holdings (Pty Ltd), Pick n Pay Holdings Limited and Pick n Pay Stores Limited.

### 3.1.2 **Stephen Koseff (59)** (Chief Executive Officer – appointed 1986)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualification: BCom, CA(SA), H Dip BDP, MBA

Stephen joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer and General Manager of Banking, Treasury and Merchant Banking. His directorships include Investec Bank Limited, Investec Bank (UK) Limited, The Bidvest Group Limited, and Rensburg Sheppards plc.

### 3.1.3 **Bernard Kantor (61)** (Managing Director – appointed 1987)

Business address: Investec plc, 2 Gresham Street, London, EC2V 7QP UK

Qualification: CTA

Bernard joined Investec in 1980. He has had diverse experience within Investec as a Manager of the Trading division, Marketing Manager and Chief Operating Officer. His directorships include Investec Bank Limited, Investec Bank (UK) Limited, Phumelela Gaming and Leisure Limited and Rensburg Sheppards plc.

### 3.1.4 **Glynn R Burger (54)** (Executive Director – appointed 2002)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualification: BAcc, CA(SA), H Dip BDP, MBL

Executive Director responsible for Finance and Risk. Glynn joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa. His directorships include Investec Bank Limited.

### 3.1.5 **Hendrik du Toit (49)** (Executive Director – appointed 2010)

Business address: Investec plc, 2 Gresham Street, London, EC2V 7QP UK

Qualification: BCom, BCom (Hons), MCom, MPhil (Cantab)

Hendrik joined Investec in 1991 and is the Chief Executive Officer of Investec Asset Management. His directorships include Investec Asset Management (Pty) Limited and Investec Asset Management Limited.

- 3.1.6 **Samuel E Abrahams (72)** (Non-executive Director – appointed 1996)  
 Business address: c/o Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196  
 Qualifications: FCA, CA(SA)  
 Samuel is a former international partner and South African Managing Partner of Arthur Andersen. His current directorships include Foschini Limited, Investec Bank Limited.
- 3.1.7 **George F O Alford\* (62)** (Non-executive Director – appointed 2002)  
 Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP UK  
 Qualifications: BSc (Econ), FCIS, FIPD, MSI  
 George is former Head of Private Banking and Head of Personnel at Kleinwort Benson Group and was a senior advisor to the UK Financial Services Authority. His directorships include Investec Bank (UK) Limited.
- 3.1.8 **Cheryl A Carolus (52)** (Non-executive Director – appointed 2005)  
 Business address: c/o Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196  
 Qualifications: BA (Law) B Ed  
 Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was Chief Executive Officer of South African Tourism. Her directorships include De Beers Consolidated Mines Limited, Gold Fields Limited, South African Airways (Pty) Limited, Mercedes-Benz South Africa (Pty) Limited, WWF South Africa and International, The IQ Business Group (Pty) Limited, Fenner Conveyor Belting South Africa (Pty) Limited, Ponahalo Capital (Pty) Ltd, Investec Asset Management Holdings (Pty) Ltd, Executive Chairperson of Peotona Group Holdings (Pty) Limited and director of a number of the Peotona Group companies.
- 3.1.9 **Peregrine KO Crosthwaite\* (61)** (Non-executive Director – appointed 2010)  
 Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP UK  
 Qualifications: MA (Hons)  
 Perry is a former partner of Henderson Crosthwaite Limited and the founding director of Henderson Crosthwaite Institution Brokers. He was previously a director of Investec Bank plc. His current directorships include Jupiter Green Investment Trust, Melrose plc and Toluna plc.
- 3.1.10 **Bradley Fried\* (45)** (Non-executive Director – appointed 2010)  
 Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP UK  
 Qualifications: BCom CA(SA), MBA  
 Bradley joined Investec in 1999 and has held the positions of joint head of investment banking and Chief Executive of Investec Bank plc. He is on the Audit Committee of HM Treasury and is Chief Executive in Residence at Judge Business School. He is Managing Partner of Grovepoint Capital LLP.
- 3.1.11 **Haruko Fukuda OBE\* (64)** (Non-executive Director – appointed 2003)  
 Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP UK  
 Qualification: MA (Cantab), DSc  
 Haruko was previously Chief Executive Officer of the World Gold Council. She was a senior adviser at Lazard. She is former vice chairman of Nikko Europe plc and a partner of James Capel & Co and a former director of AB Volvo and of Foreign and Colonial Investment Trust plc. She is currently a director of Aberdeen Asian Smaller Companies Investment Trust plc, and is an advisor to Metro AG.
- 3.1.12 **Ian R Kantor\*\* (64)** (Non-executive Director – appointed 1980)  
 Business address: Herengracht 537, 1017 BV Amsterdam, The Netherlands  
 Qualification: BSc (Eng), MBA  
 Ian is former Chief Executive of Investec Bank Limited, resigning in 1985 and relocating to the Netherlands. His current directorships include Insinger de Beaufort Holdings SA (where he is Chairman of the management board and in which Investec holds an 8.6% interest), Bank Insinger de Beaufort NV and Investec Bank (UK) Limited.

- 3.1.13 **M Peter Malungani (52)** (Non-executive Director – appointed 2002)  
 Business address: Suite 702, Nedbank Gardens, 33 Bath Street, Rosebank, 2196  
 Qualification: BCom, MAP, LDP  
 Peter is Chairman of Peu Group Proprietary Limited. He is Chairman of Phumelela Gaming and Leisure Limited, Peu Group (Pty) Limited and Investec Asset Management Holdings (Pty) Limited.
- 3.1.14 **Sir David Prosser\*\* (66)** (Non-executive Director and Senior Independent Director– appointed 2006)  
 Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP UK  
 Qualification: BSc (Hons), FIA  
 Sir David was previously Group Chief Executive of Legal & General Group PLC, joining Legal & General in 1988 as Group Director (Investments) becoming Deputy Chief Executive in January 1991 and Group Chief Executive in September 1991. Sir David was previously Chairman of the Financial Services Skills Council and is currently a director of Epsom Downs Racecourse Limited and the Royal Automobile Club Limited.
- 3.1.15 **Peter R S Thomas (65)** (Non-executive Director – appointed 1981)  
 Business address: 10 Orange Street, Sunnyside, Auckland Park, Johannesburg, 2092  
 Qualification: CA (SA)  
 Peter is a Chartered Accountant and former Managing Director of The Unisec Group Limited. His current directorships include Investec Bank Limited, JCI Limited and a number of unlisted companies.
- 3.1.16 **Fani Titi (48)#** (Non-executive Director – appointed 2004)  
 Business address: Abcon House, Fairway Office Park, 52 Grosvenor Road, Bryanston East, 2152  
 Qualification: BSc (Hons), MA, MBA  
 Fani is Chairman of Investec Bank Limited and was the former chairman of Tiso Group Limited. His current directorships include AECI Limited, Tshiya Group (Pty) Limited, Investec Employee Benefits Limited and Investec Asset Management Holdings (Pty) Limited.
- # Effective 17 November 2011, Hugh Herman will be retiring from the boards of Investec Limited and Investec plc. Fani Titi and Sir David Prosser will assume the role of joint Chairman on the same date.
- \* British
- \*\* Dutch

### 3.2 **Qualifications, borrowing powers and appointment of Directors**

The relevant provisions of the Articles of Association of Investec plc governing the appointment, qualification, remuneration and borrowing powers of Directors are set out in Annexure 2 to this Pre-listing Statement.

### 3.3 **Remuneration of Directors**

The remuneration received by the Directors in respect of their directorships in Investec is disclosed in the Annual Report of Investec for the year ended 31 March 2010 which is available for inspection in accordance with paragraph 14 of this Pre-listing Statement and is available on the Group's website ([www.investec.com](http://www.investec.com)).

There will be no variation in the Directors' remuneration as a result of this offer for subscription or/and listing.

### 3.4 Directors' interests

#### Directors' shareholdings in Investec plc and Investec Limited shares at 31 December 2010

Director	Beneficial and non-beneficial interest Investec plc <sup>2</sup>		Percentage of shares in issue <sup>1</sup> Investec plc	Beneficial and non-beneficial interest Investec Limited <sup>3</sup>		Percentage of shares in issue <sup>1</sup> Investec Limited
	31 Dec 2010	31 Mar 2010	31 Dec 2010	31 Dec 2010	31 Mar 2010	31 Dec 2010
	<b>Executive Directors</b>					
S Koseff	4 839 133	4 839 133	0.9%	1 809 330	1 809 330	0.7%
B Kantor <sup>4</sup>	48 525	48 525	–	3 801 000	4 863 500	1.4%
G R Burger	2 402 135	2 402 135	0.5%	1 037 076	1 037 076	0.4%
A Tapnack <sup>7</sup>	–	–	–	–	203 192	–
H du Toit <sup>8</sup>	–	–	–	604 740	0.2%	–
<b>Total number</b>	<b>7 289 793</b>	<b>7 289 793</b>	<b>1.6%</b>	<b>7 252 146</b>	<b>7 913 098</b>	<b>2.9%</b>
<b>Non-executive Directors</b>						
H S Herman	1 369 915	1 369 915	0.3%	760 470	760 470	0.3%
S E Abrahams	20 000	20 000	–	–	–	–
G F O Alford	10 000	3 100	–	–	–	–
C A Carolus	–	–	–	–	–	–
H Fukuda OBE	5 000	5 000	–	–	–	–
G M T Howe	–	–	–	–	–	–
I R Kantor <sup>5</sup>	3 509 545	3 509 545	0.7%	325	325	–
Sir C Keswick <sup>7</sup>	–	15 750	–	–	9 250	–
M P Malungani <sup>6</sup>	–	–	–	3 288 890	3 288 890	1.2%
Sir D Prosser	10 000	10 000	–	–	–	–
P R S Thomas	365 810	415 855	0.1%	500	180 955	–
F Titi	–	–	–	–	–	–
B Fried <sup>8</sup>	–	–	–	400 000	–	0.2%
P K O Crothwaite <sup>8</sup>	132 908	–	–	–	–	–
<b>Total number</b>	<b>5 423 178</b>	<b>5 349 165</b>	<b>1.1%</b>	<b>4 450 185</b>	<b>4 239 890</b>	<b>1.6%</b>
<b>Total number</b>	<b>12 728 721</b>	<b>12 638 958</b>	<b>2.7%</b>	<b>11 702 331</b>	<b>12 152 988</b>	<b>4.5%</b>

#### Notes:

- The total number of Investec plc and Investec Limited shares in issue as at 31 December 2010 was 538.8 million and 272.8 million, respectively.
- The market price of an Investec plc share at 31 December 2010 was £5.27 (31 March 2010: £5.39).
- The market price of an Investec Limited share at 31 December 2010 was R56.16 (31 March 2010: R62.49).
- In addition to his shareholdings reflected in the table above, B Kantor has an interest in options over Investec Limited shares. No options were exercised between 31 March 2010 and the latest practicable date.
- In addition to his shareholdings reflected in the table above, I R Kantor has an interest in options over Investec Limited shares. No options were exercised between 31 March 2010 and the latest practicable date.
- In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group ("Tiso"), Peu Group Proprietary Limited ("Peu"), a broad-based Entrepreneurship Development Trust and an Employee Share Trust in terms of which they acquired a 25.1% stake in the issued share capital of Investec Limited. M P Malungani is the Chairman of Peu.
- A Tapnack and Sir C Keswick resigned from the board effective 15 December 2010 and 13 August 2010, respectively.
- H du Toit, B Fried and P Crothwaite were appointed to the board on 15 December 2010, 1 April 2010 and 18 June 2010, respectively.

## Directors' interests in the listed Investec plc Sterling perpetual preference shares at 31 December 2010

Director	Investec plc		Investec Limited		Investec Bank Limited	
	31 Dec 2010	31 March 2010	31 Dec 2010	31 March 2010	31 Dec 2010	31 March 2010
<b>Executive</b>						
S Koseff <sup>1</sup>	101 198	101 198	3 000	3 000	4 000	4 000
<b>Non-executive</b>						
H S Herman <sup>2</sup>	-	-	-	-	1 135	1 135

### Notes:

The market price of an Investec plc Sterling perpetual preference share, Investec Limited preference share and an Investec Bank Limited preference share as at 31 March 2010 was R47.05 (2009: R34.00), R91.00 (2009: R75.80) and R98.70 (2009:R82.00).

1. S Koseff acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003 at a price of R100.00.

2. H S Herman acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003 at a price of R100.00.

### 3.5 Directors' declaration

All of the Directors have confirmed that they have not been:

- disqualified by any court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- convicted of an offence resulting from dishonesty, fraud or embezzlement or any offence under legislation relating to the SA Companies Act;
- adjudged bankrupt or entered into any voluntary creditors liquidation or been sequestrated in any jurisdiction or been a director of any company at the time or within the 12 months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with creditors generally or any class of creditors; or
- barred from entry into any profession or occupation.

### 3.6 Directors' interests in contracts

No Director of Investec had any material beneficial interest in transactions effected by Investec during the current or immediately preceding year, or in an earlier financial year and which remain in any respect outstanding or unperformed, except as disclosed in the Investec Annual Report for the year ended 31 March 2010 which report is available for inspection in accordance with paragraph 14 of this Pre-listing Statement and is available on the Group's website ([www.investec.com](http://www.investec.com)).

### 3.7 Corporate Governance

Investec's values and philosophies are the framework against which it measures behaviour and practices so as to assess the characteristics of good governance. The Group's values require that Directors and employees behave with integrity, displaying consistent and uncompromising moral strength and conduct in order to promote and maintain trust.

Sound corporate governance is implicit in the Group's values, culture, processes, functions and organisational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. Investec continually refines these structures and a written Statement of Values serves as its Code of Ethics.

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation during the year under review, Investec has complied with the Principles of Good Governance and Code of Best Practice contained in Section 1 of the London Combined Code (2008), excluding the following:

- Independence of the Chairman: As reported in the annual financial statements, the Chairman of the board is not considered to be independent, but continues to enhance his status as a non-executive director.
- Board evaluation: As at 31 March 2010, the last evaluation of the board, as required by the London Combined Code A.6, was conducted in 2008. An evaluation of the board, its committees and individual Directors was conducted in the latter part of 2010 and will be conducted annually going forward.

King III was released on 1 September 2009 and came into effect on 1 March 2010, with companies having to apply the principles in respect of financial years commencing on or after 1 March 2010. A detailed exercise was undertaken to benchmark Investec's practices against the principles required under King III. The exercise indicated that in substance Investec applies most of the principles, and the Company is taking steps to address the areas that were not applied as at 31 March 2010. The following principles of King III were not being applied by Investec as at 31 March 2010:

- The board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed.
- The board should elect a chairman of the board who is an independent non-executive director (refer above)
- The evaluation of the board, its committees and the individual Directors should be performed every year (refer above).
- Companies should disclose the remuneration of the three most highly paid employees.
- Sustainability reporting and disclosure should be independently assured.

For a full report of the Investec's corporate governance policies, potential investors are referred to the Investec's Annual Report for the year ended 31 March 2010 which is available for inspection in accordance with paragraph 14 of this Pre-listing Statement and may also be obtained from Investec's website ([www.investec.com](http://www.investec.com)).

#### 4. SHARE CAPITAL OF INVESTEC PLC

Investec plc has, in accordance with the UK Companies Act, abolished the concept of authorised share capital with effect from August 2010. As such, only the issued capital of the Company has been provided below:

##### 4.1 Issued share capital before the offer for subscription

<b>Issued</b>	
537 177 588 ordinary shares of £0.0002 each	<b>£107 435</b>
272 836 668 special converting shares of £0.0002 each	<b>£54 567</b>
1 UK DAN share of £0.001	-
1 UK DAS share of £0.001	-
1 special voting share of £0.001	-
15 081 149 non-redeemable, non-cumulative, non-participating Sterling preference shares of £0.01 each, listed on the JSE and the CISX	<b>£150 812</b>

**Note:** Due to the dual listed structure, the ordinary shares above are listed on both the JSE and the LSE. The above preference shares are listed on the JSE and the CISX.

##### 4.2 Issued share capital after the offer for subscription

The table below is for illustrative purposes only and sets out the issued capital of Investec plc after the offer for subscription based on the example set out in paragraph 2.2 of the "Salient features" section of this Pre-listing Statement:

<b>Issued</b>	
537 177 588 ordinary shares of £0.0002 each	<b>£107 435</b>
272 836 668 special converting shares of £0.0002 each	<b>£54 567</b>
1 UK DAN share of £0.001	-
1 UK DAS share of £0.001	-
1 special voting share of £0.001	-
15 081 149 non-redeemable, non-cumulative, non-participating Sterling preference shares of £0.01 each, listed on the JSE and the CISX	<b>£150 812</b>
<b>3 000 000</b> non-redeemable, non-cumulative, non-participating Rand denominated preference shares of R0.001 each*	<b>R3 0000</b>

\* The number of Rand perpetual preference shares issued has been determined using the best available estimate of shares taken up, based on an issue price of R100 and a coupon rate of 8.55%.

At the Annual General Meeting of Investec plc on Thursday 12 August 2010, a special resolution was passed to grant renewable general authority to Investec plc to make market purchases of Sterling perpetual preference shares of Investec plc which are in issue from time to time in terms of the SA Companies Act and JSE Listings Requirements.

Additionally, at the meeting referred to above, an ordinary resolution was passed to place the unissued Sterling perpetual preference shares under the control of the Directors until the 2011 Annual General Meeting of Investec.

#### 4.3 **Alterations to share capital**

Investec plc may from time to time seek to raise additional capital by issuing further Rand perpetual preference shares, which will rank *pari passu* with one another as well as with the existing Sterling perpetual preference shares. Such Rand perpetual preference shares will also be listed on the JSE, subject to the approval of the JSE.

#### 4.4 **Rights attaching to Rand perpetual preference shares**

The Rand perpetual preference shares are non-redeemable, non-cumulative and non-participating and dividends are payable semi-annually on a date at least seven business days prior to the date on which Investec pays final and interim ordinary dividends to its ordinary shareholders, if any, but, if declared, shall be payable, not later than 120 business days after 31 March and 30 September of each year, respectively. The full terms of the Rand perpetual preference shares are set out in Annexure 3 to this Pre-listing Statement. The below summary found in paragraphs 4.4.1, 4.4.2 and 4.4.3 of this Pre-listing circular is not conclusive or exhaustive, and potential investors should refer to the said Annexure for full particulars of the terms and conditions of the preference shares.

##### 4.4.1 **Voting rights**

Preference shareholders will only be entitled to vote during periods when a preference dividend (which has been declared) or any part of it remains in arrear and unpaid after six months from the due date thereof or when resolutions are proposed which directly affect any rights attaching to the Rand perpetual preference shares or the interests of Rand perpetual preference shareholders or a resolution is proposed to wind up or in relation to the winding-up of the Company or for the reduction of its capital.

##### 4.4.2 **Entitlements to dividends**

The Directors may resolve to declare and pay in full or in part dividends on the Rand perpetual preference shares. If the Directors do not resolve to pay such dividends, holders will not have any right to receive any unpaid dividends. Further, as a matter of UK company law, the Directors are not permitted to declare or pay any dividends on the Rand perpetual preference shares unless such dividends can be paid out of profits available for distribution and permitted by law to be distributed.

Subject to the above, the holders of the Rand perpetual preference shares receive a semi-annual dividend based on the coupon rate (being equivalent to 95% multiplied by the prime rate) multiplied by the deemed value, on a daily basis and payable in two semi-annual instalments. An ordinary dividend is not expected to be declared by Investec plc at any time while the Rand perpetual preference shares exist unless the last occurring Rand perpetual preference share dividend was declared and is expected to be, or has been, paid in full. The terms and conditions of the Rand perpetual preference shares require certain amounts to be retained in reserve by the Company in such circumstances. The deemed value for the purpose of calculating a preference dividend shall be an amount of R100, notwithstanding the actual issue price of a Rand perpetual preference share. The full terms and conditions of the Rand perpetual preference shares are set out in the Articles of the Company when read together with the terms and conditions of the Rand perpetual preference shares as set out in Annexure 3 to this document.

All dividends to the preference shareholders will be declared and paid in Rand.

In the case of South African resident preference shareholders, in terms of the draft 2011 Taxation Laws Amendment Bills, a proposed Dividends Tax is expected to become operational as of 1 April 2012 (via Ministerial notice in the Government Gazette). Subject to specific exemptions, South African residents will thus most likely be subject to 10% dividends tax on the dividends paid in relation to the Rand perpetual preference shares, with no additional income tax arising on such dividends. The preference dividend rate of 95% on the prime rate will not be adjusted when Dividends Tax becomes effective. The issue yield has already taken this tax into consideration when determining the appropriate pricing for this instrument.



Proposed legislation indicates that the dividends paid, in relation to the Rand perpetual preference shares listed on the JSE, to non South African residents will be exempt from the dividends tax.

**Your attention is drawn to the fact that this legislation has not yet been finalised. All applicants must obtain their own advice in connection with the taxation consequences relating to their investment in the Rand perpetual preference shares.**

4.5 Investec plc has a premium listing on the LSE and has 537 177 588 ordinary shares outstanding.

## 5. CONTROLLING AND MAJOR SHAREHOLDERS OF INVESTEC PLC AND INVESTEC LIMITED

The Company's entire issued ordinary share capital is listed on the LSE and the JSE. So far as Investec plc is aware, as at 31 January 2011, the following are the only shareholders holding more than 5% of Investec plc's issued ordinary share capital and accordingly there is no controlling shareholder in Investec plc as defined in the Listings Requirements of the JSE:

Shareholder	Number of shares held	Percentage shareholding
Public Investment Corporation (ZA)	75 598 487	14.1
Old Mutual Asset Managers (ZA)	28 780 013	5.4
<b>Cumulative total</b>	<b>104 378 500</b>	<b>19.5</b>

## 6. DETAILS OF THE OFFER FOR SUBSCRIPTION

### 6.1 Salient terms of the Rand perpetual preference shares

Deemed value for dividend purposes	<b>R100</b>
Prime Rate	<b>9%</b>
Preference Dividend Rate	<b>95%</b>
Initial annual dividend yield based on the deemed value	<b>8.55%</b>
Minimum Rand value of subscription per subscriber acting as principal	<b>R1 000 000</b>
Maximum amount to be raised in terms of the offer for subscription	<b>R750 000 000</b>

### 6.2 Times and dates of the opening and closing of the offer for subscription

Opening date of the offer for subscription (12:00)	<b>17 June 2011</b>
Closing date of the offer for subscription (17:00)	<b>22 June 2011</b>
Proposed listing date (09:00)	<b>29 June 2011</b>

Applicants applying for dematerialised Rand perpetual preference shares must inform their CSDP or broker of their application by the cut-off time stipulated by their CSDP or broker in terms of their agreement.

### 6.3 Condition to the listing

Application has been made to the JSE to list the Rand perpetual preference shares in the Specialist Securities – "Preference Shares" sector. The number of Rand perpetual preference shares to be listed will be determined on the closing date of the offer. The listing is subject to the condition that Investec plc meets the requirements of the JSE in respect of the requisite spread of preference shareholders, being a minimum of 50 public shareholders, excluding employees and their associates.

The JSE's approval of the listing of the Rand perpetual preference shares is not to be taken in any way as an indication of the merits of Investec plc. The JSE has not verified the accuracy and truth of the contents of the documentation and to the extent permitted by law, the JSE will not be liable for any claim of whatever kind.

Claims against the JSE Guarantee Fund may only be made in respect of trading in these Rand perpetual preference shares on the JSE and in accordance with the terms of the rules of the Guarantee Fund, and can in no way relate to the issue of preference shares by Investec plc.

## 6.4 Applications

Applications to subscribe for Rand perpetual preference shares in terms of the offer for subscription must be made in accordance with the application procedure set out below:

### 6.4.1 Application form

Applications for certificated Rand perpetual preference shares may only be made on the application form (*blue*), which accompanies this Pre-listing Statement, and in accordance with the requirements, terms and conditions set out in the application form and this Pre-listing Statement. Applications for Rand perpetual preference shares submitted through CSDPs or brokers must be made in accordance with the agreement governing the relationship with the CSDP or broker and by the cut-off time stipulated by them.

Application forms and further copies of this Pre-listing Statement can be obtained during normal business hours prior to the closing of the offer for subscription from Investec Limited at 100 Grayston Drive, Sandown, Sandton, 2196 as well as the Sponsors and the Transfer Secretaries, the addresses of which are set out in the "Corporate information relating to Investec plc" section of this Pre-listing Statement.

### 6.4.2 Minimum value and number

Investors will subscribe for a Rand value of perpetual preference shares. The minimum Rand value of subscription per subscriber acting as principal is R1 000 000. Applications must be made for a minimum number of 1 000 Rand perpetual preference shares per subscriber acting as principal. Subject to the provisions in paragraph 6.4.6 of this Pre-listing statement, the issue price per Rand perpetual preference share will be at the deemed value of R100. The initial annual dividend yield per preference share will be determined on the closing date of the offer for subscription according to the following formula:

$$\text{Initial annual dividend yield \%} = \frac{\text{Prime rate x preference dividend rate x deemed value}}{\text{Deemed value}}$$

### 6.4.3 Fractions

Fractions of Rand perpetual preference shares will not be issued. If a fraction does arise, a cash refund will be made.

### 6.4.4 Applications irrevocable

Applications will be irrevocable and may not be withdrawn once received by Investec plc and/or the Transfer Secretaries.

### 6.4.5 Copies

Copies or reproductions of the application form will not be accepted.

### 6.4.6 Reservation of rights

The Directors of Investec plc reserve the right to accept or refuse any application(s), either in whole or in part in accordance with the procedure set out in paragraph 6.8 of this Pre-listing Statement, or to abate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine. Note that this reservation of rights applies to any of the applications for the Rand perpetual preference share during the subscription period.

The Directors have the right to increase the amount of permanent capital raised through the issue of Rand perpetual preference shares by undertaking a separate private placement of Rand perpetual preference shares during or subsequent to the offer for subscription. The issue price of these private placements may be negotiated between parties depending on the market conditions at the time.

At the date of offer for subscription, no options or preferential rights of any kind have been granted, proposed or arranged with any persons to subscribe for the Rand perpetual preference shares.

### 6.4.7 Receipts

Receipts will not be issued for applications, application monies or supporting documents received.

#### 6.4.8 **Minors and deceased estates**

No documentary evidence of capacity to apply need accompany the application form, but Investec plc reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the Transfer Secretaries or returned to the applicant at the applicant's risk.

Rand perpetual preference shares may not be applied for in the name of a deceased estate.

#### 6.4.9 **Submission of application forms**

##### 6.4.9.1 Certificated Rand perpetual preference shares

Submission of application forms may only be made either by hand delivery or postal delivery as set out below:

Hand delivery

Application forms must be delivered by hand in a sealed envelope, marked **"Investec plc: Offer for Subscription"**, together with the payment referred to below, to Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, so as to be received by no later than 17:00 on Wednesday, 22 June 2011.

Postal delivery

Application forms must be posted, at the risk of the applicant concerned, in a sealed envelope, marked **"Investec plc: Offer for Subscription"**, together with the payment referred to below, to Computershare Investor Services Proprietary Limited, PO Box 61763, Marshalltown, 2107, so as to be received by no later than 17:00 on Wednesday 22 June 2011.

##### 6.4.9.2 Dematerialised Rand perpetual preference shares

In respect of those applicants opting for dematerialised Rand perpetual preference shares, application forms must be sent to the applicants' duly appointed CSDP or broker, in the manner and time stipulated in the agreement governing their relationship with such CSDP or broker, together with the method of payment as stipulated in such agreement. The CSDP or broker will then process such applications electronically with the Transfer Secretaries.

No late applications will be accepted, unless approved by the Directors of Investec plc.

#### 6.4.10 **Payment**

##### 6.4.10.1 Certificated Rand perpetual preference shares

Each application form must be accompanied by payment of the total monetary value of the Rand perpetual preference shares applied for by way of a cheque or banker's draft in Rands, up to a maximum of R5 000 000 (five million Rand), crossed "not transferable" with the words "or bearer" deleted and drawn in favour of **"Investec plc: Offer for Subscription"**. Such cheques and/or banker's drafts will be deposited immediately for payment. Should any cheque or banker's draft be dishonoured, the Directors of Investec plc, in their absolute discretion, may regard the relevant application as revoked or take such other steps in regard thereto as they deem fit.

##### 6.4.10.2 Dematerialised Rand perpetual preference shares

Each application must be made to the subscriber's CSDP or broker in terms of the relevant custody agreement. Payment of the total monetary value of the Rand perpetual preference shares applied for in Rands will be made in terms of the existing agreement with the appointed CSDP or broker. The delivery versus payment method will apply.

#### 6.4.11 **Application monies**

The amount payable in respect of the application for Rand perpetual preference shares in terms of the offer for subscription is payable in full in the currency of South Africa.

All monies received in respect of applications for certificated Rand perpetual preference shares will be held by Investec plc in a designated "trust" account with a registered South African bank until the listing has become unconditional. If the condition referred to in paragraph 6.3 of this Pre-listing Statement is not met by the closing date of the offer for subscription, or if there are over-subscriptions, or Investec plc determines in its absolute discretion not to proceed with the offer for subscription, such monies will be refunded into the account of the shareholder, without interest, within seven business days of such date.

#### 6.4.12 **Issue of Rand perpetual preference shares**

Perpetual preference shares applied for and subscribed for in terms of this Pre-listing Statement will be issued at the expense of Investec plc.

All Rand perpetual preference shares issued in terms of this Pre-listing Statement will be allotted and issued subject to the provisions of the Articles of Association of Investec plc.

#### 6.4.13 **Trading of Rand perpetual preference shares**

The JSE settles trades through Strate. The principal features of Strate are as follows:

- trades executed on the JSE must be settled on a T+5 basis, being five business days after the date of the trade;
- there are penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery thereof; and
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements.

The Rand perpetual preference shares will be listed on the listing date against receipt of application monies from a CSDP or broker. The Rand perpetual preference shares which will only be issued after the close of the offer for subscription and following their listing will be traded on the JSE in electronic (dematerialised) form. Applicants who applied for dematerialised Rand perpetual preference shares and who wish to hold Rand perpetual preference shares in certificated form should rematerialise their Rand perpetual preference shares after the close of the offer for subscription. This will incur a cost. Any preference shareholder who rematerialises his Rand perpetual preference shares will not be able to trade such Rand perpetual preference shares. Should he wish to do so, he will have to dematerialise the certificated Rand perpetual preference shares.

### 6.5 **Selling restrictions**

#### **General**

No action has been or will be taken in any jurisdiction, except South Africa, that would permit a public offering of the Rand perpetual preference shares, or possession or distribution of this document or any other offering material in any country or jurisdiction other than South Africa where action for that purpose is required. Accordingly, the Rand perpetual preference shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Rand perpetual preference shares may be distributed or published in or from any country or jurisdiction other than South Africa except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer for subscription contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the Rand perpetual preference shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

#### **United States**

The Rand perpetual preference shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. The Rand perpetual preference shares are being offered and sold outside of the United States in reliance on Regulation S of the Securities Act.

In addition, until 40 days after the commencement of the offering of the Rand perpetual preference shares an offer or sale of Rand perpetual preference shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

#### **European Economic Area**

In relation to each Relevant Member State an offer to the public of any Rand perpetual preference shares which are the subject of the offering contemplated by this Pre-listing Statement may not be made in that Relevant

Member State save for an offer pursuant to any of the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 000 000 and (3) an annual net turnover of more than €50 000 000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Rand perpetual preference shares shall result in a requirement for the publication by Investec plc or the lead sponsor of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer for subscription” in relation to any Rand perpetual preference shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Rand perpetual preference shares to be offered so as to enable an investor to decide to purchase any Rand perpetual preference shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

### ***United Kingdom***

Members of the public in the United Kingdom are not eligible to take part in the offer for subscription. This document and the terms and conditions set out herein are directed in the United Kingdom only at persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ‘Order’); or (ii) are persons falling within Article 49(2)(a) to (d) of the Order or (iii) are persons to whom it may otherwise be lawfully communicated (all such persons referred to in (i) to (iii) together being referred to as ‘Relevant Persons’). This document and the terms and conditions set out in this document must not be acted on or relied on by persons in the United Kingdom who are not relevant persons. Any investment or investment activity to which this document and the terms and conditions set out in this document relates is available in the United Kingdom only to Relevant Persons and will be engaged in only with Relevant Persons.

## **6.6 Exchange Control Regulations**

Set out below is a summary of the Exchange Control Regulations relating to the offer for subscription and the acquisition of Rand perpetual preference shares after the listing.

Investec plc is considered to be a foreign entity and as such, prevailing exchange control regulations will apply to the acquisition of Rand perpetual preference shares by South African resident shareholders.

This summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt in this regard, you should consult an appropriate professional adviser.

### ***South African private individuals***

South African private individuals as well as former South African residents who have emigrated from South Africa will be able to invest in the Rand perpetual preference shares that are listed on the JSE without restriction. Consequently, an acquisition of Investec plc Rand perpetual preference shares by a South African individual will not affect such individual's annual offshore investment allowance of R4 000 000.

### ***South African institutional investors***

South African retirement funds, long-term insurers, collective investment scheme management companies as well as investment managers who have registered with Exchange Control as institutional investors for Exchange Control purposes will be able to invest in the Rand perpetual preference shares using their existing foreign investment allowance. Retail assets refer to assets received by such institutional investors.

### ***South African corporate entities***

Similar to private individuals, South African corporate entities are able to invest in the preference shares without restriction. For the procedure to obtain regulatory approval for foreign investments, South African corporate entities should consult their professional advisers.

**Exchange Control provisions applicable to South African residents in respect of acquisition issues and rights issues by UK companies that are listed on the JSE**

South African institutional investors will be allowed to exercise their rights in terms of any subsequent rights offer of Rand perpetual preference shares.

South African institutional investors will be given a period of 12 months to realign their portfolios should they be in excess of their offshore investment allowances as a result of exercising their rights.

**Non-residents of the common monetary area**

Non-residents of the common monetary area may acquire Rand perpetual preference shares on the JSE, provided that payment is received in a foreign currency or Rand from a non-resident account. There is no restriction on the number of Rand perpetual preference shares they choose to invest in.

**6.7 Underwriting and minimum subscription**

The offer for subscription is not underwritten. The offer for subscription is not conditional on Investec plc receiving applications for a minimum aggregate subscription. The listing will occur, regardless of the amount raised, subject only to the condition referred to in paragraph 6.3 of this Pre-listing Statement. Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R1 000 000.

**6.8 Over-subscriptions**

The Directors of Investec plc reserve the right to accept or refuse all subscriptions, in whole or part.

If applicable, applications may be reduced on an equitable basis, as determined by the Directors in their sole discretion, subject to the minimum subscription amount of R1 000 000, for a single addressee acting as principal.

**6.9 Brokerages and commissions**

Market related commissions within a specified range will be payable to brokers and/or agents who place Rand perpetual preference shares. These will be negotiated individually with the brokers.

**7. EXPENSES OF THE OFFER FOR SUBSCRIPTION AND LISTING**

The estimated costs of the transaction are R7 625 456 before VAT. The breakdown of these estimated costs are outlined below:

<b>Description</b>	<b>Estimated cost R</b>
Investec Corporate Finance – Advisor and sponsor	<b>2 575 000</b>
Ince – Publishing and printing	<b>50 000</b>
Computershare – Transfer Secretary	<b>30 000</b>
Strate – Electronic settlement agent	<b>26 450</b>
JSE documentation and listing fee	<b>156 006</b>
Capital raising fees – 1.5% of expected capital raised	<b>4 500 000</b>
Linklaters – Legal Counsel	<b>288 000</b>
<b>Total</b>	<b>7 625 456</b>

**8. ADVISERS' INTERESTS**

None of the advisers of Investec plc had an interest in the issued share capital of Investec plc at 28 February 2011.

**9. MATERIAL CHANGES**

Other than in the ordinary course of business or as set out in this Pre-listing Statement, there have been no material changes in the financial or trading position of the Group that have occurred since the release of Investec's interim results for the 6 months ended 30 September 2010.

## **10. MATERIAL CONTRACTS, ACQUISITIONS OR DISPOSALS AND BORROWINGS**

All material contracts, acquisitions or disposals and particulars of borrowings by Investec in the past three years, appear in the annual financial statements of Investec for the years ending 31 March 2008, 2009 and 2010, which are available for inspection as per paragraph 14 of this Pre-listing Statement.

## **11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names and details are given in paragraph 3.1 of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information contained in this Pre-listing Statement and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement herein false or misleading, and that they have made all reasonable enquiries in this regard and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

## **12. LITIGATION STATEMENT**

The Directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have or have had a material impact on the financial position of the Group during the 12 months preceding the date of this Pre-listing Statement.

## **13. EXPERTS' CONSENTS**

The investment bank and joint sponsor and lead sponsor have consented in writing to act in the capacities stated and to their names being included in this Pre-listing Statement and have not withdrawn their consent prior to the publication of this Pre-listing Statement.

## **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Investec Limited at 100 Grayston Drive, Sandown, Sandton 2196, South Africa, during normal business hours (excluding Saturdays, Sundays and South African public holidays) from the date of issue of this Pre-listing Statement up to and including Wednesday, 29 June 2011:

- the Articles of Association of Investec plc and subsidiaries;
- the Annual Reports of Investec for the years ended 31 March 2008, 31 March 2009 and 31 March 2010 which contain the audited annual financial statements of Investec for the three financial years ended 31 March 2008, 31 March 2009 and 31 March 2010 and Notices of Annual General Meetings;
- financial results for the year ended 31 March 2011;
- written consents of the investment bank and sponsor to the inclusion of its name in this Pre-listing Statement in the context and form in which they appear; and
- a signed copy of this Pre-listing Statement.

**SIGNED IN SANDTON BY OR ON BEHALF OF ALL THE DIRECTORS OF INVESTEC PLC ON 7 MARCH 2011.**

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## HISTORICAL FINANCIAL INFORMATION ON INVESTEC

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The financial information for the three financial years ended 31 March 2008, 31 March 2009 and 31 March 2010 set out below has been extracted from Investec's annual financial statements for the years ended 31 March 2008, 31 March 2009 and 31 March 2010, respectively. These financial statements were signed off by Ernst & Young LLP (statutory auditors) and Ernst & Young Inc. (registered auditors), and were all issued without qualification. For a full report of the Company's audited financial statements, potential investors are referred to Investec's Annual Reports which are available for inspection in accordance with paragraph 14 of this Pre-listing Statement and which may also be obtained from Investec's website ([www.investec.com](http://www.investec.com)).

### ACCOUNTING POLICIES

#### Basis of presentation

The Group financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) which comply with the IFRSs as issued by the International Accounting Standards Board. At 31 March 2010, IFRS standards as endorsed by the EU are identical to current IFRSs applicable to the Group. The Group financial statements have been prepared on a historical cost basis, except for investment properties, available for sale instruments, derivative financial instruments, financial assets and financial liabilities held at fair value through profit and loss or subject to hedge accounting, liabilities for cash settled share based payments and pension fund surpluses and deficits that have been measured at fair value.

Accounting policies applied are consistent with those of the prior year, except for the adoption of the following amendments:

- IFRS 7 – Improving Disclosures about Financial Instruments, an amendment to IFRS 7  
The Group has applied the improvement that requires enhanced disclosures about financial instruments. The amended standard requires additional disclosure about fair value measurement and liquidity risk.
- IAS 1 – Presentation of Financial Statements (revised)  
Adoption of this standard has resulted in the reformatting of the statement of total recognised gains and losses into a statement of comprehensive income.

These changes have had no impact on the recognition and measurement policies applied by the Group.

#### Basis of presentation – interim financial information

The accounting policies applied in the preparation of the results for the period ended 30 September 2010 are consistent with those adopted in the financial statements for the year ended 31 March 2010, except for the adoption of the revised IFRS 3 – Business Combinations. This standard is applicable to all business combinations effective from 1 April 2010 in the Group accounts. The main change arising from the adoption is that acquisition related costs are expensed in the period in which the costs are incurred and the services rendered, except for costs related to the issue of debt (recognised as part of the effective interest rate) and the cost of issue of equity (recognised directly in shareholders' equity).

These preliminary condensed consolidated financial statements have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS34, Interim Financial Reporting

### Restatements

#### Offsetting of financial instruments

The Group applies a policy of offsetting financial assets and financial liabilities when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists. With regard to derivative instruments, the Group identified that in certain isolated instances offsetting was applied in prior financial periods to derivative assets and liabilities where it is not market practice to settle net, whilst the legal right to settle net exists. The impact of this restatement on the balance sheet of the two prior years and the 30 September 2009 balance sheet is noted below:



<b>£'000</b>	<b>31 March 2009</b>	<b>31 March 2008</b>	<b>30 September 2009</b>
<b>Restated</b>			
Derivative financial instrument assets	1 843 143	1 425 587	1 677 224
Derivative financial instrument liabilities	1 456 561	1 001 900	1 377 955
<b>As previously reported</b>			
Derivative financial instrument assets	1 582 908	1 305 264	1 453 804
Derivative financial instrument liabilities	1 196 326	881 577	1 154 535
<b>Change to previously reported</b>			
Derivative financial instrument assets	260 235	120 323	223 420
Derivative financial instrument liabilities	260 235	120 323	223 420

The above restatements had no impact on equity, nor the net cash position and are consistent with the restatements as disclosed in the 2010 annual report.

### **Offsetting of intergroup interest received and interest paid**

On review, it was detected that the gross interest income and expense, as reported at 31 March 2010, had not appropriately netted certain intergroup interest income and expense between the two line items. Whilst net interest income was correctly reported, the restatement to interest received and paid is noted below:

<b>GBP'000</b>	<b>31 March 2010</b>
<b>Restated</b>	
Interest income	2 041 153
Interest expense	(1 428 067)
<b>Net interest income</b>	<b>613 086</b>
<b>As previously reported</b>	
Interest income	2 726 011
Interest expense	(2 112 925)
<b>Net interest income</b>	<b>613 086</b>
<b>Changes to previously reported</b>	
Interest income	(684 858)
Interest expense	684 858
<b>Net interest income</b>	<b>-</b>

The above change has no impact to the income statement (other than as noted above), balance sheet nor cash flow statement.

### **Basis of consolidation**

Investec consists of two separate legal entities, being Investec plc and Investec Limited that operate under a Dual Listed Company (DLC) structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries and special purpose vehicles in which the Group holds more than one half of the voting rights or over which it has the ability to control (either directly or in substance) are consolidated from the effective dates of acquisition (that is from when control exists) and up to the effective dates of loss of control, except entities which are classified as non-current assets held for sale. Subsidiaries classified as non-current assets held for sale are consolidated in one line item as discontinued operations.

Entities, other than subsidiary undertakings, in which the Group exercises significant influence over operating and financial policies, are treated as associates. In the Group accounts, associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases, except as noted below.

The combined consolidated financial statements include the attributable share of the results and reserves of associated undertakings. The Group's interests in associated undertakings are included in the consolidated balance sheet at cost plus the post acquisition changes in the Group's share of the net assets of the associate.

In circumstances where associates or joint venture holdings arise in which the Group has no strategic intention, these investments are classified as “venture capital” holdings and are designated as held at fair value through profit and loss.

All intergroup balances, transactions and unrealised gains and losses within the Group are eliminated to the extent that they do not reflect an impairment to the asset.

### **Segmental reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Groups' other components, whose operating results are reviewed regularly by the board and for which discrete financial information is available.

The Group's segmental reporting is presented in the form of a business analysis.

The business analysis is presented in terms of the Group's six principal business divisions and Group Services and Other Activities.

A geographical analysis is also presented in terms of the main geographies in which the Group operates representing the Group's exposure to various economic environments.

For further detail on the Group's segmental reporting basis refer to pages 53 to 101 of the Divisional review section of the annual report.

### **Goodwill**

Goodwill represents the net excess of the purchase consideration over the fair value of net identifiable assets of entities acquired. Goodwill is capitalised and tested for impairment at balance sheet dates or when there is an indication of impairment. Goodwill is allocated to cash generating units for the purposes of testing impairment based on the synergies expected in the business combination, with any impairments arising being recognised immediately in the income statement. Impairments recognised are not reversed in subsequent periods.

In circumstances where the Group acquires an interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, the Group reassess the identification and measurement of all assets and liabilities (including contingent liabilities) following which any remaining excess is recognised immediately in profit and loss.

Goodwill arising is denominated in the functional currency of the foreign operation and is translated to the presentation currency of the Group (pound sterling) at the applicable closing rate.

Goodwill arising on investment in associates is included within the investment in associates.

### **Share-based payments to employees**

The Group engages in equity-settled share-based payments and in certain limited circumstances cash-settled share-based payments in respect of services received from employees.

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on an estimate of the amount of instruments that will eventually vest.

A liability and expense in respect of cash-settled share-based payments is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on the fair value of the instrument that will eventually vest. The liability is recognised at the current fair value at each balance sheet date, based on an estimate of the number of instruments that will eventually vest. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the income statement until such time as the liability is settled.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and current share prices.

Where the terms of an equity-settled award are modified, the minimum expense recognised in staff costs is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

### **Foreign currency transactions and foreign operations**

The presentation currency of the Group is Pounds Sterling, being the functional currency of Investec plc. The functional currency of Investec Limited is South African Rand.

Foreign operations are subsidiaries, associates, joint ventures or branches of the Group, the activities of which are based in a functional currency other than that of reporting entity. The functional currency of Group entities is determined based on the primary economic environment in which the entity operates.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the Group as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expense items are translated at exchange rates ruling at the date of the transaction
- All resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation
- Cash flow items are translated at the exchange rates ruling at the date of the transaction.

Foreign currency transactions are translated into the functional currency of the entity in which the transaction arises based on rates of exchange ruling at the date of the transaction. At each balance sheet date foreign currency items are translated as follows:

- Foreign currency monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains and losses recognised in the income statement
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation, and is recognised in the income statement upon disposal of the net investment
- Non-monetary items that are measured at historical costs are translated using the exchange rates ruling at the date of the transaction.

## **Revenue recognition**

Revenue consists of interest income, fee and commission income and principal transactions.

Interest income is recognised in the income statement using the effective interest method. Fees charged on lending transactions are included in the effective yield calculation to the extent that they form an integral part of the effective interest yield, but excludes those fees earned for a separately identifiable significant act, which are recognised upon completion of the act. Fees and commissions charged in lieu of interest are recognised as income as part of the effective interest rate on the underlying loan.

The effective interest method is based on the estimated life of the underlying instrument, and, where this estimate is not readily available, the contractual life.

Fee and commission income includes fees earned from providing advisory services as well as portfolio management. All such fee and commission income is recognised as revenue when the related services are performed. Fee and commission income is only recognised when it can be estimated reliably.

Principal transaction income includes trading profits, dividend income, gains and losses on financial assets and liabilities designated as held at fair value and fair value gains and losses on investment properties. Dividend income is recognised when the Group's right to receive payment is established.

Trading profits are shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly.

Funding costs allocated against trading profits are disclosed in note 8 of the annual report.

Included in other operating income is revenue from consolidated private equity investments. Operating costs associated with these investments are included in administration expenses.

## **Financial instruments**

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

Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at trade date.

### **Financial assets and liabilities held at fair value through profit and loss**

Financial instruments held at fair value through profit and loss include all instruments classified as held as trading and those instruments designated as held at fair value through profit and loss.

Financial instruments classified as held for trading or designated as held at fair value through profit and loss are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement. Financial instruments are classified as trading when they are held with the intention of short-term disposal, held with intention of generating short-term profits, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit and loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition. In certain instances debt instruments which contain equity features are designated as held at fair value through profit and loss.

Financial assets and liabilities are designated as held at fair value through profit and loss only if:

- It eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; and
- If a contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the Group has designated the entire hybrid contract as a financial instrument at fair value through profit and loss.

### **Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial instruments with fixed or determinable payments and maturity dates which the Group has the intention and ability to hold to maturity. Held-to-maturity assets are measured at amortised cost using the effective interest method, less impairment losses.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in interest income in the income statement. The losses arising from impairment of such investments are recognised in the income statement.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude the following:

- Those that the Group intends to trade in, which are classified as held for trading, and those that the Group designates as at fair value through profit and loss
- Those that the Group designates as available for sale
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are accounted for at fair value through profit and loss.

Loans and receivables are measured at amortised cost, using the effective interest rate method, less impairment losses. The effective interest rate represents the rate that exactly discounts future projected cash flows, through the expected life of the financial instrument, to the net carrying amount of the financial instrument. Included in the calculation of the effective interest rate is any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Losses arising from impairment of such investments are recognised in the income statement line "Impairment losses on loans and advances".

### **Available for sale financial assets**

Available for sale financial assets are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity, or loans and receivables. They include strategically held equity instruments that are not associates, joint ventures or subsidiaries of the Group. Further, certain loans and receivables that are held at fair value due to being quoted on an active market, which are neither actively traded nor held to maturity instruments, are classified as available for sale financial assets.

Financial assets classified as available for sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement. Interest earned whilst holding available for sale financial assets is reported

as interest income using the effective interest rate. Dividends earned whilst holding available for sale financial assets are recognised in the income statement when the right of payment has been established.

If an available for sale instrument is determined to be impaired, the respective cumulative unrealised losses previously recognised in equity are included in the income statement in the period in which the impairment is identified.

Impairments on available for sale equity instruments are not reversed once recognised in the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, limited to the impairment value previously recognised in the income statement.

### **Financial liabilities**

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss.

Non-trading liabilities are recorded at amortised cost applying the effective interest rate method.

Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are measured at fair value.

### **Valuation of financial instruments**

All financial instruments are initially recognised at fair value. On initial recognition, the fair value of a financial instrument is the transaction price unless it is determined appropriate that the fair value of a financial instrument is more accurately determined by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. In circumstances where unobservable data has a significant impact on the valuation of a financial instrument, the entire difference between the model determined fair value and the transaction price is not recognised on initial recognition. The difference arising is recognised in the income statement over the life of the transaction, or when inputs become observable, or when the transaction is effectively closed out.

Subsequent to initial recognition the following financial instruments are measured at fair value:

- Fixed maturity securities classified as trading, held at fair value through profit or loss and available for sale
- Equity securities
- Private equity investments
- Derivative positions
- Loans and advances designated as held at fair value through profit and loss
- Loans and advances designated as available for sale
- Financial liabilities classified as trading or designated as held at fair value through profit and loss.

Subsequent to initial recognition, the fair value of financial instruments quoted in an active market is based on published price quotations. Where market prices are not available, fair value is determined by discounting the expected cash flows, using market interest rates taking into account the credit quality and duration of the investment. In certain instances model pricing may be used to determine fair values. For private equity investments that are not publicly traded, management uses comparisons to similar listed companies, relevant third party arms' length transactions and other data specific to the investment.

### **Impairment of financial assets held at amortised cost**

Financial assets carried at amortised cost are impaired if there is objective evidence that the Group would not receive cash flows according to the original contractual terms. Financial assets are assessed for objective evidence of impairment at least at each balance sheet reporting date. The test for impairment is based either on specific financial assets or collectively on a portfolio of similar, homogeneous assets. Over and above individual collective impairments raised at specific portfolio levels, the Group has implemented a collective impairment allowance at a central level (within the Group Services and Other business segment) that takes into account macro economic factors, mainly driven by data related to the prevailing credit markets and which indicate incurred but not specifically identified losses across the loan portfolios (that is, exposures in all business segments). Assets specifically identified as impaired are excluded from the collective assessment.

Impairments are credited to an allowance account which is carried against the carrying value of financial assets. Interest continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. An allowance for impairment is only reversed when there is objective evidence that the credit quality has improved to the extent that there is reasonable assurance of timely collection of principal and interest in terms of the original contractual agreement.

The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows (including net proceeds on realisation of collateral) discounted at the original effective rate.

To cater for any shortfall between regulatory provision requirements (in the respective jurisdictions) and impairments based on the principles above, a transfer is made from distributable to non-distributable reserves, being the regulatory general risk reserve. The non-distributable regulatory risk reserve ensures that minimum regulatory provisioning requirements are maintained.

### **Derecognition of financial assets and liabilities**

A financial asset or a portion thereof, is derecognised when the Group's rights to cash flows has expired; or when the Group has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

### **Reclassification of financial instruments**

The bank may reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available for sale', 'Loans and receivables', or 'Held-to maturity' categories. It may also reclassify, in certain circumstances, financial instruments out of the 'Available for sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

### **Derivative instruments**

All derivative instruments of the Group are recorded on balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to settle net and a legal right to offset exists.

Derivative positions are entered into either for trading purposes or as part of the Group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profits and losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed below).

Derivative instruments transacted as economic hedges but which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held for trading.

### **Hedge accounting**

The Group applies either fair value or cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify for hedge accounting treatment, the Group ensures that all of the following conditions are met:

- At inception of the hedge the Group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction
- The hedge is expected to be highly effective in achieving offsetting, that is within a range of 80% to 125%, changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit and loss
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured
- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; the derivative expires, or is sold, terminated or exercised; when the hedge item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging instrument, relating to the effective portion is initially recognised in comprehensive income and is included in the initial cost of any asset/liability recognised or in all other cases released to the income statement when the hedged firm commitment

or forecasted transaction affects net profit. If the forecast transaction or firm commitment is no longer expected to occur, the balance included in other comprehensive income is reclassified to the income statement immediately and recognised in principal transactions.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in equity and is released to the income statement in the same period during which the relevant financial asset or liability affects profit or loss. Any ineffective portion of the hedge is immediately recognised in the income statement.

### **Embedded derivatives**

To the extent that a derivative may be embedded in a host contract and the host contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract and;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

### **Offsetting of financial assets and liabilities**

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

### **Issued debt and equity financial instruments**

Financial instruments issued by the Group are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the Group are classified as equity where they confer on the holder a residual interest in the Group, and the Group has no obligation to deliver either cash or another financial asset to the holder. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec plc or Investec Limited are recorded as minority interests on balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity repurchased by the Group which has not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc (in relation to dividends declared by Investec plc) and Investec Limited (in relation to dividends declared by Investec Limited) shareholders.

### **Sale and repurchase agreements (including securities borrowing and lending)**

Where securities are sold subject to a commitment to repurchase them, they remain on balance sheet. Proceeds received are recorded as a liability on balance sheet under "Repurchase agreements and cash collateral on securities lent". Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under "Reverse repurchase agreements and cash collateral on securities borrowed". The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate method.

Securities borrowing transactions that are not cash collateralised are not included in the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

### **Financial guarantees**

Financial guarantees are initially recognised at fair value, being the premium received. Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Subsequent to initial measurement all changes in balance sheet carrying value are recognised in the income statement.

## Instalment credit, leases and 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.

Where classified as a finance lease, amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances where Investec is the lessor and included in liabilities where Investec is the lessee. Finance charges on finance leases and instalment credit transactions are credited or debited to income in proportion to the capital balances outstanding at the rate implicit in the agreement.

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

## Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairments.

Cost is the cash equivalent paid, or the fair value of the consideration given to acquire an asset and includes other expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

The current and comparative annual depreciation rates for each class of property and equipment is as follows:

Computer and related equipment	20% – 30%
Motor vehicles	20% – 25%
Furniture and fittings	10% – 20%
Freehold buildings	2%
Leasehold improvements	*

\* Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease.

No depreciation is provided on freehold land, however, similar to other property related assets, it is subject to impairment testing when deemed necessary.

Routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the Group.

## Investment property

Properties held by the Group which is held for capital appreciation or rental yield are classified as investment properties. Investment properties are carried on balance sheet at fair value, with fair value gains and losses recognised in the income statement under "Principal transactions".

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and is supported by market evidence.

## Trading properties

Trading properties are carried at the lower of cost and net realisable value.

## Impairment of non-financial assets

At each balance sheet date the Group reviews the carrying value of non-financial assets, other than investment property and deferred tax assets for indication of impairment. The recoverable amount, being the higher of fair value less cost to sell and value in use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable value.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that the asset is not revalued to a carrying value that would have been calculated without impairment.



## **Trust and fiduciary activities**

The Group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients.

As these are not assets of the Group, they are not reflected on the balance sheet but are included at market value as part of assets under administration.

## **Taxation and deferred taxation**

Current tax payable is provided on taxable profits at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on profit or loss.
- In respect of temporary differences associated with the investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Items recognised directly in comprehensive income are net of related current and deferred taxation.

## **Insurance contracts**

Insurance contracts are those contracts in which the Group assumes significant insurance risk. The deposit components of insurance contracts are unbundled and accounted for separately.

Insurance premiums are recognised in income in the period in which the Group is entitled to the premium. Insurance claims are recognised in the income statement in the period in which a contractual obligation arises for the Group to make payment under an insurance contract.

Reinsurance assets and liabilities and associated premiums/claims are not offset in the income statement or balance sheet.

Insurance liabilities are measured at their actuarial values, and are tested for adequacy on an annual basis. Any deficiency identified is recognised in the income statement.

## **Employee benefits**

The Group operates various defined contribution schemes and two closed defined benefit schemes.

In respect of the defined contribution scheme all employer contributions are charged to income, as incurred in accordance with the rules of the scheme, and included under staff costs.

The assets of the defined benefit schemes are measured at their market value at the balance sheet date and the liabilities of the schemes are measured using the projected unit credit method. The discount rate used to measure the schemes' liabilities is the current rate of return on an AA corporate bond at the balance sheet date of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of the schemes' liabilities is shown as a surplus or deficit in the balance sheet (to the extent that it is considered recoverable). Actuarial gains and losses related to the defined benefit asset or liability are recognised immediately directly in comprehensive income.

The Group has no liabilities for other post retirement benefits.

## **Intangible assets**

Intangible assets are recorded at cost less accumulated amortisation and impairments.

For intangible assets with a finite life, amortisation is provided on the depreciable amount of each intangible asset on a straight-line basis over the anticipated useful life of the asset (currently three to eight years). The depreciable amount

related to each intangible asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, which the Group would currently obtain from the disposal of an intangible asset in similar age and condition as expected at the end of its useful life.

Intangible assets with an indefinite life are not amortised, however they are tested for impairment on an annual basis.

### **Borrowing costs**

Borrowing costs in respect of property developments that take a substantial period of time to develop for sale are capitalised.

### **Provisions, contingent liabilities and contingent assets**

Provisions are liabilities of uncertain timing or amount, and are recognised as soon as the Group has created 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. Contingent assets and contingent liabilities are not recognised on balance sheet.

### **Standards and interpretations issued but not yet effective**

The following standards and interpretations, which have been issued but are not yet effective, are applicable to the Group. These standards and interpretations have not been applied in these financial statements. The Group intends to comply with these standards from the effective dates.

#### ***IFRS 9 – Financial Instruments (applicable for reporting periods beginning on or after 1 January 2013)***

The International Accounting Standards Board (IASB) has issued IFRS 9 – Financial Instruments, which is the first step in its project to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB expanded IFRS 9 during 2010 to add new requirements for the classification and measurement of financial liabilities and impairments of financial assets. Future amendments will address the derecognition of financial instruments and hedge accounting.

The implementation of the standard is expected to have an impact on the Group. The Group is currently evaluating the impact of the adoption of the current requirements of the standard.

The standard is effective for the Group for the year commencing 1 April 2014.

#### ***Revised IFRS 3 – Business Combinations and consequential amendments to IAS 27 – Consolidated and Separate Financial Statements (applicable for financial years beginning on or after 1 July 2009)***

The main changes to the standard that affects the Group's current policies is that acquisition related costs are expensed in the income statement in the periods in which the costs are incurred and the services received, except for costs related to the issue of debt (recognised as part of the effective interest rate) and the cost of issue of equity (recognised directly in shareholders' equity). Currently the Group recognises acquisition costs as part of the purchase consideration.

The standard will be effective for the Group for the year commencing 1 April 2010.

#### ***IAS 24 – Related Parties (applicable for financial years beginning on or after 1 January 2011)***

The amended standard requires commitments, as well as the nature of the relationship between related parties to be identified and disclosed. The amended standard gives clarity to the related party definition and other terms in the standard.

The standard will be effective for the Group for the year commencing 1 April 2011.

#### ***Amendments to IAS 32 – Classification of Rights Issues (applicable for financial years beginning on or after 1 February 2010)***

The amendment states that rights, options and warrants – otherwise meeting the definition of equity instruments in IAS 32.11 – issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments, provided the offer is made pro rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

The amendment is effective for the Group for the annual periods commencing on or after 1 April 2010 and is not expected to have a significant impact on the Group.

## **Key management assumptions**

In preparation of the financial statements the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgement is applied include:

- Valuation of unlisted investments in the private equity and direct investments portfolios. Key valuation inputs are based on observable market inputs, adjusted for factors that specifically apply to the individual investments and recognising market volatility. Details of unlisted investments can be found in note 13, Trading securities and note 15, Investment securities of the annual report.
- Valuation of investment properties is performed twice annually by directors that are qualified valuers. The valuation is performed by capitalising the budgeted net income of a property at the market related yield applicable at the time. Refer to note 24 for the carrying value of investment property of the annual report.
- The determination of impairments against assets that are carried at amortised cost and impairments relating to available for sale financial assets involves the assessment of future cash flows which is judgmental in nature.
- Determination of interest income and interest expense using the effective interest method involves judgment in determining the timing and extent of future cash flows.

## COMBINED CONSOLIDATED INCOME STATEMENT

For the year to 31 March

£'000	Six months to 30 September 2010	2010*	2009	2008
Interest income	1 118 360	2 041 153	2 596 913	2 083 380
Interest expense	(797 186)	(1 428 067)	(1 902 882)	(1 499 960)
<b>Net interest income</b>	<b>321 174</b>	<b>613 086</b>	<b>694 031</b>	<b>583 420</b>
Fee and commission income	389 961	612 574	592 814	614 357
Fee and commission expense	(49 467)	(67 497)	(61 292)	(63 061)
Principal transactions	208 706	457 759	276 521	276 705
Operating income from associates	3 172	11 595	12 438	12 138
Investment income on assurance activities	17 986	94 914	74 584	89 593
Premiums and reinsurance recoveries on insurance contracts	5 028	31 938	18 773	40 849
Other operating income/(loss)	5 215	22 737	(30 240)	50 043
<b>Other income</b>	<b>580 601</b>	<b>1 164 020</b>	<b>883 598</b>	<b>1 020 624</b>
Claims and reinsurance premiums on insurance business	(20 727)	(119 918)	(88 108)	(120 358)
<b>Total operating income net of insurance claims</b>	<b>881 048</b>	<b>1 657 188</b>	<b>1 489 521</b>	<b>1 483 686</b>
Impairment losses on loans and advances	(122 850)	(286 581)	(256 173)	(114 185)
<b>Operating income</b>	<b>758 198</b>	<b>1 370 607</b>	<b>1 233 348</b>	<b>1 369 501</b>
Administrative expenses	(524 159)	(920 694)	(803 158)	(807 500)
Depreciation, amortisation and impairment of property, equipment and intangibles	(16 719)	(36 457)	(30 102)	(24 330)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>217 320</b>	<b>413 456</b>	<b>400 088</b>	<b>537 671</b>
Impairment of goodwill	(2 763)	(3 526)	(32 467)	(62 765)
Amortisation of acquired intangibles	(2 254)	–	–	–
<b>Operating profit after goodwill and acquired intangibles</b>	<b>212 303</b>	<b>409 930</b>	<b>367 621</b>	<b>474 906</b>
Profit arising from associate converted to subsidiary	73 465	–	–	–
Write down of subsidiaries held for sale	(7 942)	–	–	–
Profit on disposal of group operations	–	–	721	72 855
<b>Profit before taxation</b>	<b>277 826</b>	<b>409 930</b>	<b>368 342</b>	<b>547 761</b>
Taxation	(43 151)	(82 599)	(81 675)	(127 249)
<b>Profit after taxation</b>	<b>234 675</b>	<b>327 331</b>	<b>286 667</b>	<b>420 512</b>
Losses attributable to minority interests	10 837	18 802	5 355	28 954
Write-down of subsidiaries held for sale attributable to minorities	1 481	–	–	–
<b>Earnings attributable to shareholders</b>	<b>246 993</b>	<b>346 133</b>	<b>292 022</b>	<b>391 558</b>

£'000	Six months to			
	30 September 2010	2010*	2009	2008
<b>Earnings attributable to shareholders</b>	<b>246 993</b>	<b>346 133</b>	<b>292 022</b>	<b>391 558</b>
Impairment of goodwill	2 763	3 526	23 790	62 765
Amortisation of acquired intangibles	1 577	–	–	–
Write-down of subsidiaries held for sale attributable to minorities	(1 481)	–	–	–
Profit arising from associate converted to subsidiary	(73 465)	–	–	–
Profit on disposal of group operations, net of taxation	–	–	(721)	(64 345)
Write-down of subsidiaries held for sale	7 942	–	–	–
Preference dividends paid	(27 031)	(43 860)	(47 503)	(41 779)
Additional earnings attributable to other equity holders	5 904	3 911	1 627	(3 504)
<b>Adjusted earnings before goodwill, acquired intangibles and non-operating items</b>	<b>163 202</b>	<b>309 710</b>	<b>269 215</b>	<b>344 695</b>
<b>Earnings per share (pence)</b>				
– basic	29.7	44.0	38.5	57.7
– diluted	27.9	41.5	36.1	54.0
<b>Adjusted earnings per share (pence)</b>				
– basic	22.1	45.1	42.4	56.9
– diluted	20.7	42.5	39.7	53.2
<b>Number of weighted average shares</b>				
– basic (millions)	739.7	686.3	634.6	606.2

\* As restated for reclassifications detailed in the accounting policies section of this report.

## COMBINED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year to 31 March

£'000	For the six months ended 30 September 2010	2010	2009	2008
<b>Profit after taxation</b>	<b>234 675</b>	<b>327 331</b>	<b>286 667</b>	<b>420 512</b>
Fair value movements on cash flow hedges*	2 113	14 202	(16 293)	–
(Gains)/losses on realisation of available for sale assets recycled through the income statement*	(1 624)	(8 887)	415	–
Fair value movements on available for sale assets*	10 527	20 370	(4 638)	(38 907)
Foreign currency adjustments on translating foreign operations	8 224	239 789	215 653	(79 591)
Pension fund actuarial losses	–	(8 180)	(9 722)	7 619
<b>Total comprehensive income</b>	<b>253 915</b>	<b>584 625</b>	<b>472 082</b>	<b>309 633</b>
Total comprehensive (loss)/income attributable to minority shareholders	(11 351)	9 918	21 285	17 365
Total comprehensive income attributable to ordinary shareholders	235 472	493 073	376 020	270 327
Total comprehensive income attributable to perpetual preferred securities	29 794	81 634	74 777	21 941
<b>Total comprehensive income</b>	<b>253 915</b>	<b>584 625</b>	<b>472 082</b>	<b>309 633</b>

\* Net of taxation of GBP3.0 million (six months to 30 September 2009: GBP7.6 million, year to 31 March 2010: GBP10.0 million).

## COMBINED CONSOLIDATED BALANCE SHEET

At 31 March

£'000	Six months to 30 September 2010	2010	2009	2008*
<b>Assets</b>				
Cash and balances at central banks	1 550 807	2 338 234	1 105 089	788 472
Loans and advances to banks	2 257 741	2 781 630	2 018 089	2 153 773
Cash equivalent advances to customers	527 758	581 117	396 173	504 382
Reverse repurchase agreements and cash collateral on securities borrowed	1 207 255	911 432	569 770	794 153
Trading securities	5 338 673	4 221 645	2 313 845	1 984 580
Derivative financial instruments	1 970 670	1 591 841	1 843 143	1 305 264
Investment securities	2 915 969	1 996 073	1 063 569	1 130 872
Loans and advances to customers	18 110 210	17 414 691	15 390 519	12 011 261
Loans and advances to customers – Kensington warehouse assets	1 683 586	1 776 525	1 897 878	2 034 874
Securitised assets	5 150 421	5 334 453	5 628 347	6 082 975
Interest in associated undertakings	22 303	104 059	93 494	82 576
Deferred taxation assets	132 252	134 355	136 757	84 493
Other assets	1 188 678	1 240 624	894 062	882 209
Property and equipment	57 774	161 255	174 532	141 352
Investment properties	324 672	273 038	189 156	134 975
Goodwill	466 125	274 417	255 972	271 932
Intangible assets	167 506	36 620	34 402	31 506
Non-current assets classified as held for sale	122 133	–	–	–
	<b>43 194 533</b>	<b>41 172 009</b>	<b>34 004 797</b>	<b>30 419 649</b>
Other financial instruments at fair value through income in respect of:				
– Liabilities to customers	5 781 206	5 397 014	3 358 338	2 878 894
– Assets related to reinsurance contracts	2 699	2 842	1 768	805 009
	<b>48 978 438</b>	<b>46 571 865</b>	<b>37 364 903</b>	<b>34 103 552</b>
<b>Liabilities</b>				
Deposits by banks	2 181 563	2 439 670	3 781 153	3 489 032
Deposits by banks – Kensington warehouse funding	1 082 431	1 213 042	1 412 961	1 778 438
Derivative financial instruments	1 618 990	1 193 421	1 456 561	881 577
Other trading liabilities	540 254	504 618	344 561	450 580
Repurchase agreements and cash collateral on securities lent	942 699	1 110 508	915 850	382 384
Customer accounts/deposits	23 493 808	21 934 044	14 572 568	12 133 120
Debt securities in issue	1 815 113	1 791 869	1 014 871	777 769
Liabilities arising on securitisation	4 488 245	4 714 556	5 203 473	5 760 208
Current taxation liabilities	191 560	196 965	155 395	132 656
Deferred taxation liabilities	202 938	136 974	120 135	79 172
Other liabilities	1 561 941	1 572 760	1 264 144	1 279 373
Pension fund liabilities	487	1 285	1 212	–
Liabilities directly associated with non-current assets held for sale	103 465	–	–	–
	<b>38 223 494</b>	<b>36 809 712</b>	<b>30 242 884</b>	<b>27 144 309</b>
Liabilities to customers under investment contracts	5 776 517	5 392 662	3 352 863	2 862 916
Insurance liabilities, including unit-linked liabilities	4 689	4 352	5 475	15 978
Reinsured liabilities	2 699	2 842	1 768	805 009
	<b>44 007 399</b>	<b>42 209 568</b>	<b>33 602 990</b>	<b>30 828 212</b>
Subordinated liabilities	1 173 244	1 070 436	1 141 376	1 065 321
	<b>45 180 643</b>	<b>43 280 004</b>	<b>34 744 366</b>	<b>31 893 533</b>

<b>£'000</b>	<b>Six months to 30 September 2010</b>	<b>2010</b>	<b>2009</b>	<b>2008*</b>
<b>Equity</b>				
Called up share capital	201	195	190	177
Perpetual preference share capital	181	152	151	151
Share premium	2 256 628	1 928 296	1 769 040	1 632 634
Treasury shares	(55 182)	(66 439)	(173 068)	(114 904)
Equity portion of convertible instruments	–	–	–	2 191
Other reserves	270 030	246 718	42 509	(42 057)
Retained income	999 077	846 060	658 129	433 012
Shareholders' equity excluding minority interests	3 470 935	2 954 982	2 296 951	1 911 204
<b>Minority interests</b>	<b>326 860</b>	<b>336 879</b>	<b>323 586</b>	<b>298 815</b>
– Perpetual preferred securities issued by subsidiaries	311 312	314 944	295 084	251 637
– Minority interests in partially held subsidiaries	15 548	21 935	28 502	47 178
<b>Total equity</b>	<b>3 797 795</b>	<b>3 291 861</b>	<b>2 620 537</b>	<b>2 210 019</b>
<b>Total liabilities and equity</b>	<b>48 978 438</b>	<b>46 571 865</b>	<b>37 364 903</b>	<b>34 103 552</b>



## COMBINED CONSOLIDATED CASH FLOW STATEMENT

For the year to 31 March

£'000	Six months to 30 September 2010	2010	2009*	2008
Cash inflows from operations	343 799	731 000	631 378	610 450
Increase in operating assets	(2 460 557)	(3 336 695)	46 724	(655 805)
Increase/(decrease) in operating liabilities	1 295 406	4 115 640	(323 255)	1 080 433
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(821 352)</b>	<b>1 509 945</b>	<b>354 847</b>	<b>1 035 078</b>
Net cash (outflow) from investing activities	(10 946)	(19 368)	(63 670)	(65 642)
Net cash (outflow)/inflow from financing activities	157 453	(127 794)	(184 981)	(54 893)
Effects of exchange rate changes on cash and cash equivalents	15 889	274 915	226 277	(97 791)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(658 956)</b>	<b>1 637 698</b>	<b>332 473</b>	<b>816 752</b>
Cash and cash equivalents at the beginning of the period	3 922 047	2 284 349	1 951 876	1 135 124
<b>Cash and cash equivalents at the end of the period</b>	<b>3 263 091</b>	<b>3 922 047</b>	<b>2 284 349</b>	<b>1 951 876</b>

\*As restated for reclassifications detailed in the accounting policies.

Cash and cash equivalents is defined as including cash and balances at central banks, on demand loans and advances to banks and cash equivalent advances to customers (all of which have a maturity profile of less than three months).

## COMBINED SUMMARISED STATEMENT OF CHANGES IN EQUITY

For the year to 31 March

£'000	Six months to 30 September 2010	2010	2009	2008
<b>Balance at the beginning of the period</b>	<b>3 291 861</b>	<b>2 620 537</b>	<b>2 210 019</b>	<b>1 820 416</b>
Total comprehensive income	253 915	584 625	472 082	309 633
Share based payments adjustments	17 708	56 942	92 848	39 182
Dividends paid to ordinary shareholders	(59 341)	(91 946)	(143 995)	(145 926)
Dividends paid to perpetual preference shareholders	(27 031)	(43 860)	(47 503)	(41 779)
Issue of ordinary shares	317 464	84 178	9 764	230 664
Issue of perpetual preference shares	11 893	40 869	–	–
Share issue expenses	(3 753)	(3 559)	–	(65)
Movement of treasury shares	(6 253)	40 974	(58 164)	(5 625)
Issue of equity instruments by subsidiaries	1 514	3 547	3 486	6 777
Dividends paid to minority interests	(182)	(578)	–	(3 923)
Acquisition of minority interests	–	132	665	–
<b>Balance at the end of the period</b>	<b>3 797 795</b>	<b>3 291 861</b>	<b>2 620 537</b>	<b>2 210 019</b>

**SEGMENTAL GEOGRAPHIC AND BUSINESS ANALYSIS OF OPERATING PROFIT BEFORE GOODWILL, ACQUIRED INTANGIBLES, NON-OPERATING ITEMS AND TAXATION FOR THE SIX MONTHS TO 30 SEPTEMBER 2010**

<b>For the six months to 30 September 2010 £'000</b>	<b>United Kingdom and Europe</b>	<b>Southern Africa</b>	<b>Australia</b>	<b>Total group</b>
Asset Management	18 867	30 046	–	48 913
Wealth and Investment	8 996	7 346	–	16 342
Property Activities	(443)	14 540	2 311	16 408
Private Banking	(12 486)	14 150	(5 543)	(3 879)
Investment Banking	8 816	36 845	(3 151)	42 510
Capital Markets	88 385	40 364	4 757	133 506
Group Services and Other Activities	(32 097)	3 119	3 335	(25 643)
<b>Operating profit after minorities</b>	<b>80 038</b>	<b>146 410</b>	<b>1 709</b>	<b>228 157</b>
<b>Minority interest – equity</b>				<b>(10 837)</b>
<b>Operating profit before goodwill and acquired intangibles</b>				<b>217 320</b>

**SEGMENTAL GEOGRAPHIC AND BUSINESS ANALYSIS OF OPERATING PROFIT BEFORE GOODWILL, ACQUIRED INTANGIBLES, NON-OPERATING ITEMS AND TAXATION FOR THE YEAR ENDED 31 MARCH 2010**

<b>For the year to 31 March 2010 £'000</b>	<b>United Kingdom and Europe</b>	<b>Southern Africa</b>	<b>Australia</b>	<b>Total group</b>
Asset Management	25 335	58 077	–	83 412
Wealth and Investment	11 637	14 250	–	25 887
Property Activities	825	31 582	1 072	33 479
Private Banking	6 545	29 330	1 177	37 052
Investment Banking	(4 399)	45 694	273	41 568
Capital Markets	93 163	70 572	15 404	179 139
Group Services and Other Activities	(9 407)	40 862	266	31 721
<b>Operating profit after minorities</b>	<b>123 699</b>	<b>290 367</b>	<b>18 192</b>	<b>432 258</b>
<b>Minority interest – equity</b>				<b>(18 802)</b>
<b>Operating profit before goodwill and acquired intangibles</b>				<b>413 45</b>

**SEGMENTAL GEOGRAPHIC AND BUSINESS ANALYSIS OF OPERATING PROFIT BEFORE GOODWILL, ACQUIRED INTANGIBLES, NON-OPERATING ITEMS AND TAXATION FOR THE YEAR ENDED 31 MARCH 2009**

<b>For the year to 31 March 2009 £'000</b>	<b>United Kingdom and Europe</b>	<b>Southern Africa</b>	<b>Australia</b>	<b>Total group</b>
Asset Management	17 149	49 037	–	66 186
Wealth and Investment	12 044	12 058	–	24 102
Property Activities	774	21 769	2 138	24 681
Private Banking	42 034	35 954	2 475	80 463
Investment Banking	(30 810)	66 065	(7 089)	28 166
Capital Markets	78 015	61 150	2 209	141 374
Group Services and Other Activities	(18 316)	47 395	2 715	31 794
<b>Operating profit after minorities</b>	<b>100 890</b>	<b>293 428</b>	<b>2 448</b>	<b>396 766</b>
<b>Minority interest – equity</b>				<b>3 322</b>
<b>Operating profit before goodwill and acquired intangibles</b>				<b>400 088</b>

**SEGMENTAL GEOGRAPHIC AND BUSINESS ANALYSIS OF OPERATING PROFIT BEFORE GOODWILL, ACQUIRED INTANGIBLES, NON-OPERATING ITEMS AND TAXATION FOR THE YEAR ENDED 31 MARCH 2008**

<b>For the year to 31 March 2008 £'000</b>	<b>United Kingdom and Europe</b>	<b>Southern Africa</b>	<b>Australia</b>	<b>Total group</b>
Asset Management	24 940	51 471	–	76 411
Wealth and Investment	11 929	15 413	–	27 342
Property Activities	144	36 078	99	36 321
Private Banking	91 619	56 760	18 015	166 394
Investment Banking	3 995	64 775	3 756	72 526
Capital Markets	39 187	68 118	8 326	115 631
Group Services and Other Activities	(34 205)	46 612	1 685	14 092
<b>Operating profit after minorities</b>	<b>137 609</b>	<b>339 227</b>	<b>31 881</b>	<b>508 717</b>
<b>Minority interest – equity</b>				<b>28 954</b>
<b>Operating profit before goodwill and acquired intangibles</b>				<b>537 671</b>

**POST-BALANCE SHEET EVENTS**

**Acquisition of Rensburg Sheppards plc (Rensburg Sheppards)**

On 30 March 2010, it was announced that Investec and Rensburg Sheppards plc had reached agreement on the terms of a recommended all share offer under which Investec would acquire the entire issued and to be issued ordinary share capital of Rensburg Sheppards plc not already owned by it. Following shareholder and regulatory approvals the acquisition became effective on 25 June 2010. Prior to this date Investec's 47.1% interest in Rensburg Sheppards plc was accounted for as an associate. As a result of requirements under new accounting rules, the Group was required to fair value its existing 47.1% holding in Rensburg Sheppards plc at the point it acquired the remaining 52.9%. This has resulted in an exceptional gain of GBP73.5 million (net of acquisition costs). The Group issued 37.9 million shares to acquire the remaining shares in Rensburg Sheppards plc for a consideration of GBP180.4 million. This consideration combined with the existing fair valued holding resulted in the recognition of goodwill and intangibles of GBP193.6 million and GBP133.4 million, respectively.

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## EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF INVESTEC PLC

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### 11. Rights attaching to shares on issue

Subject to the provisions of the Statutes, the provisions of these Articles (including Articles 61 and 62) and without prejudice to any rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as either the Company may from time to time by ordinary resolution determine, or as the Directors may determine, and subject to the provisions of the Statutes and these Articles and without prejudice to any rights attached to any existing shares or class of shares, the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed, or create and issue secured or unsecured debentures on such terms and conditions and in such manner as the Company or the Directors may from time to time determine.

### 77. Share qualification

A Director shall not be required to hold any shares in the capital of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

### 78. Directors' fees

The ordinary remuneration of the Directors shall from time to time be determined by a disinterested quorum of Directors, except that such remuneration, for both executive and non-executive Directors, shall not exceed £1,000,000 per annum in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the Company and shall, unless such resolution otherwise provides, be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Any fee payable under this Article shall be distinct from any remuneration or other amounts payable to a Director under other provisions of these Articles or payable by Limited under Articles 78 to 80 of its Memorandum and Articles.

### 79. Other remuneration of Directors

Any Director who holds any executive office with the Company or Limited, including, for this purpose, the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity, or who serves on any committee of the Board, or who otherwise performs services in relation to the business of the Combined Group which are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits, including, without limitation, costs associated with residing overseas, as a disinterested quorum of Directors may reasonably determine.

### 80. Directors' expenses

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Board, meetings of any committees appointed pursuant to Article 103 or General Meetings or otherwise in connection with the business of the Company or Limited.

### 81. Directors' pensions and other benefits

The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to, or to any person in respect of, any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

### 82. Appointment of executive Directors

The Directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as they may, subject to the provisions of the Statutes, determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.

The remuneration of any Director appointed to any executive office shall be fixed by a disinterested quorum of Directors and may be by way of salary, commission, participation in profits or otherwise and either in addition to or inclusive of his remuneration as a Director.

#### **84. Age limit**

Any provision of the Statutes which, subject to the provisions of these Articles, would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any Director over a specified age, shall not apply to the Company.

#### **87. Re-election of retiring Director**

The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution approved in accordance with Article 62 fill the office being vacated by electing thereto the retiring Director or some other person eligible for election. The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and passed and accordingly a retiring Director who is re-elected will continue in office without a break.

#### **88. Election of two or more Directors**

A resolution for the election of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.

#### **90. Election or appointment of additional Director**

The Company may by ordinary resolution approved in accordance with Article 62 elect, and without prejudice thereto the Directors shall have power at any time to appoint, any person to be a Director either to fill a casual vacancy or as an additional Director, but so that: (i) the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with these Articles and (ii) the appointment shall not take effect before such Director has been duly appointed as a director of Limited. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for election, save that the Directors who hold office at the date of adoption of these Articles shall not be required to retire at the next Annual General Meeting pursuant to this Article 90 and shall, for the purposes of Article 85, be deemed to have been elected on 25 July 2002.

#### **113. Borrowing powers**

Subject to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to indemnify, to guarantee, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue any debentures (whether secured, unsecured or subordinated and whether convertible into shares of any class) and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

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## TERMS OF THE RAND PERPETUAL PREFERENCE SHARES

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### I. For purposes of this Annexure A:

- (a) “**Articles**” means the articles of association of the Company and “**Article**” shall mean any individually numbered paragraph within the Articles;
- (b) “**Business Days**” means all days, excluding Saturdays, Sundays and officially designated public holidays in the United Kingdom on which banks are open for business in London and Johannesburg;
- (c) “**Company**” means Investec plc (incorporated in England and Wales with registration number 3633621);
- (d) “**Deemed Value**” means the deemed value of each Rand perpetual preference share for the purposes of the calculation of the Preference Dividend, being an amount of R100.00 (one hundred Rand) per Rand perpetual preference share notwithstanding the actual issue price of a Rand perpetual preference share (that is the nominal value of the Rand perpetual preference share plus a premium or discount thereon) which may vary because of a difference in the premium or discount at which the Rand perpetual preference shares may be issued from time to time;
- (e) “**Directors**” means the Directors of the Company;
- (f) “**Issue Date**” means the date on which the first tranche of Rand perpetual preference shares are issued to investors;
- (g) “**FSA**” means the United Kingdom Financial Services Authority or such other authority having primary supervisory authority with respect to the Company and/or any of its subsidiaries from time to time;
- (h) “**IBL**” means Investec Bank Limited (incorporated in the Republic of South Africa with registration number 1969/004763/06);
- (i) “**JSE**” means the Johannesburg Stock Exchange;
- (j) “**Preference Dividend**” means a non-cumulative, non-participating preference dividend;
- (k) “**Preference Dividend Accrual Date**” means 31 March and 30 September of each year;
- (l) “**Preference Dividend Payment Date**” means a date at least 7 (seven) Business Days prior to the date on which the Company pays its ordinary dividends, if any, in respect of the same period, but in any event, if declared, shall be payable not later than 120 Business Days after 31 March and 30 September of each year, respectively;
- (m) “**Preference Dividend Rate**” means, subject to 2(e) and 2(f) below, a rate equal to 95% (ninety-five percent) of the Prime Rate from time to time, expressed as a nominal annual compounded monthly rate and converted to a nominal annual compounded semi-annual rate;
- (n) “**Prime Rate**” means IBL’s prime lending rate from time to time (expressed as a percentage rate of interest per annum, calculated daily and compounded monthly on the basis of a 365-day year factor irrespective of whether the year is a leap year or not), as certified (save for manifest error) by any manager of IBL, whose appointment or authority need not be proved;
- (o) “**Rand perpetual preference shares**” means the non-redeemable, non-cumulative, non-participating Rand perpetual preference shares, denominated in South African Rands, issued by the Company as a separate class from all existing shares in issue as class I52 with the rights, privileges, restrictions and conditions as set out herein; and
- (p) “**Sterling perpetual preference shares**” means the non-redeemable non-cumulative, non-participating perpetual preference shares, denominated in pounds sterling, issued by the Company as a separate class from all existing shares in issue as class I51 with the rights, privileges, restrictions and conditions as set out therein.

### 2. The following are the rights, privileges, restrictions and conditions which attach to the Rand perpetual preference shares:

- (a) The issue price for each tranche of Rand perpetual preference shares to be issued will be determined by the Directors at or prior to the allotment thereof.

- (b) Each Rand perpetual preference share will rank as regards dividends and on a repayment of capital on the winding-up of the Company prior to the ordinary shares of the Company, the plc Special Converting Shares, the UK DAN Share, the UK DAS Share, but *pari passu* with the plc preference shares and the Sterling perpetual preference shares. The Rand perpetual preference shares shall confer on the holders, on a per Rand perpetual preference share and equal basis, the right on a return of capital on the winding-up of the Company to an amount equal to the aggregate of the nominal value and premiums in respect of Rand perpetual preference shares issued, divided by the number of Rand perpetual preference shares in issue (which such amount may be more or less than their Deemed Value).
- (c) Each Rand perpetual preference share may confer upon the holder thereof the right to receive out of the distributable profits of the Company which it shall determine to distribute, in priority to the ordinary shares of the Company, the plc Special Converting Shares, the UK DAN Share and the UK DAS Share, but *pari passu* with the plc preference shares and the Sterling perpetual preference shares, the non-cumulative Preference Dividend calculated in terms of 2(d) below.
- (d) The Preference Dividend shall be calculated:
- (i) by multiplying the Deemed Value of the Rand perpetual preference shares by the applicable Preference Dividend Rate, multiplied by the Prime Rate (determined on a 365 day year factor, irrespective of whether the year is a leap year or not), on a daily basis, in arrear, for the appropriate period referred to in 2(d)(ii) below; and
  - (ii) from and including the date following a Preference Dividend Accrual Date up to and including the Preference Dividend Accrual Date immediately following, provided that the first dividend payment, in respect of the first tranche of Rand perpetual preference shares issued, shall be calculated from and including the Issue Date up to and including the next Preference Dividend Accrual Date.
- (e) The Preference Dividends shall, if declared:
- (i) accrue on the Preference Dividend Accrual Date, calculated in accordance with 2(d)(i) above (with the resultant figure rounded down to the nearest R0.01);
  - (ii) be payable in Rand on the Preference Dividend Payment Date out of the distributable profits of the Company; and
  - (iii) failing payment on the relevant Preference Dividend Payment Date, be considered to be in arrears.
- If a Preference Dividend is not declared by the Company in respect of the period to which such Preference Dividend Accrual Date relates, the Preference Dividend will not accumulate and will accordingly never become payable by the Company whether in preference to payments on any other class of shares in the Company or otherwise. For the avoidance of doubt, following declaration any such payment may be cancelled by resolution of the Directors on any date up to and including the Preference Dividend Payment Date. The holders of the Rand perpetual preference shares may not enforce any payment obligation of the Company under or arising from the Rand perpetual preference shares including (without limitation) any damages awarded for breach of any obligations of the Company under or arising from the Rand perpetual preference shares other than by instituting proceedings for and/or proving in the winding up of the Company. Notwithstanding the foregoing, but always subject to applicable law and regulation the Company shall, if it elects not to declare a Preference Dividend or cancels a payment in respect of any applicable period, be obliged to retain in reserve (until the date on which it next declares a dividend on the Rand perpetual preference shares) an amount equivalent to the aggregate amount of profits generated by the Company during such applicable period (subject to the right of the Company to use such retained amounts to meet its obligations to other creditors as they fall due).
- (f) Save as set out in 2(b) and 2(c) above, the Rand perpetual preference shares shall not be entitled to any further participation in the profits or assets of the Company nor on a winding-up to any surplus assets of the Company.
- (g) The holders of the Rand perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of the Company, by virtue of or in respect of the Rand perpetual preference shares, unless either or both of the following circumstances prevail as at the date of the meeting:
- (i) the Preference Dividend or any part thereof remains in arrear and unpaid as determined in accordance with 2(e)(iii) after six months from the due date thereof; and
  - (ii) a resolution of the Company is proposed which resolution directly affects the rights attached to the Rand perpetual preference shares or the interests of the holders thereof, or a resolution of the Company is



proposed to wind up or in relation to the winding-up of the Company or for the reduction of its capital, in which event the holders of the Rand perpetual preference shares shall be entitled to vote only on such resolution.

- (h) At every general meeting of the Company at which holders of Rand perpetual preference shares as well as other classes of shares are present and entitled to vote, a holder of Rand perpetual preference shares shall be entitled to one vote per Rand perpetual preference share held.
- (i) Notwithstanding the provisions of Article 11, no shares in the capital of the Company ranking, as regards rights to dividends or, on a winding-up as regards return of capital, in priority to the Rand perpetual preference shares, shall be created or issued, without the prior sanction of a resolution passed at a separate class meeting of the holders of the Rand perpetual preference shares in the same manner *mutatis mutandis* as a special resolution. At every meeting of the holders of the Rand perpetual preference shares, the provision of the Articles relating to general meetings of ordinary members shall apply, *mutatis mutandis*, except that a quorum at any such general meeting shall be any person or persons holding or representing by proxy at least two of the Rand perpetual preference shares, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of the Articles relating to adjourned general meetings shall apply, *mutatis mutandis*.
- (j) Subject to the Articles, the provisions of applicable law and regulation and the rights conferred on any other class of shares of the Company and the prior written approval of or confirmation from the FSA that it has no objection to the purchase (for so long as the Company is required to obtain such confirmation), the Company may at any time and from time to time (subject to the payment in full of the Preference Dividend on the immediately preceding Preference Dividend Payment Date) purchase any Rand perpetual preference shares in issue in the open market or by tender upon such terms and conditions and at such price as the Directors or a committee thereof may determine. The Company will not be required to select the Rand perpetual preference shares to be purchased rateably or in any particular manner as between the holders of Rand perpetual preference shares or as between them and the holders of shares of any other class (whether or not the Rand perpetual preference shares rank prior to such other shares). Any such Rand perpetual preference shares purchased by or on behalf of the Company may be held, reissued, resold or, at the option of the Company, cancelled by the Company.
- (k) The creation and issuance of the Rand perpetual preference shares from time to time and the rights, privileges, restrictions and conditions attaching to them shall be governed by and construed in accordance with English law and the Articles.

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**MARKET VALUE OF EXISTING CLASS OF SECURITIES LISTED ON THE JSE**


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The following tables provides information pertaining to the aggregate volumes and values traded, as well as the highest and lowest prices traded on the JSE for the existing Sterling perpetual preference shares (JSE share code "INPP").

Daily data for these securities for the 30 days prior to the issuance of this circular is displayed in the below table:

<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Value (Rand)</b>	<b>Volume</b>
31/12/10	–	–	–	–
03/01/11	–	–	–	–
04/01/11	–	–	–	–
05/01/11	5 100	5 095	968 864	19 000
06/01/11	–	–	–	–
07/01/11	5 050	5 050	1 010 000	20 000
10/01/11	5 100	5 100	59 109	1 159
11/01/11	5 100	5 050	203 000	4 000
12/01/11	–	–	–	–
13/01/11	5 100	5 095	152 980	3 000
14/01/11	5 090	5 080	516 078	10 142
17/01/11	5 092	5 090	1 083 904	21 287
18/01/11	5 090	5 000	1 561 854	30 819
19/01/11	5 100	5 070	3 047 224	59 940
20/01/11	5 119	5 000	833 861	16 400
21/01/11	5 150	5 119	399 902	7 800
24/01/11	5 195	5 085	143 926	2 825
25/01/11	5 200	5 200	6 500	125
26/01/11	5 200	5 200	97 500	1 875
27/01/11	5 395	5 300	765 752	14 423
28/01/11	–	–	–	–

Monthly data for the 12 months prior to the issuance of this circular is displayed in the below table:

<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Value (Rand)</b>	<b>Volume</b>
31/01/10	4 525	4 050	16 456 294	389 276
28/02/10	6 500	4 500	12 695 933	269 320
31/03/10	4 810	4 600	7 750 228	162 852
30/04/10	4 899	4 630	9 264 823	196 269
31/05/10	5 000	4 675	5 736 331	120 108
30/06/10	4 765	4 290	4 823 854	103 469
31/07/10	4 390	4 210	8 249 120	191 971
31/08/10	4 555	4 375	6 190 050	140 100
30/09/10	5 000	4 500	4 761 413	101 849
31/10/10	5 000	4 810	4 910 235	99 222
30/11/10	5 200	5 000	5 195 527	102 371
31/12/10	5 200	5 000	4 879 385	96 324
31/01/11	5 395	5 000	10 863 942	213 045

Quarterly data for the two years preceding the 12 months prior to the issuance of this circular is displayed in the below table:

<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Value (Rand)</b>	<b>Volume</b>
31/03/08	11 325	9 400	68 286 666	647 036
30/06/08	9 800	8 199	64 827 367	723 020
30/09/08	9 001	7 800	50 442 441	601 941
31/12/08	7 800	3 050	80 336 395	1 412 317
31/03/09	3 700	2 450	58 526 925	1 873 705
30/06/09	4 300	3 155	36 185 256	1 042 124
30/09/09	5 000	3 920	34 401 452	743 302
31/12/09	4 560	3 851	28 910 674	658 007
31/03/10	6 500	4 050	36 902 455	821 448

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**SUMMARISED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011**


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**COMBINED CONSOLIDATED INCOME STATEMENT**

<b>For the year to 31 March 2011</b>	<b>£'000</b>
Interest income	2 238 783
Interest expense	(1 557 314)
<b>Net interest income</b>	<b>681 469</b>
Fee and commission income	896 300
Fee and commission expense	(108 642)
Principal transactions	418 686
Investment income on assurance activities	64 834
Premiums and reinsurance recoveries on insurance contracts	6 110
Other operating income	54 003
<b>Other income</b>	<b>1 331 291</b>
Claims and reinsurance premiums on insurance business	(57 774)
<b>Total operating income net of insurance claims</b>	<b>1 954 986</b>
Impairment losses on loans and advances	(318 230)
<b>Operating income</b>	<b>1 636 756</b>
Operating costs	(1 196 865)
Depreciation on operating leased assets	(16 447)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>423 444</b>
Impairment of goodwill	(6 888)
Amortisation of acquired intangibles	(6 341)
<b>Operating profit</b>	<b>410 215</b>
Profit arising from associate converted to subsidiary	73 465
Net loss on sale of subsidiaries	(17 302)
<b>Profit before taxation</b>	<b>466 378</b>
Taxation on operating profit before goodwill	(65 075)
Taxation on intangibles and sale of subsidiaries	6 610
<b>Profit after taxation</b>	<b>407 913</b>
Operating losses attributable to non-controlling interests	10 962
Loss on subsidiaries attributable to non-controlling interests	1 641
<b>Earnings attributable to shareholders</b>	<b>420 516</b>
<b>Earnings per share (pence)</b>	
– basic	49.7
– diluted	46.7
<b>Adjusted earnings per share (pence)</b>	
– basic	43.2
– diluted	40.6

**COMBINED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>Year to 31 March 2011</b>	<b>£'000</b>
<b>Profit after taxation</b>	<b>407 913</b>
<b>Other comprehensive income:</b>	
Fair value movements on cash flow hedges*	9 929
Gains on realisation of available-for-sale assets recycled through the income statement*	(4 845)
Fair value movements on available-for-sale assets*	27 631
Foreign currency adjustments on translating foreign operations	39 588
Pension fund actuarial gains	10 157
<b>Total comprehensive income</b>	<b>490 373</b>
Total comprehensive income attributable to non-controlling interests	(10 710)
Total comprehensive income attributable to ordinary shareholders	458 064
Total comprehensive income attributable to perpetual preferred securities	43 019
<b>Total comprehensive income</b>	<b>490 373</b>

\* Net of taxation of GBP5.7 million

## COMBINED CONSOLIDATED BALANCE SHEET

For the year to 31 March 2011

£'000

### Assets

Cash and balances at central banks	1 769 078
Loans and advances to banks	1 468 705
Cash equivalent advances to customers	535 983
Reverse repurchase agreements and cash collateral on securities borrowed	2 467 775
Trading securities	5 114 322
Derivative financial instruments	1 799 204
Investment securities	3 328 609
Loans and advances to customers	18 758 524
Loans and advances to customers – Kensington warehouse assets	1 612 181
Securitised assets	4 924 293
Interests in associated undertakings	23 481
Deferred taxation assets	114 838
Other assets	1 410 593
Property and equipment	279 801
Investment properties	379 527
Goodwill	456 608
Intangible assets	136 452

**44 579 974**

Other financial instruments at fair value through profit or loss in respect of:

– Liabilities to customers	6 361 296
– Assets related to reinsurance contracts	–

**50 941 270**

### Liabilities

Deposits by banks	1 858 893
Deposits by banks – Kensington warehouse funding	975 542
Derivative financial instruments	1 486 419
Other trading liabilities	716 556
Repurchase agreements and cash collateral on securities lent	1 599 646
Customer accounts/deposits	24 441 260
Debt securities in issue	2 145 213
Liabilities arising on securitisation	4 340 864
Current taxation liabilities	206 957
Deferred taxation liabilities	148 750
Other liabilities	1 411 137

**39 331 237**

Liabilities to customers under investment contracts	6 358 732
Insurance liabilities, including unit-linked liabilities	2 564
Reinsured liabilities	–

**45 692 533**

Subordinated liabilities	1 287 635
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**46 980 168**

<b>For the year to 31 March 2011</b>	<b>£'000</b>
<b>Equity</b>	
Ordinary share capital	208
Perpetual preference share capital	153
Share premium	2 242 067
Treasury shares	(42 713)
Other reserves	315 878
Retained income	1 131 980
<b>Shareholders' equity excluding non-controlling interests</b>	<b>3 647 573</b>
Non-controlling interests	313 529
– Perpetual preferred securities issued by subsidiaries	317 997
– Non-controlling interests in partially held subsidiaries	(4 468)
<b>Total equity</b>	<b>3 961 102</b>
<b>Total liabilities and equity</b>	<b>50 941 270</b>

## COMBINED CONSOLIDATED CASH FLOW STATEMENT

For the year to 31 March 2011	£'000
Cash inflows from operations	779 885
Increase in operating assets	(4 071 957)
Increase in operating liabilities	2 689 207
<b>Net cash outflow from operating activities</b>	<b>(602 865)</b>
Net cash outflow from investing activities	(189 974)
Net cash inflow from financing activities	156 748
Effects of exchange rate changes on cash and cash equivalents	101 032
<b>Net decrease in cash and cash equivalents</b>	<b>(535 059)</b>
Cash and cash equivalents at the beginning of the year	3 922 047
<b>Cash and cash equivalents at the end of the year</b>	<b>3 386 988</b>

Cash and cash equivalents is defined as including cash and balances at central banks, on demand loans and advances to banks and cash equivalent advances to customers (all of which have a maturity profile of less than three months).

## COMBINED SUMMARISED STATEMENT OF CHANGES IN EQUITY

For the year to 31 March 2011	£'000
<b>Balance at the beginning of the year</b>	<b>3 291 861</b>
Total comprehensive income	490 373
Share-based payments adjustments	69 518
Dividends paid to ordinary shareholders	(123 630)
Dividends paid to perpetual preference shareholders	(20 687)
Dividends paid to perpetual preference shareholders included in non-controlling interests	(22 332)
Dividends paid to non-controlling interests	(356)
Issue of ordinary shares	325 886
Issue of perpetual preference shares	16 138
Share issue expenses	(3 632)
Issue of equity by subsidiaries	1 493
Acquisition of non-controlling interests	(3 970)
Movement of treasury shares	(45 461)
Non-controlling interests relating to disposal of subsidiaries	(14 099)
<b>Balance at the end of the year</b>	<b>3 961 102</b>



**SEGMENTAL GEOGRAPHIC AND BUSINESS ANALYSIS OF OPERATING PROFIT BEFORE GOODWILL, ACQUIRED INTANGIBLES, NON-OPERATING ITEMS AND TAXATION FOR THE YEAR ENDED 31 MARCH 2011**

<b>£'000</b>	<b>United Kingdom and Europe</b>	<b>Southern Africa</b>	<b>Australia</b>	<b>Total Group</b>
Asset Management	53 002	74 306	–	<b>127 308</b>
Wealth and Investment	25 008	15 418	–	<b>40 426</b>
Property Activities	375	40 178	7 155	<b>47 708</b>
Private Banking	(84 041)	2 990	(10 390)	<b>(91 441)</b>
Investment Banking	8 887	65 191	(6 716)	<b>67 362</b>
Capital Markets	139 978	92 211	9 860	<b>242 049</b>
Group Services and Other Activities	(9 583)	9 780	797	<b>994</b>
<b>Operating profit after minorities</b>	<b>133 626</b>	<b>300 074</b>	<b>706</b>	<b>434 406</b>
<b>Minority interest – equity</b>				<b>(10 962)</b>
<b>Operating profit before goodwill and acquired intangibles</b>				<b>423 444</b>





plc

(Incorporated in England and Wales)

(Registration number 3633621)

Share code: INPPR ISIN: GB00B4B0Q974

("Investec plc" or "the Company")

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## APPLICATION FORM

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An offer for subscription of Investec plc non-redeemable, non-cumulative, non-participating Rand denominated perpetual preference shares of R0.001 each ("perpetual preference shares") subject to a minimum subscription of R1 000 000 per single addressee acting as principal

**Please refer to the instructions at the end of this application form before completing this application form.** This application form, when completed, should be sent to the relevant addresses below:

### ***Certificated Rand perpetual preference shares:***

In respect of those placees opting for certificated Rand perpetual preference shares, to Computershare Investor Services (Pty) Limited in an envelope marked "**Investec plc: Offer for Subscription**" together with a cheque (crossed "not transferable" with the words "or bearer" deleted, and capped at a maximum value of R5 million) or banker's draft in South African currency and drawn in favour of "**Investec plc: Offer for Subscription**" either by post (PO Box 61763, Marshalltown, 2107), or by hand marked "**Investec plc: Offer for Subscription**" (Ground Floor, 70 Marshall Street, Johannesburg, 2001) to be received by no later than 17:00 on **Wednesday 22 June 2011**.

### ***Dematerialised Rand perpetual preference shares***

In respect of those placees opting for dematerialised Rand perpetual preference shares, applications must be made to their duly appointed Central Securities Depository Participant ("CSDP") or broker, in the manner and time stipulated in the agreement governing their relationship with their CSDP or broker, together with the method of payment required in terms of the relevant agreement with such CSDP or broker.

Each application submitted must be in one name only and show only one address. The Directors of Investec plc reserve the right to accept any application, in whole or in part (in accordance with the procedure set out in paragraph 6.8 of the Pre-Listing Statement), particularly if the instructions overleaf and as set out in the Pre-Listing Statement are not properly complied with.

The offer for subscription is for a minimum subscription amount of R1 000 000, per single addressee acting as principal. Investec plc will reject any application that does not comply with this condition.

The issue price per Rand perpetual preference share and accordingly the number of Rand perpetual preference shares to be issued to each investor will be determined on the closing date of the offer for subscription.

Fractions of Rand perpetual preference shares will not be issued. Subscribers will receive a cash refund for any fraction that arises.

### **To the Directors:**

#### **Investec plc**

I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned number of Rand perpetual preference shares in Investec plc or any lesser number that may, in accordance with the procedure set out in paragraph 6.8 of the Pre-Listing Statement, be allotted to me/us subject to the Articles of Association of Investec plc.

I/We enclose a crossed cheque/banker's draft made out in favour of "**Investec plc: Offer for Subscription**", for the appropriate amount due in terms of this application.

I/We understand that the issue of Rand perpetual preference shares in terms of the Pre-Listing Statement is conditional on the granting of a listing, by **Wednesday 29 June 2011**, or such later date as the Directors may determine, in the Specialist Securities – "Preference Shares" sector of the JSE Limited ("the JSE") List, of the Rand perpetual preference shares of Investec plc, as more fully set out in the Pre-Listing Statement.

Dated	
Telephone number (office hours) (    )	Cellphone number
Signature	
Assisted by (where applicable)	

#### A: RESIDENT INDIVIDUAL BENEFICIARY

<b>Surname of individual</b> or <b>Name of corporate body</b>	Mr Mrs Miss Other title
<b>First names in full</b> (if an individual)*	
<b>Identity number</b>	
<b>Temporary resident permit number</b>	
<b>Passport number</b>	
<b>Passport Country</b>	
<b>Tax number</b>	
<b>Street address*</b> Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code:
<b>Contact name</b>	
<b>Email</b>	
<b>Fax number</b>	
<b>Telephone number</b> (    )	
<b>Cellphone number</b>	
<b>Additional identity numbers</b>	

#### B: RESIDENT ENTITY BENEFICIARY

<b>Name of entity*</b>	
<b>Registration number*</b>	
<b>Owner/Partner identity number</b>	
<b>Tax number</b>	
<b>VAT number</b>	
<b>Entity street address*</b> Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code:
<b>Entity contact name</b>	
<b>Entity email</b>	
<b>Entity fax number</b>	
<b>Entity telephone number</b> (    )	
<b>ECA authority number</b>	
<b>Date of ECA</b>	

\* Mandatory information to be supplied.

**C: NON-SOUTH AFRICAN RESIDENT INDIVIDUAL BENEFICIARY**

<b>Surname*</b>	
<b>Name*</b>	
<b>Passport number*</b>	
<b>Passport country*</b>	
<b>Street address*</b> Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code:
Country*	

**D: NON-SOUTH AFRICAN RESIDENT ENTITY BENEFICIARY**

<b>Name*</b>	
<b>Entity street address*</b>	
Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code:
Country*	

**E: ALL APPLICANTS**

<b>TOTAL VALUE OF PERPETUAL PREFERENCE SHARES APPLIED FOR</b>	
<b>SUBSCRIPTIONS MUST BE IN MULTIPLES OF R100.00, SUBJECT TO A MINIMUM OF R1 000 000.00</b>	Rand amount*
<b>Total amount of cheque or banker's draft</b>	R (Enter figures only – not words)

\* Mandatory information to be supplied.

**A:** This section to be completed by South African resident individuals.

**B:** This section to be completed by South African resident entities.

**C:** This section to be completed by non-South African resident individuals.

**D:** This section to be completed by non-South African resident entities.

**E:** This section to be completed by all applicants.

**Please note the Rand perpetual preference shares that will be allocated relative to this application will be in certificated form. Subscribers who wish to receive dematerialised shares must contact their CSDP or broker.**

**If you do not wish to receive the allocated perpetual preference shares in uncertificated form kindly insert your details in the space provided and the perpetual preference share certificate will be sent to you, per registered post, at your own risk.**

**N.B. Perpetual preference shares will only be traded on the JSE in electronic form and, as such, all preference shareholders who elect to receive certificated perpetual preference shares will have to dematerialise their certificated perpetual preference shares should they wish to trade therein.**

**Application for certificated Rand perpetual preference shares:**

<b>SUBSCRIBERS WISHING TO RECEIVE CERTIFICATED RAND PERPETUAL PREFERENCE SHARES</b>	
<input type="checkbox"/>	I wish to receive my Rand perpetual preference shares in certificated form and I acknowledge that these perpetual preference shares will not be tradable on the JSE until dematerialized.
Kindly post the Rand perpetual preference share certificate to the following address:	
<b>Name</b>	<b>Broker's stamp (if applicable)</b>
<b>Address</b>	

**Application for uncertificated (dematerialised) Rand perpetual preference shares:**

**SUBSCRIBERS WANTING TO RECEIVE UNCERTIFICATED RAND PERPETUAL PREFERENCE SHARES MUST CONTACT THEIR CSDP OR BROKER.**

The CSDP or broker will add their confirmation that they hold a securities account in their books in your name and forward an application, duly authenticated, in terms of Strate for processing the issue. Payment will be effected on a delivery versus payment basis.

Required information must be completed by CSDP or broker with their stamp and signature affixed thereto.

<b>CSDP name</b>	
<b>CSDP contact person</b>	
<b>CSDP contact telephone number</b>	
<b>SCA number</b>	
<b>Scrip account number</b>	
<b>Settlement bank account number</b>	
<b>Stamp and signature of CSDP or broker</b>	

**INSTRUCTIONS:**

1. Applications may be made on this application form only. Copies or reproductions of the application form will not be accepted.
2. Applications are irrevocable and may not be withdrawn once submitted to the Transfer Secretaries.
3. Please refer to the terms and conditions of the offer for subscription set out in paragraph 6 of the Pre-Listing Statement. Applicants should consult their stockbroker, banker or other professional adviser in case of doubt as to the correct completion of this application form.
4. Applicants must submit only one application form and one cheque or banker's draft in respect of each application.
5. Receipts will not be issued for application forms, application monies or any supporting documentation.
6. If any cheque or banker's draft is dishonoured, Investec plc may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. All alterations on this application form must be authenticated by a full signature.
8. Blocked Rand may not be used by former residents of the common monetary area (comprising the Republics of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho) for payment in terms of this offer and reference should be made to paragraph 6.6 of the Pre-Listing Statement which deals with South African Exchange Control Regulations.
9. If the condition referred to in paragraph 6.3 of the Pre-Listing Statement is not met, all monies will be appropriately refunded without interest within seven business days of such date.