

Investec Tier 1 (UK) LP

Annual Report and Audited Financial Statements

31 March 2011

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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 2011.

Activity

The Partnership was established by Investec plc on 20 June 2005 to raise and provide finance and financial support to Investec plc and its subsidiaries.

Results

The financial statements of the Partnership are set out on pages 6 to 11. 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 2011 was € 14,150,000 (2010: € 14,150,000).

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.

Auditors

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

Approved by the Manager and signed on its behalf by:



Bernard Kantor

Date: 23 June 2011

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 judgements 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. 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 auditors' report

to the partners of Investec Tier 1 (UK) LP

We have audited the financial statements (the "financial statements") of Investec Tier 1 (UK) Limited Partnership for the year ended 31 March 2011 which comprise the Profit and Loss Account, Balance Sheet, Partners' Accounts and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applicable to qualifying partnerships. Our audit work has been undertaken so that we might state to the partnership those matters we are required to state to them in an auditors' 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 partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of manager and auditors

The manager's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view, are set out in the statement of manager's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

In addition we report to you if, in our opinion, the partnership has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remunerations or partners' transactions with the partnership specified by law are not made.

We read the manager report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

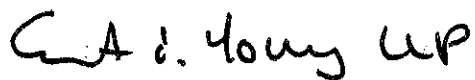
Independent auditors' report

to the partners of Investec Tier 1 (UK) LP

Opinion

In our opinion:

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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
- the financial statements give a true and fair view of the state of the partnership's affairs as at 31 March 2011 and of the partnership's profit for the year then ended.

A handwritten signature in black ink, appearing to read "M. J. Albert" followed by "UP".

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

24 June 2011

Profit and loss account

for the year ended 31 March 2011

	Notes	2011 €000	2010 €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 continuing.

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

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

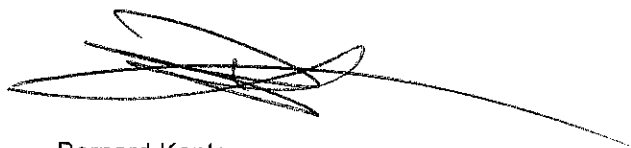
The accompanying notes form part of these financial statements.

Balance sheet

at 31 March 2011

	Notes	2011 €000	2010 €000
FIXED ASSETS			
Perpetual Subordinated Notes	5	200,000	200,000
CURRENT ASSETS			
Debtors	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
FINANCED BY:			
Preferred Securities	7	200,000	200,000
Partners' Interests	9	10,865	10,865
		210,865	210,865

Approved by the Manager



Bernard Kantor
For and on behalf of Investec plc

Date: 23 June 2011

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

Partners' accounts

for the year ended 31 March 2011

	Limited Partners €000	General Partner €000	Total €000
Partners' capital			
At 1 April 2010	10,855	10	10,865
Preferred Securities dividend paid	(14,150)	-	(14,150)
Profit for the year	14,150	-	14,150
At 31 March 2011	<u>10,855</u>	<u>10</u>	<u>10,865</u>

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

Notes to the financial statements

at 31 March 2011

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.

Objective

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.

Cash flow statement

The Partnership is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1, because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its general partner, Investec plc.

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.

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.

3. INCOME

	2011 €000	2010 €000
Interest on Perpetual Subordinated Notes	14,150	14,150

4. EXPENSES

In the current and prior year, the auditors' remuneration has been borne by another group company. The Partnership had no employees during the year (2010 – no employees).

Notes to the financial statements

at 31 March 2011

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.

6. DEBTORS

	2011 €000	2010 €000
Accrued interest on Perpetual Subordinated Notes	10,855	10,855
Other debtors	10	10
	<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 ("Preferred Securities"). The Preferred Securities, which are guaranteed by Investec plc, are callable at the option of the issuer, subject to the approval of the Financial Services Authority, 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 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 the guarantor.

Under the terms of the issue there are provisions for the 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 Regulator.

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.

Notes to the financial statements

at 31 March 2011

9. RELATED PARTY TRANSACTIONS

The Manager has taken advantage of the exemptions available in Financial Reporting Standard 8 from disclosing transactions with related parties which are members of 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.