

Investec Tier 1 (UK) LP

Annual Report and Audited Financial Statements

31 March 2013

INDEX

	Page
Management and administration	1
Manager's report	2
Statement of the manager's responsibilities	4
Independent auditor's report to the members	5
Profit and loss account	7
Balance sheet	8
Partners' accounts	9
Notes to the financial statements	10

MANAGEMENT AND ADMINISTRATION

General Partner and Manager

Investec plc
2 Gresham Street
London EC2V 7QP

Initial Limited Partner

BT Globenet Nominees Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

Priority Limited Partner

Investec Holding Company Limited
2 Gresham Street
London EC2V 7QP

Administrator

The Law Debenture Trust Corporation p.l.c.
Fifth Floor, 100 Wood Street
London EC2V 7EX

Legal Advisors to the Partnership

Linklaters
One Silk Street
London EC2Y 8HQ

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

THE MANAGER'S REPORT

We are pleased to present the partnership report and financial statements for the year ended 31 March 2013.

Principal activity and business review

Investec Tier 1 (UK) LP (the "partnership") was established by Investec plc on 20 June 2005. The principal activity of the partnership is to engage in financial arrangements and transactions and to assist in financing the operations of Investec plc and its subsidiaries (the "Investec group"). The partnership's main source of income is interest on its perpetual subordinated loan to Investec plc. On 24 June 2005 the partnership issued perpetual preferred securities and the proceeds have been lent to Investec plc on similar terms so as to minimise liquidity risk, currency risk and interest rate risk. The partnership will continue to operate in this capacity for the foreseeable future.

Financial results

The financial statements of the partnership are set out on pages 7 to 12. The allocation of profit and losses is in accordance with the Partnership Agreement ("the agreement") (see Note 8). The profit for the year ended 31 March 2013 was €14,150,000 (2012: €14,150,000).

During the year the partnership paid a dividend of €14,150,000 on the perpetual preferred securities on 25 June 2012 (2012: €14,150,000).

Principal risks and uncertainties

The financial risks are managed at the Investec plc group level. Any liquidity risk, interest rate risk or foreign currency risk is eliminated as the terms and currency of the perpetual preferred securities are matched with the terms and currency of the perpetual subordinated notes purchased from Investec plc. As such, all material principal risks and uncertainties are mitigated.

Disclosure of information to the auditors

So far as the manager is aware, there is no relevant audit information, being information needed by the partnership's auditor in connection with preparing its report, of which the partnership's auditor is unaware. Having made enquiries of fellow partners, each partner has taken all the steps that he/she is obliged to take as a partner in order to make himself/herself aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

The manager confirms that, to the best of each person's knowledge:

- (a) the financial statements in this report, which have been prepared in accordance with UK GAAP and the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the partnership; and
- (b) the manager's report includes a fair review of the development and performance of the business and the position of the partnership together with a description of the principal risks and uncertainties that it faces.

Going concern

On the basis of current financial projections the manager has a reasonable expectation that the partnership has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

THE MANAGER'S REPORT

Subsequent events

The manager confirms that there were not significant events occurring after the balance sheet date to the date of this report that would meet the criteria to be disclosed in the financial statements for the year ended 31 March 2013.

Auditors

Ernst & Young LLP will be proposed for reappointment by the manager.

Approved by the manager and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Glynn Burger', is written over the printed name.

Glynn Burger

Date: 21 June 2013

**STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RESPECT OF
THE FINANCIAL STATEMENTS**

The Investec Tier 1 (UK) LP limited partnership agreement dated 20 June 2005, (the "agreement"), which constitutes Investec Tier 1 (UK) LP (the "partnership") requires the manager (under the supervision and authority of the general partner) to prepare financial statements for the partnership for each financial period in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the manager must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing those financial statements the manager is expected to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The manager is responsible for keeping proper accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy, at any time, the financial position of the partnership and to ensure that the financial statements comply with the agreement and are in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and under the historical cost convention and in accordance with applicable accounting standards and on a going concern basis. The manager also has general responsibility for taking steps to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC TIER 1 (UK) LIMITED PARTNERSHIP

We have audited the financial statements of Investec Tier 1 (UK) Limited Partnership for the year ended 31 March 2013 which comprise the Profit and Loss Account, Balance Sheet, Partners' Accounts and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applicable to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of manager and auditor

As explained more fully in the Manager's Responsibilities Statement set out on page 4, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Audited Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

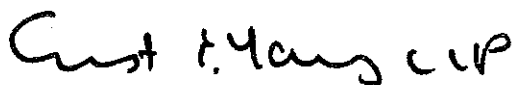
In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Michael-John Albert, (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom

21 June 2013

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2013

	Notes	2013 €000	2012 €000
Income	3	14,150	14,150
Expenses	4	-	-
Profit for the year available for distribution	8	<u>14,150</u>	<u>14,150</u>

The above activities are derived from continuing operations.

There are no recognised gains or losses in either year other than those stated in the profit and loss account above.

There is no material difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

at 31 March 2013

	Notes	2013 €000	2012 €000
FIXED ASSETS			
Perpetual subordinated notes	5	200,000	200,000
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	10,865	10,865
CURRENT LIABILITIES			
Creditors: amounts falling due within one year		-	-
NET CURRENT ASSETS		10,865	10,865
NET ASSETS		210,865	210,865
REPRESENTED BY:			
Perpetual preferred securities	7	200,000	200,000
Partners' interests		10,865	10,865
TOTAL MEMBERS' INTEREST		210,865	210,865

Approved by the manager



Glyn Burger

For and on behalf of Investec plc, General Partner

Date: 21 June 2013

The accompanying notes form an integral part of these financial statements.

PARTNERS' ACCOUNTS

for the year ended 31 March 2013

	Limited Partners €000	General Partner €000	Total €000
Partners' interests			
At 1 April 2011	10,855	10	10,865
Perpetual preferred securities dividend paid	(14,150)	-	(14,150)
Profit for the year	<u>14,150</u>	<u>-</u>	<u>14,150</u>
At 31 March 2012	10,855	10	10,865
Perpetual preferred securities dividend paid	(14,150)	-	(14,150)
Profit for the year	<u>14,150</u>	<u>-</u>	<u>14,150</u>
At 31 March 2013	<u>10,855</u>	<u>10</u>	<u>10,865</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2013

1. ORGANISATION AND BUSINESS

Investec Tier 1 (UK) LP (the "partnership") was constituted under the Limited Partnership Act, 1907 (the "act") on 20 June 2005 as a limited partnership under English law by a limited partnership agreement dated 20 June 2005 (the "agreement").

Investec plc (the "general partner"), is the general partner and founder partner of the partnership.

The objective of the partnership is to raise and provide finance and financial support to the general partner and its group.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the partnership are as follows:

Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and under the historical cost convention and in accordance with applicable accounting standards and on a going concern basis.

Income

Income is recognised on an accrual basis using the effective interest rate method.

Cash flow statement

The partnership is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard ("FRS")1, because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its general partner, Investec plc, the ultimate parent company..

Taxation

There is no tax charge for the partnership, as each partner is responsible for discharging his or her liability to income tax arising there from.

Debt financial instruments

The perpetual subordinated notes are initially recognised at fair value and are carried in the balance sheet at amortised cost applying the effective interest rate method.

Equity financial instruments

The perpetual preferred securities are classified as equity as they confer on the holder a residual interest in the partnership, and the partnership has no obligation to deliver cash or another financial asset to the holder. The perpetual preferred securities are initially recognised net of directly attributable issue costs.

Impairments of financial assets held at amortised cost

Financial assets carried at amortised cost are impaired if there is objective evidence that the partnership will 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 on a portfolio of similar, homogeneous assets. The impairment is credited against the carrying value of financial assets. The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows discounted at the original effective rate. 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.

Disclosure of financial instruments

The partnership have taken advantage of the disclosure exemptions available to subsidiary undertakings under FRS 29.

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2013

3. INCOME

	2013 €000	2012 €000
Interest on Perpetual Subordinated Notes	<u>14,150</u>	<u>14,150</u>

4. EXPENSES

In the current year, the auditor's remuneration of £10,698 (2012: £6,341) in respect of the audit of the partnership's financial statements has been borne by another group company. Statutory information for other services provided by the partnership's auditors is given in the consolidated financial statements of its ultimate parent, Investec plc, which is publicly available. There are no non-audit services provided to the partnership during the year and in the prior year.

The partnership had no employees during the year (2012: none).

5. PERPETUAL SUBORDINATED NOTES

On 24 June 2005, Investec plc issued €200,000,000 Fixed/Floating Rate Perpetual Subordinated Notes. The notes have no final maturity and the issuer may at its option redeem all of the Notes on 24 June 2015 or any subsequent quarter end. These notes were purchased by the partnership from Investec plc.

6. DEBTORS: Amounts falling due within one year

	2013 €000	2012 €000
Accrued interest on Perpetual Subordinated Notes	10,855	10,855
Other debtors	<u>10</u>	<u>10</u>
	<u>10,865</u>	<u>10,865</u>

7. PREFERRED SECURITIES

On 24 June 2005 the partnership issued €200,000,000 Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities ("perpetual preferred securities"), listed on Euronext, Amsterdam. The perpetual preferred securities, which are guaranteed by Investec plc, are callable at the option of the issuer, subject to the approval of the UK regulator* on the tenth anniversary of the issue and, if not called, are subject to a step up in coupon of one and a half times the initial credit spread above the three month euro-zone interbank offered rate. Until the tenth anniversary of the issue, the dividend on the perpetual preferred securities will be a 7.075 per cent. The annual dividend is due on 24 June or next business day. The issuer has the option not to pay a distribution when it falls due but this would then prevent the payment of ordinary dividends by Investec plc as the guarantor.

Under the terms of the issue there are provisions for the perpetual preferred securities to be substituted for preference shares issued by the guarantor if Investec plc's capital ratios fall below the minimum level permitted by the UK regulator*.

*For the year ended 31 March 2013, Investec plc was regulated by the UK Financial Services Authority ("FSA"). However, on 1 April 2013 the FSA was abolished and the majority of its functions transferred to two new regulators: the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA"). On the same date, the Bank of England ("BoE") took over the FSA's responsibilities for financial market infrastructures and a Financial Policy Committee ("FPC") was established on a statutory basis in the UK. Accordingly, all references to the UK regulator in this annual report are to the FCA and PRA.

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2013

8. ALLOCATION OF PROFITS AND LOSSES

Subject to the act, and subject to the terms of the agreement, the issuer's income shall be allocated on each distribution payment date or on any date determined by the general partner as follows:

- (a) first, to the priority limited partner for its own account if distributions are not payable in full on any distribution payment date, provided that if any distributions are payable in part on such distribution payment date, income up to the amount of such partial distribution shall be allocated first to the limited partners with the remainder to the priority limited partner for its own account;
- (b) secondly, to the limited partners as holders of the preferred securities for the payment of distributions; and
- (c) thirdly, all remaining sums exclusively to the general partner for its own account.

Income of the issuer paid in accordance with (a) or (b) above shall be allocated pro rata among the holders until the amount so allocated to each holder equals the amount of distributions payable to that holder as determined in accordance with the terms of the preferred securities.

The issuer's losses for any distribution period (other than losses caused by a depreciation in the market or capital value of any of the partnership assets) shall be allocated to the general partner in so far as they reflect expenses, debts, liabilities and obligations for which the general partner has assumed responsibility under the terms of the agreement.

9. RELATED PARTY TRANSACTIONS

The partnership has taken advantage of the exemptions available in FRS 8 from disclosing transactions with other group companies that are wholly owned in Investec plc group.

10. ULTIMATE PARENT UNDERTAKING

The partnership's immediate parent undertaking is Investec plc.

The partnership's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. The consolidated financial statements of Investec plc are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2V 7QP. This is the smallest and largest group in which the results of the company are consolidated.