

91 Phillip Street Fund

ARSN 604 881 656

Product Disclosure Statement

Dated 10 July 2015

Issued by
One Managed Investment Funds Limited

ACN 117 400 987

AFSL 297042

Responsible Entity

One Managed Investment Funds Limited
ACN 117 400 987
AFS licence no. 297042

Fund Manager

Capital Property Funds Pty Limited
ACN 162 323 506

Product Disclosure Statement 91 Phillip Street Fund

ARSN 604 881 656

91 Phillip Street, Parramatta, NSW

At a glance:

- Single-asset unlisted property fund.
- Targeting distributions of 8.00% per annum for years 1 and 2 (annualised for the period to 30 June 2016).
- Recently refurbished, high quality office building located in Parramatta.
- High quality tenants including (as at the date of this PDS) Regus, KPMG, NSW Government, Knight Frank and Cunningham Lindsey.
- An expected investment term of 5 years, with certainty of exit after 7 years.
- Potential investor upside through conversion of excess car parking to additional lettable area.

View from Parramatta River to 91 Phillip Street.



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Important Information

Issuer

The issuer of Units in the 91 Phillip Street Fund ARSN 604 881 656 (Fund) is One Managed Investment Funds Limited ACN 117 400 987 (Responsible Entity, we, us, our). The Responsible Entity holds an AFS licence (no. 297042).

Fund Manager

The Responsible Entity has appointed Capital Property Funds Pty Limited ACN 162 323 506 (Fund Manager) as the fund manager under an investment management agreement which delegates the day-to-day investment management of the Fund to the Fund Manager.

This document

This Product Disclosure Statement (PDS), issued by us, is dated 10 July 2015. It relates to the offer of Units in the Fund. This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC. The Responsible Entity will notify ASIC that this PDS is in use in accordance with section 1015D of the Corporations Act. ASIC takes no responsibility for the contents of this PDS.

No performance guarantee

None of the Fund Manager, the Responsible Entity, nor any of their directors, related parties or associates, guarantee the performance or success of the Fund, the repayment of capital or any particular rate of capital or income return to Investors.

No investment advice or recommendation

The information contained in this PDS is not financial product advice.

This PDS contains important information, however it does not take into account your investment objectives, financial situation or particular needs. Accordingly, before you invest, you should read this PDS (and any supplementary PDS and website updates) carefully and in its entirety, and, if you consider it necessary or appropriate, obtain independent financial and taxation advice about whether an investment in the Fund is suitable for you.

Information

No one is authorised to provide any information or to make any representation in connection with the Offer, which is not contained in this PDS. No such information or representation may be relied on as having been authorised by us.

Electronic PDS

An electronic version of this PDS appears at www.capitalpropertyfunds.com.au and www.oneinvestment.com.au. If you have received this PDS electronically, then the Responsible Entity will give you a paper copy free of charge, on request. To request a paper copy of this PDS, please telephone the Responsible Entity on 02 8277 0000, or alternatively the Fund Manager on 02 8004 6218.



Availability of Offer

The Offer under this PDS is available to persons receiving the PDS within Australia and New Zealand. This PDS does not constitute and should not be construed as an offer, invitation or recommendation by the Responsible Entity or the Fund Manager to apply for Units in any state, country, or jurisdiction where such an offer, invitation or recommendation may not be lawfully made.

Website information

Where this PDS indicates certain information is available on the Fund Manager's website: www.capitalpropertyfunds.com.au, we recommend you view that information before making a decision whether to invest. In addition, information contained in this PDS may change from time to time. If the change will be materially adverse to the Offer and the Offer is still open, then in accordance with the Corporations Act, the Responsible Entity will issue a supplementary PDS. However, if the change will not be materially adverse to the Offer, then a supplementary PDS may not be issued. Updated information will be available from our website and upon request, we will provide you with a paper copy of any updated information free of charge.

Risks

There are risks associated with investing in the Fund. See Section 6 for more information.

Master trust or wrap accounts

The Responsible Entity authorises the use of this PDS as disclosure to Indirect Investors who access the Fund through an IDPS, nominee or custody service and those investors may rely on this PDS. People who invest in the Fund through an IDPS do not become Direct Investors. The operator or custodian of the IDPS, nominee or custody service will be recorded as the Investor in the Investor register and will be the person who exercises the rights and receives the benefits as an Investor. Reports and documentation relating to the Fund will be sent to the operator of the IDPS, nominee or custody service. Investors using these services should be aware that they may be subject to different conditions from those set out in this PDS, particularly in relation to:

- arrangements for the application and transfer of Units;
- fees and expenses; and
- distribution calculation and timing.

Indirect Investors should contact their adviser or the operator of their IDPS with any queries relating to an investment in the Fund.

Glossary and photographs

Throughout this PDS, certain defined terms are used. Terms are defined in Section 12 of this PDS (if necessary). Photographs are of the Fund's property assets, unless otherwise indicated.

Parramatta river, only one block away.



Fund Manager's Letter

Dear Investor

On behalf of Capital Property Funds Pty Limited, the Fund Manager, we are pleased to invite you to invest in the 91 Phillip Street Fund ARSN 604 881 656 (Fund).

Contracts have been exchanged and, on settlement, the Fund will own 91 Phillip Street Parramatta, NSW (Property), a recently refurbished, high quality commercial office building located within the Parramatta CBD.

Investor returns will be derived principally from net rental income and the Fund is targeting income distributions of 8.00% per annum in years 1 and 2 (annualised for the period to 30 June 2016).

As at the date of this PDS, the Property has a mix of high quality tenants including Regus, KPMG, the NSW Government, Knight Frank and Cunningham Lindsey. The mix of tenants reduces risk and provides a staggered leasing profile which will provide an opportunity to capture the anticipated benefits of a strong Parramatta leasing market during the investment term.

As outlined in the commentary provided by Savills, which is provided in full in Section 4 of the PDS, the Parramatta office market is expected to deliver strong rental growth driven by a near zero (0.8%) A Grade office vacancy, low levels of supply and improving tenant demand.

The underlying fundamentals of the Parramatta market, being low vacancy rates and growing rental income, may also provide market driven growth over the expected investment term.

In addition to market driven growth, the Fund may also provide Investors with potential growth via some further development of the Property. With current parking in the building above code requirements, there is an opportunity to convert 15 of the ground floor car spaces into additional net lettable area of 370 square metres.

A development application was lodged with Parramatta City Council on 17 June 2015 to undertake the conversion of 15 ground floor car spaces into lettable area. The estimated cost of the conversion under that development application is expected to be less than \$250,000.

Agents are also actively marketing the space for lease.

The key features of the Property include:

- A high quality office building built in 1985 with recently completed capital works including new chillers, entrance foyer upgrade, new building management control system, comprehensive lift upgrade and installation of end of trip facilities.
- Located in Parramatta CBD, which currently has Australia's lowest prime office vacancy rate.
- High quality diversified tenancy mix with staggered lease expiries.
- Exceptional parking ratio of 1 bay per 42 square metres of net lettable area (133 parking spaces in total).
- High level of occupancy at 95% and a 12 month rental guarantee on the current vacancy being 328 square metres on Level 6.
- Weighted Average Lease Expiry (WALE) of 3.4 years by income as at 5 June 2015.
- Potential for market driven rental growth and capital growth.
- Potential investment upside via further development of the Property.
- Purchase price of \$30,000,000

The key features of the Offer include:

Investment type:	a single asset, fixed term unlisted property fund.
Amount to be raised:	Total Offer Amount – \$17,100,000 Minimum Offer Amount – \$11,000,000

Minimum investment: \$20,000

Additional investment minimum: \$5,000

Regular income distributions: The Fund will distribute income to Investors on a quarterly basis. For years 1 and 2, income distributions are targeted to be 8.00% per annum (annualised for the period to 30 June 2016).

Tax benefits: The Property is eligible for non-cash tax deductions and deferrals based on plant and equipment depreciation and the amortisation of the borrowing costs.

Gearing: The Fund Manager will establish a non-recourse senior debt facility with a major financial institution for a 5 year period.

If the Total Offer Amount is raised, then the Fund's gearing ratio will be 50%. If only the Minimum Offer Amount is raised, then the Fund's gearing ratio will be 65%.

Interest coverage: If the Total Offer Amount is raised, interest coverage is expected to be greater than 3 times. If only the Minimum Offer Amount is raised, then it is expected to be 2.7 times.

Limited liquidity: An investment made in the Fund should be considered as a 5-7 year investment. There is no secondary market or redemption facility for Units.

Defined exit strategy: A 5 year fund with two potential 2 year extensions but certainty of exit for those Investors that wish to exit after 7 years.

Risks: As with any investment there are risks associated with investing in the Fund and Investors may lose some or all of their money by investing in the Fund. Specifically, Investors in the Fund will have all of the risks associated with investing in commercial property and an unlisted property fund.

Superannuation friendly: Complying and self-managed superannuation funds can invest in the Fund.

Alignment of interest: Each of the executive directors of the Fund Manager will hold Units in the Fund and the Fund Manager is incentivised to achieve outperformance via a performance fee payable on disposal of the Property.

For the period ending 30 June 2016, if the income distributions paid to Investors falls below 8.00% per annum (annualised), the Fund Manager will forgo up to \$75,000 of its management fee which will be used to supplement distributions to Investors for this period. This amount will not be recouped in later years.

Regular reports: Investors will be kept informed of the progress of the Fund and any matter that the Fund Manager considers is material. Investors will receive quarterly distribution statements and an annual report.

On behalf of the Fund Manager, we are pleased to invite you to invest in the Fund and encourage you to read this PDS in full before deciding to invest. You should seek independent financial and taxation advice about whether an investment in the Fund is suitable for you.

Yours faithfully



Joe Christie
Executive Director
Capital Property Funds Pty Limited

Section 1 Offer Overview

1.1 Key Features

This section provides a summary of the key features of an investment in the Fund. It is not intended to be exhaustive. For more detailed information please refer to the relevant section of the PDS noted in the column on the right. You should read the whole of this PDS to make an informed decision about whether to invest in the Fund.

Feature	Overview	Refer to section
Key features of the Offer		
Minimum application amount	<p>The minimum application amount under the Offer is 20,000 Units at the offer price of \$1.00 per Unit for a total cost of \$20,000 and minimum additional investment amounts of \$5,000.</p> <p>The Responsible Entity may waive the minimum application amount at its discretion.</p>	Section 2
Key dates	<p>Offer opens</p> <p>The date of this PDS.</p> <p>First Close</p> <p>10 August 2015 or the date the Minimum Offer Amount is raised, whichever is earlier. Applications which have been received and accompanied by Application Money by this date will be guaranteed an allocation of Units, subject to any scale-back if there are over subscriptions.</p> <p>Second Close</p> <p>10 September 2015 or the date the Total Offer Amount is raised, whichever is earlier. Allocation of Units for Applications received after the First Close and prior to this date will be subject to availability.</p> <p>Allotment Date</p> <p>Expected to be on or before the Second Close, unless otherwise determined by the Responsible Entity.</p> <p>These dates are indicative only and we may change them without notice. We may decide, in our absolute discretion, to extend the term of the Offer.</p>	Section 2
Amount to be raised	<p>The Total Offer Amount is \$17,100,000.</p> <p>The Minimum Offer Amount is \$11,000,000.</p> <p>The equity raised will be used with the bank debt, to fund the purchase of the Property (including acquisition costs and working capital).</p> <p>Only subscriptions up to the Total Offer Amount will be accepted.</p>	Section 2

Feature	Overview	Refer to section
Amount to be raised (cont.)	If the Minimum Offer Amount is not raised by the Second Close, or such other date as determined by the Responsible Entity, the Offer may not proceed and Application Money will be returned as soon as practicable by the Responsible Entity. Interest will not be paid on returned Application Money.	Section 2
Date of Unit issue	Units will be issued on the Allotment Date. However, if less than the Total Offer Amount is raised, then the Responsible Manager may continue raising money under this PDS and issue further units after the Allotment Date, until the Total Offer Amount is raised.	Section 2
Key Features of the Fund		
Investment type	The Fund will be a single asset, fixed term unlisted registered managed investment scheme investing in the freehold commercial office property at 91 Phillip Street, Parramatta, NSW.	Section 3
Fund objective and investment strategy	<p>The Fund's objective is to do the following:</p> <ul style="list-style-type: none"> • Provide Investors with a regular and stable income return underpinned by rental income from a mix of tenants. • Provide Investors with the potential for capital growth upon disposal of the Property. • Provide a fixed term investment with a clearly defined exit strategy. <p>The Fund's investment strategy is to do the following:</p> <ul style="list-style-type: none"> • Maintain the Property's rental income. • Capture improving Parramatta rental growth. • Maintain and enhance the leasing profile of the Property through the implementation of a proactive leasing strategy. • Provide Investors with potential growth through the conversion of excess ground floor car spaces into additional lettable area. • Implement a capital works program to ensure the Property remains a high quality office building capable of attracting and retaining high quality tenants. 	Section 3

Feature	Overview	Refer to section												
<p>Summary of distribution targets</p>	<p>The table below summarises the target distributions the Fund Manager aims to pay to Investors, after costs, for years 1 and 2 (annualised for the period to 30 June 2016).</p> <table border="1" data-bbox="416 421 1219 994"> <thead> <tr> <th></th> <th>Financial year ending 30 June 2016</th> <th>Financial year ending 30 June 2017</th> </tr> </thead> <tbody> <tr> <td>Cash yield to Investors (annualised)</td> <td>8.00% per annum.</td> <td>8.00% per annum.</td> </tr> <tr> <td>Estimated total tax deferred component</td> <td>60%</td> <td>51%</td> </tr> <tr> <td>Gross tax effective income return¹ (at top marginal tax rate)</td> <td>11.3%</td> <td>10.7%</td> </tr> </tbody> </table> <p>¹ Gross Tax Effective Income Return is the annualised return an Investor (as a 49% taxpayer) would need to earn from a competing investment with no taxation benefits (e.g. a bank deposit) to achieve a comparable return to the target Fund returns. Please note that tax deferrals will decrease an Investor's cost base for CGT purposes and may result in an increased CGT liability.</p>		Financial year ending 30 June 2016	Financial year ending 30 June 2017	Cash yield to Investors (annualised)	8.00% per annum.	8.00% per annum.	Estimated total tax deferred component	60%	51%	Gross tax effective income return ¹ (at top marginal tax rate)	11.3%	10.7%	<p>Section 9</p>
	Financial year ending 30 June 2016	Financial year ending 30 June 2017												
Cash yield to Investors (annualised)	8.00% per annum.	8.00% per annum.												
Estimated total tax deferred component	60%	51%												
Gross tax effective income return ¹ (at top marginal tax rate)	11.3%	10.7%												
<p>Unit Pricing</p>	<p>The Units will be issued at a price of \$1.00.</p> <p>Assuming the Total Offer Amount is raised, the Net Tangible Assets (NTA) per Unit is expected to be approximately \$0.92.</p> <p>If only the Minimum Offer Amount is raised, then the NTA per Unit is expected to be \$0.88.</p>	<p>Section 2</p>												
<p>Responsible Entity</p>	<p>One Managed Investment Funds Limited (AFS licence no. 297042) is the responsible entity for the Fund and will hold title to the Fund's assets.</p> <p>The Responsible Entity of the Fund is a subsidiary of the One Investment Group. One Investment Group holds over 100 trustee roles with assets in these trusts in excess of \$6 billion.</p>	<p>Section 5</p>												
<p>Fund Manager</p>	<p>Capital Property Funds Pty Limited has been appointed by the Responsible Entity to manage the Fund.</p>	<p>Section 5</p>												

Feature	Overview	Refer to section
Expected term of this investment	<p>The initial term of the investment is 5 years from the Allotment Date.</p> <p>The investment can be extended for two further 2 year terms in accordance with the Liquidity Events described in the section below.</p>	Section 2
Liquidity Events	<p>Prior to the end of the initial 5 year term, there will be an initial Liquidity Event, where the Responsible Entity will provide Investors with the opportunity to realise their investment through the completion of a withdrawal request form. This form will allow each Investor to nominate the number of Units (if any) they wish to redeem at the conclusion of the initial 5 year term.</p> <p>If the Responsible Entity receives withdrawal requests from Investors in respect of more than 50% of the Units on issue, then the Fund will be wound up with the Responsible Entity completing an orderly sale of the Property.</p> <p>Alternatively, if the Responsible Entity does not receive withdrawal requests from Investors in respect of more than 50% of the Units on issue, then the investment term will be extended for a further period of 2 years.</p> <p>If the investment term is extended, then the Responsible Entity in consultation with the Fund Manager will implement a liquidity strategy and use its best endeavours to satisfy the withdrawal requests received from those Investors who wish to exit.</p> <p>However there is no guarantee that any withdrawal request will be able to be satisfied and the strategy will have regard to what is in the best interests of all Investors at the time. The strategy for satisfying withdrawal requests may include raising equity, arranging debt finance, matching existing Investors who may wish to acquire further Units in the Fund with those Investors who wish to exit the Fund or using a combination of these options.</p> <p>If the initial 5 year investment term is extended for a further 2 years, then after approximately 6.5 years from the Allotment Date, there will be a final Liquidity Event.</p> <p>Under a final Liquidity Event, the Responsible Entity will provide Investors with the opportunity to realise their investment through the completion of a withdrawal request form. This form will allow each Investor to nominate the number of Units (if any) they wish to redeem at the conclusion of the extended 7 year term.</p> <p>The investment term cannot be extended beyond 7 years from the Allotment Date, unless the Responsible Entity—</p> <ul style="list-style-type: none"> • receives no withdrawal requests under the final Liquidity Event, or • is able to provide liquidity for those Investors who want to exit the Fund through the final Liquidity Event. 	Section 2

Feature	Overview	Refer to section
Liquidity Events (cont.)	<p>If the Responsible Entity is able to satisfy the conditions set out above, then the investment term may be extended for a further 2 years (i.e., to 9 years from the Allotment Date).</p> <p>Following the end of that investment term, the Fund will be wound up and the Responsible Entity will complete an orderly sale of the Property.</p>	Section 2
Withdrawal rights	<p>You will not have a right to withdraw your investment during the life of the Fund. Under the Liquidity Events you will be provided with an opportunity to lodge a withdrawal request and those withdrawal requests may be accepted by the Responsible Entity, but there is no guarantee that they will be satisfied.</p> <p>This is a fixed-term investment with no ongoing liquidity.</p>	Section 2
Distribution policy	<p>The current intention is that distributions will be paid quarterly to Investors, within four weeks of the end of each calendar quarter.</p> <p>The Fund will only pay distributions from cash from operations and reserves (not borrowings).</p> <p>As at the date of this PDS, there will not be a distribution reinvestment facility available to Investors.</p>	Section 2
Borrowings	<p>The Fund Manager proposes to secure a debt facility to acquire the Property and has received indicative non-binding proposals from several financial institutions.</p> <p>The Fund's target gearing level is 50%, equating to \$15,500,000 and the Fund Manager will hedge all of the interest expense over the initial 5 year term of the Fund on this amount.</p> <p>The Fund's maximum gearing level is 65%. Any debt above 50% will not be hedged.</p> <p>All funding will be non-recourse to Investors.</p> <p>The prospective lenders' term sheets are subject to due diligence and satisfactory documentation. The Fund Manager intends to document and establish the debt facility prior to the Allotment Date.</p>	Section 3
Underwrite	<p>If the Total Offer Amount is not received by the Second Close or another date as determined by the Responsible Entity, then the Responsible Entity reserves the right to secure an Underwrite to enable the Fund to settle the acquisition of the Property.</p> <p>If the Responsible Entity secures an Underwrite to enable the Fund to settle the acquisition of the Property, then the Fund Manager will bear the costs of that Underwrite arrangement and will not pass the cost on to the Fund.</p>	Section 2

Feature	Overview	Refer to section
Gearing ratio	<p>If the Total Offer Amount is raised, then the gearing ratio will be approximately 50% after the Offer closes.</p> <p>If the Minimum Offer Amount is raised, then the gearing ratio will be approximately 65%.</p> <p>The maximum gearing ratio covenant under the proposed debt facility is anticipated to be 65%. If only the Minimum Offer Amount is raised, then the Fund Manager considers that it is prudent to reduce the Fund's gearing ratio below 65%.</p> <p>The Fund Manager will seek to do this by implementing the following strategy:</p> <ol style="list-style-type: none"> 1. Making additional principal reduction payments from free cash flow received from revenue generated by the Fund. 2. Keeping the Offer open for a further period of time to enable further equity to be raised. Any further equity raised would be used to reduce the Fund's gearing ratio. 	Section 3
Interest cover ratio	<p>The interest cover ratio at the Total Offer Amount for the Fund is expected to be greater than 3 times.</p> <p>The interest cover ratio at the Minimum Offer Amount for the Fund is expected to be 2.7 times.</p>	Section 3
Tax information	<p>Before investing, you should obtain your own independent tax advice, taking into account your own circumstances.</p>	Section 10
Cooling-off	<p>As an investment in the Fund is illiquid, you will not have any cooling-off rights after you invest.</p>	Section 11
Complaints	<p>The Responsible Entity has a procedure for handling complaints. It is also a member of the Financial Ombudsman Service, an independent external dispute resolution organisation.</p>	Section 11
SMSF & Superannuation funds	<p>Self-managed super funds and complying superannuation funds are able to invest in the Fund, subject to their own investment criteria.</p>	



Feature	Overview	Refer to section
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Key Features of The Property

Property	<p>91 Phillip Street Parramatta is a high quality 9 level office building, located in the heart of Parramatta's CBD.</p> <p>Completed in 1985, 91 Phillip Street has recently undergone a significant refurbishment, including new chillers, foyer upgrade, new building management control system, comprehensive lift upgrade and installation of end of trip facilities (eg. bike racks, change rooms and secure locker facilities).</p> <p>The bathrooms and lift landings on several floors have also been upgraded and programs are underway for further upgrades to bathrooms and amenities in the building.</p> <p>The building provides approximately 5,703 square metres of net lettable area and secure onsite parking for 133 vehicles.</p> <p>A development application was submitted to Parramatta City Council on 17 June 2015, proposing the conversion of 15 ground floor car spaces into approximately 370 square metres of additional net lettable area.</p>	Section 4
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About the tenants	As at the date of this PDS, the building is 95% occupied by high quality tenants including, Regus, KPMG, NSW Government, Knight Frank and Cunningham Lindsey.	Section 4
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Level	Tenant
Eight	KPMG
Seven	Regus
Six	Regus / Integra Financial / Rental Guarantee
Five	NSW Government
Four	Cunningham Lindsey
Three	Permanent Realty & Parking
Two	Knight Frank & Parking
One	End of Trip Facilities & Parking
Ground	Café 91 & Parking

Feature	Overview	Refer to section
Rental guarantee(s)	<ol style="list-style-type: none"> At the date of this PDS, a vacancy exists in Suite 1 of Level 6 of the Property, equating to an area of 328 square metres. If this suite remains vacant at the time of settlement, then the Vendor will deposit \$147,600 into their solicitor's trust account and these funds will be used to provide a rental guarantee at a rate of \$450 per square metre for 12 months or until such time as the suite is leased at this rate or higher. If the Cunningham Lindsey lease expires (or otherwise comes to an end) on or before 31 August 2015, then the Vendor will deposit an additional sum of \$210,195 into their solicitor's trust account. If the Cunningham Lindsey lease expires, then these funds will be used to provide a rental guarantee at a rate of \$450 per square metre for up to six months or until such time as the space is leased at this rate or higher. 	Section 4
Alignment of interests	<p>Each of the executive directors of the Fund Manager will hold Units in the Fund and the Fund Manager is incentivised to achieve outperformance via a performance fee structure on disposal of the Property.</p> <p>For the period ending 30 June 2016, if the income distributions paid to Investors falls below 8.00% per annum (annualised), the Fund Manager will forgo up to \$75,000 of its management fee. This money will be used to supplement distributions to Investors during this period and will not be recouped by the Fund Manager in later years.</p>	Section 7
Potential for rental growth	<p>Savills Australia expects Parramatta to experience continued rental growth over the short to medium term. The Fund Manager believes the Property's diversified tenancy profile will provide an opportunity to capture rental growth as leases are negotiated during the proposed investment term of the Fund.</p> <p>Fixed annual rental reviews will also assist in providing annual rental growth.</p>	Section 4



Feature	Overview	Refer to section
Development application lodged to provide additional NLA	<p>On 17 June 2015, a development application was lodged with Parramatta City Council. If approved, the development application will allow 15 ground floor car spaces to be converted to an additional 370 square metres of net lettable area (NLA).</p> <p>The Fund Manager estimates the additional NLA will provide additional income of \$170,000 per annum and would increase the quarterly distributions payable to Investors and may also increase the capital value of the Property.</p> <p>The development application indicates that the cost of the conversion is estimated to be less than \$250,000 in addition to any lease incentives and lessor fit out contribution.</p> <p>Agents are actively marketing the space for lease.</p> <p>Please note: the Fund Manager has not included any of the potential additional income from this proposed development application in the target income estimates for the Fund. This is because there is a risk the proposed development may not obtain development approval, may not be undertaken by the Fund for whatever reason or may be undertaken in a form substantially different from that contemplated in the original development application. Investors should consider those risks when making a decision to invest in the Fund.</p>	Section 4
Purchase price	\$30,000,000.	Section 4
Valuation	\$31,000,000 as prepared by DTZ and as at 5 June 2015.	Section 8
Re-valuation policy	The Property will be independently re-valued at least every three years, and valued by the Fund Manager annually in the intervening years and prior to any Liquidity Event.	Section 11
Weighted average lease expiry (by income)	3.4 years as at 5 June 2015.	Section 4
Risks		
<p>There are risks associated with investing in the Fund. Distributions are not guaranteed and neither are any capital returns. Section 6 of this PDS provides more detail in relation to the risks of investing but some of the main risks include:</p>		
General risks	<p>General risks associated with an investment in the Fund include, but are not limited to:</p> <ul style="list-style-type: none"> • Downturn in economic and market conditions. • Interest rate and inflation fluctuations. • Legislative, regulatory and tax changes. 	Section 6

Feature	Overview	Refer to section
Real estate risks	<p>Real estate specific risks associated with investment in the Fund include, but are not limited to:</p> <ul style="list-style-type: none"> • Decrease in the value of the Property. • Decrease in the Property's net operating income. • Higher than expected capital expenditure requirements. • Force majeure events, such as natural disasters, market volatility or terrorism. 	Section 6
Fund risks	<p>Fund risks associated with investment in the Fund include, but are not limited to:</p> <ul style="list-style-type: none"> • Investment returns not being achieved. • The Fund term may be extended from 5 years up to 7 years without an opportunity to exit. • Debt facilities will be secured over the Property and contain a number of covenants which, if breached, would allow the lender to retain Property income and in certain circumstances, force a sale of the Property. • Whilst the Fund Manager has indicative proposals from a number of financiers, the debt facility may not be able to be secured on terms satisfactory to the Fund Manager. In those circumstances the Offer may not proceed. • Any debt facility for the Fund will be secured over the Property. • If only the Minimum Offer Amount is raised, then the Fund's initial gearing ratio will be high (i.e., 65%). A higher gearing ratio means a higher reliance on debt may expose the Fund to additional risks, for example if there are increases in interest rates or a reduction in the Property's value. Given the anticipated gearing ratio covenant under the debt facility, the Fund will also have little to no asset buffer to rely upon when the Fund commences. • There is a risk that new finance may not be obtained upon the expiry of the Fund's debt facilities, or that it may not be obtained on the same or better terms. • You will only be able to withdraw from the Fund under the Liquidity Events described in this PDS. • Investment in a single asset lacks diversification. • If the Minimum Offer Amount is not raised, then the Offer will not proceed. 	Section 6

Feature	Overview	Refer to section
Fees and Other Costs		
Fees and costs	<p>There are fees and costs payable by the Fund to the Fund Manager, the Responsible Entity and to consultants who have assisted with the Offer. Ongoing annual costs will also be payable in relation to the management and administration of the Fund.</p> <p>Fees payable to the Fund Manager (Capital Property Funds):</p> <ul style="list-style-type: none"> • Acquisition fee of 2% (plus GST) of the purchase price of the Property. • Ongoing management fee of 0.55% per annum (plus GST) of the Fund's gross asset value of the Fund from time-to-time. • Property sale fee of 1% (plus GST) of the gross sale price of the Property. • Performance fee of 20% (plus GST) of the amount by which the IRR to Investors exceeds 10% per annum (after payment of fees) after the Property is sold. <p>Fees payable to the Responsible Entity and Custodian (One Managed Investment Funds Limited)</p> <ul style="list-style-type: none"> • Establishment fee: A one off fee of \$25,000 (plus GST). • Responsible Entity Fee: The greater of – <ul style="list-style-type: none"> (a) \$66,000 (plus GST) per annum with annual CPI increases, or (b) 0.08% per annum of the Fund's gross asset value. 	Section 7

1.2 ASIC Disclosure Benchmarks and Principles

On 28 March 2012, ASIC issued Regulatory Guide 46 "Unlisted property schemes: Improving disclosure for retail investors" which contains six disclosure benchmarks and eight disclosure principles for unlisted property funds intended to assist investors analyse and understand the risks associated with investing in these types of funds and decide whether such investments are suitable for them.

Responsible entities of unlisted property funds are required to apply these disclosure benchmarks and principles in their product disclosure statements and in other information they provide to their investors on an ongoing basis (through websites and other forms of communication with investors).

The table below contains a brief explanation of each ASIC disclosure benchmark and principle, together with a reference to the section of this PDS where more information can be found.

Disclosure benchmarks and principles	Summary	Refer to section
Gearing (Benchmark 1: Gearing policy and Disclosure Principle 1: Gearing ratio)	Benchmark – satisfied. The Fund meets this benchmark because the Responsible Entity maintains and will comply with a written policy that governs the level of gearing at an individual credit facility level.	Section 3

Disclosure benchmarks and principles	Summary	Refer to section
Gearing (cont.)	<p>A fund's gearing ratio indicates the extent to which the fund's assets are funded by borrowings. The Fund's gearing ratio (being the Fund's total interest bearing liabilities divided by the value of the Property) will be approximately 50% assuming the Total Offer Amount is raised from Investors. If the Minimum Offer Amount is raised, then the gearing ratio will be 65% after the Offer closes at the Minimum Offer Amount.</p> <p>The maximum gearing under the Fund's anticipated debt facility is a maximum of 65%.</p>	Section 3
Interest cover (Benchmark 2: Interest coverage policy and Disclosure Principle 2: Interest coverage ratio)	<p>Benchmark – satisfied. The Fund meets this benchmark because the Responsible Entity maintains and will comply with a written policy that governs the level of interest cover at an individual credit facility level.</p> <p>An interest cover ratio gives an indication of a fund's ability to meet interest payments from earnings. The lower the interest cover ratio, the higher the risk that the Fund will not be able to meet its interest payments.</p> <p>If the Total Offer Amount is raised, then the interest cover ratio for the Fund is expected to be greater than 3 times.</p> <p>If only the Minimum Offer Amount is raised, then the interest cover ratio for the Fund is expected to be 2.7 times</p>	Section 3
Interest capitalisation (Benchmark 3: Interest capitalisation)	<p>Benchmark – satisfied. The interest expense of the Fund is not capitalised.</p>	Section 2
Scheme Borrowing (Disclosure Principle 3: Scheme borrowing)	<p>This principle requires disclosure of information on the Fund's borrowing maturity and any associated risks.</p> <p>The Fund Manager proposes to secure a debt facility to acquire the Property and has received indicative non-binding proposals from several lenders.</p> <p>The proposed debt facility will be in 2 tranches:</p> <ul style="list-style-type: none"> • Tranche A - a 50% gearing tranche (\$15,500,000) will have a 5 year term and the interest rate will be fixed rate and hedged for five years. • Tranche B - a second tranche for any debt above 50% gearing up to the maximum gearing limit of 65% will be a 5 year facility and the interest rate will be variable. <p>All funding will be non-recourse to Investors.</p>	Section 3

Disclosure benchmarks and principles	Summary	Refer to section
Portfolio diversification (Disclosure Principle 4: Portfolio Diversification)	<p>The principle requires disclosure of information on the composition of the Fund's property investment.</p> <p>Funds raised under the Offer made by this PDS will be used to acquire an office building at 91 Phillip Street, Parramatta, NSW.</p> <p>The Fund will only acquire a single asset.</p>	Section 6
Valuations (Benchmark 4: Valuation policy)	<p>Benchmark – satisfied. The Responsible Entity maintains and will comply with a written valuation policy.</p> <p>A valuation policy helps investors understand how assets will be valued and can help them assess the reliability of valuations.</p> <p>The Property will be independently valued at least once every three years, and valued internally every other year.</p> <p>Upon request the Responsible Entity will provide you with a copy of its Valuation Policy.</p>	Section 2
Related party transactions (Benchmark 5: and Disclosure Principle 5: Related party transactions)	<p>Benchmark – satisfied. The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions, and arrangements to manage conflicts of interest.</p> <p>This principle requires the provision of information on a responsible entity's approach to related party transactions. The Responsible Entity's policy ensures that any actual or potential conflicts of interest are identified and appropriately dealt with.</p>	Section 11



Disclosure benchmarks and principles	Summary	Refer to section
Distribution practices (Benchmark 6 and Disclosure Principle 6: Distribution practices)	<p>Benchmark – satisfied. The Fund will only pay distributions from cash from operations and reserves (excluding borrowings).</p> <p>Information on a fund's intended distribution practices helps investors assess matters such as the sources of distributions.</p> <p>Distributions will be paid from Property rental income. It is intended the Fund will pay distributions quarterly to Investors, within four weeks of the end of each calendar quarter.</p>	Section 2
Withdrawal arrangements (Disclosure Principle 7 : Withdrawal arrangements)	<p>The only opportunity you will have to submit a withdrawal request will be under the Liquidity Events described in this PDS. There is, however, no guarantee that those withdrawal requests will be accepted. There is otherwise no ongoing liquidity.</p>	Section 2
Net Tangible Assets (Disclosure Principle 8: Net tangible assets)	<p>Assuming the Total Offer Amount is raised, the Net Tangible Assets per Unit is expected to be approximately \$0.92.</p> <p>If only the Minimum Offer Amount is raised, then the Net Tangible Assets per Unit is expected to be \$0.88</p> <p>On acquisition of the Property, acquisition costs will dilute the Fund's Net Tangible Assets per unit.</p>	Sections 2 and 9

Updates to the information required under the ASIC disclosure principles, from time to time, will be placed on the following websites: www.capitalpropertyfunds.com.au and www.oneinvestment.com.au.



Section 2 Offer Details

2.1 The Offer

This PDS offers investment in the Fund through the holding of Units.

By holding Units, you will share in the income generated from the property located at 91 Phillip Street, Parramatta, NSW.

If the Fund terminates at any time and the Property is sold, then Investors will participate in the net sale proceeds.

Distributions are not guaranteed and neither are any capital returns. An investment in the Fund comes with risks associated with investing in commercial property. You should refer to Section 6 for more information about the risks associated with this investment.

2.2 Amount being raised and how it will be used

We are seeking to raise the Total Offer Amount of \$17,100,000 under this PDS. Over subscriptions will not be accepted.

The money raised under the Offer will be used to—

- partially fund the purchase of the Property located at 91 Phillip Street, Parramatta, NSW
- meet the costs of the Offer, and
- provide the Fund with working capital of approximately \$96,000.

If the Minimum Offer Amount of \$11,000,000 is not raised by the Second Close, or such other date as determined by the Responsible Entity, then the Offer may not proceed and Application Money will be returned as soon as practicable by the Responsible Entity. Interest will not be paid on returned Application Money.

2.3 First Close and Second Close dates

The First Close is 10 August 2015 at 5.00pm or the date that the Minimum Offer Amount is raised, whichever comes first.

Any applications received on or before the First Close which have been accompanied by Application Money will be guaranteed an allocation of Units in the Fund. However, you may not necessarily be issued with all the Units you applied for if the Offer is oversubscribed by the First Close. Consequently, you are

encouraged to lodge your Application Form and Application Money early, to ensure receiving an allocation of Units.

The Second Close is Thursday 10 September at 5.00pm or the date the Total Offer Amount is raised, whichever is earlier. Any applications received on or before the Second Close but after the First Close will be allocated Units, subject to availability.

We reserve the right to close the Offer earlier than the Second Close or to extend the Offer after the Second Close at our discretion and without notice (but for no longer than four months from the date of this PDS).

2.4 Underwrite

If the Total Offer Amount is not received by the Second Close or another date determined by the Responsible Entity (which is not more than four months from the date of this PDS), then the Responsible Entity reserves the right to secure an Underwrite to enable the Fund to settle the acquisition of the Property. The Underwriter will be issued with Units.

The costs of that Underwriting arrangement will be borne by the Fund Manager and will not be an expense of the Fund.

2.5 Application price and minimum investment amount

Units under the Offer are priced at \$1.00 each.

The minimum amount you must invest is \$20,000 and minimum additional amounts of \$5,000. The Responsible Entity reserves the right to accept applications for lower amounts, at its discretion.

2.6 Allotment of Units

If your application is accepted by us, then we expect to issue Units to you on or before the Second Close.

However, if the Total Offer Amount is achieved before the First Close, then we may issue Units to successful applicants once that amount has been raised.

We will not issue any Units under this Offer before the First Close or before the Minimum Offer Amount is raised.

2.7 Net Tangible Assets

The Fund's net tangible assets (NTA) shows the value of the Fund's NTA on a per Unit basis. This amount can be used as an approximate measure of what an Investor could expect to receive per Unit held (before selling costs).

NTA is calculated as follows:

$$\text{NTA} = \frac{\text{Net assets – intangible assets} \pm \text{other adjustments}}{\text{Number of Units on issue}}$$

Assuming the Total Offer Amount is raised, the NTA per Unit is expected to be approximately \$0.92.

If only the Minimum Offer Amount is raised, then the NTA per Unit is expected to be \$0.88.

On acquisition of the Property, acquisition costs will dilute the Fund's NTA per unit.

2.8 Distributions

Distributions will generally be paid within four weeks after the end of each calendar quarter. Distribution payments will be made by electronic funds transfer.

Distributions will only be paid from the Fund's cash from operations and reserves. The Responsible Entity will not pay any distributions from borrowings.

There is no distribution reinvestment facility.

A proportion of distributions are expected to comprise tax-deferred amounts. Please refer to Section 9 for more information.

2.9 Illiquid investment

You will not have any right to withdraw your money from the Fund. You will have an opportunity to submit a withdrawal request under the Liquidity Events (refer to Section 2.12 for more details). There is, however, no guarantee that those withdrawal requests will be accepted.

Investment in the Fund is illiquid and the Responsible Entity does not expect to make any withdrawal offers.

Therefore, once your Application Form has been accepted, you should expect that your investment will remain in the Fund until the end of the expected investment term or any extension to the term (see Section 2.12 below).

There will not be any established secondary market for the sale of Units. If you want to sell your Units, then under the law there are certain restrictions placed on the Responsible Entity in relation to the level of assistance the Responsible Entity can give you. Subject to those restrictions, the Responsible Entity will endeavour to assist you should you wish to sell.

Under the Constitution, the Responsible Entity has discretion to refuse to register any transfer of Units.

2.10 How you can invest

Applications to invest must be made by completing the Application Form which accompanies this PDS.

The Application Form should be completed in accordance with the instructions in Section 13.

2.11 Expected investment term

The initial term of the investment is 5 years from the Allotment Date.

The investment term can be extended for two further 2 year terms (see Section 2.12 below).

In addition, under the Corporations Act, Investors may call a meeting at any time to propose resolutions directing the Responsible Entity to sell the Property and wind-up the Fund.

2.12 Liquidity Events

Initial Liquidity Event

Prior to the end of the initial 5 year term, there will be an initial Liquidity Event, where the Responsible Entity will provide Investors with the opportunity to realise their investment through the completion of a withdrawal request form. This form will allow each Investor to nominate the number of Units (if any) they wish to redeem at the conclusion of the initial 5 year term.

If the Responsible Entity receives withdrawal requests from Investors in respect of more than 50% of the Units on issue, then the Fund will be wound up with the Responsible Entity completing an orderly sale of the Property or procuring the sale of all Units.

Alternatively, if the Responsible Entity does not receive withdrawal requests from Investors in respect of more than 50% of the Units on issue, then the investment term will be extended for a further period of 2 years.

If the investment term is extended, then the Responsible Entity in consultation with the Fund Manager will implement a liquidity strategy and use its best endeavours to satisfy the withdrawal requests received from those Investors who wish to exit. This strategy will have regard to what is in the best interests of all Investors at the time and may include raising equity, arranging debt finance, matching existing Investors who may wish to acquire further Units in the Fund with those Investors who wish to exit the Fund or using a combination of these options.

Final Liquidity Event

The investment term cannot be extended beyond 7 years from the Allotment Date, unless the Responsible Entity—

- receives no withdrawal requests under the final Liquidity Event, or
- is able to provide liquidity for those Investors who want to exit the Fund through the final Liquidity Event.

If the Responsible Entity is able to satisfy the conditions set out above, then the investment term may be extended for a further 2 years (i.e., to 9 years from the Allotment Date).

Following the end of that investment term, the Fund will be wound up and the Responsible Entity will complete an orderly sale of the Property.

Independent valuation

The Responsible Entity will have the Property valued by an independent valuer prior to the Liquidity Event(s). These valuations will not be more than three months old at the date of the relevant Liquidity Event. For more detail on the Responsible Entity's valuation policy, refer to Section 11.

Information to be provided to Investors

At each Liquidity Event, the Responsible Entity will communicate formally with Investors providing—

- details of the independent valuation of the Property
- the Fund Manager's recommendations as to whether the Fund should be wound up or the investment term extended for a further term of 2 years
- an outline of the liquidity strategy the Fund Manager proposes in order to fund the withdrawal of redeeming Investors, and
- the price that Investors will receive if Investors redeem Units or the Fund is wound up. That estimated Unit Price will reflect the NTA per Unit and estimated costs of selling the Property and winding up the Fund.

Power of attorney

Upon a Liquidity Event, each holder of Units appoints the Responsible Entity and its authorised officers and agents as their attorney to do any act or thing, including to execute, sign and deliver any document that the attorney considers necessary or desirable to implement the steps required to provide liquidity in accordance with this PDS (including executing transfers, assignments, application forms, subscriptions and other assurances of the Units being transferred or issued).



Section 3 The Fund

3.1 Objective and strategy

The Fund's objective is to do the following:

- Provide Investors with a regular and stable income return underpinned by rental income from a mix of tenants.
- Provide Investors with the potential for capital growth upon disposal of the Property.
- Provide a fixed term investment with a clearly defined exit strategy.

The Fund's investment strategy is to do the following:

- Maintain the Property's rental income.
- Capture improving Parramatta rental growth.
- Maintain and enhance the leasing profile of the Property via a proactive leasing strategy.
- Provide Investors with potential investment growth through the conversion of excess ground floor car spaces into additional lettable area.

- Implement a capital works program to ensure the Property remains a high quality office building capable of attracting and retaining high quality tenants.

3.2 Structure

The Fund is an unlisted unit trust, registered with ASIC as a managed investment scheme (ARSN 604 881 656). There is no intention to list the Fund on a secondary market such as the ASX.

The Fund was established by a constitution dated 20 March 2015 which regulates the relationship between the Responsible Entity and the Investors. Section 11 sets out further information about the Constitution.

The Responsible Entity has appointed the Fund Manager as the manager of the Fund under an investment management agreement. This agreement is summarised in Section 11 of this PDS.

3.3 Borrowings

The Fund Manager proposes to secure a debt facility to acquire the Property and has received indicative non-binding proposals from several financial institutions.

Based on the proposals received, it is anticipated that the Fund's debt facility will be on the following terms:

Type of Loan	Registered first mortgage over the Property, interest only, no recourse to investors
Loan amount Tranche A – 50% gearing ratio Tranche B – for additional amount to bring the gearing ratio up to 65% gearing ratio	\$15,500,000 Up to \$4,650,000
Gearing ratio At Total Offer Amount At Minimum Offer Amount Bank covenant	50% 65% 65%
Interest cover ratio At Total Offer Amount At Minimum Offer Amount Bank covenant	Expected to be greater than 3 times Expected to be 2.7 times Expected to be 1.85 times

Type of Loan	Registered first mortgage over the Property, interest only, no recourse to investors
Interest cost including margin	
Tranche A	4.40% fixed rate
Tranche B	3.70% variable rate
Term of loan	
Tranche A	5 years with 2 x 1 year options at the same interest rate and margin
Tranche B	5 years
Establishment fee	0.35% of the total facility
Security	First ranking registered mortgage over the Property

All borrowings of the Fund will be on a limited recourse basis. A lender's recourse will be limited to the Fund and its assets and will not have recourse to Investors and their personal assets. Investors should however note that amounts owing to lenders and other creditors of the Fund rank before an Investor's interest in the Fund.

3.4 Gearing ratio

The gearing ratio indicates the extent to which the Fund's assets are funded by borrowings. It gives an indication of the potential risks the Fund faces in terms of its level of borrowings due to, for example, an increase in interest rates or a reduction in asset values.

The gearing ratio is calculated as follows:

$$\text{Gearing ratio} = \frac{\text{Total interest - bearing liabilities}}{\text{Total assets}}$$

The Fund has a target gearing ratio of 50% (which is the proposed Tranche A facility described above) on full equity subscription at the Total Offer Amount.

If only the Minimum Offer Amount is raised, then the gearing ratio will be 65%.

The Fund will also be able to draw on undrawn debt lines (through the use of the Tranche B facility described above) to pay for capital expenditure and tenant incentives as they arise.

The Fund Manager considers a long-term gearing level of between 50% and 60% to be

an optimal level of debt. A higher gearing ratio for a property fund means a higher reliance on external liabilities (primarily borrowings) to finance the Fund's assets.

Consequently, if only the Minimum Offer Amount is raised, then the Fund Manager will implement the following strategy to reduce the Fund's gearing ratio:

- Making additional principal reduction payments from free cash flow received from revenue generated by the Fund.
- Keeping the Offer open for a further period of time to enable further equity to be raised. Any further equity raised would be used to reduce the Fund's gearing ratio. Any Units issued under this extended capital raising period would be issued at \$1.00.

Through implementing this strategy, the gearing ratio of the Fund would reduce over time. It is anticipated the Fund's debt facility will contain a covenant requiring the Fund's gearing ratio to be 65% or lower. Consequently, during the period that the Fund Manager is working to reduce the gearing ratio, there is an increased risk that the Fund could breach its debt facility.

Interest Cover Ratio (ICR)

An Interest Cover Ratio is a measure of how many times loan interest is covered by the Fund's EBITDA. A property fund's interest cover is a key indicator of its financial health. The lower the interest cover, the higher the risk that the fund will not be able to meet its interest payments. A fund with a low interest cover only needs a small reduction in earnings (or a small increase in interest rates or other expenses) to be unable to satisfy its debt repayment obligations.

The Interest Cover Ratio is calculated as follows:

$$\text{Interest Cover} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

The Interest Cover Ratio for the Fund is expected to be over 3.0 times at the Total Offer Amount and 2.7 times at the Minimum Offer Amount. The minimum permitted interest cover ratio covenant under the loan facility is expected to be 1.85 times.

3.5 Interest rate hedging

The Fund Manager intends to enter into an interest rate swap with the lender to hedge the interest rate in respect of the Tranche A debt, for a period of five years and up to seven years if the loan option on Tranche A is exercised. Any debt drawn within Tranche B will not be hedged.



Section 4 The Property and Market Overview

The Property

The Property is a high quality commercial office building located in the Parramatta CBD. It is a 9 level building comprising seven office levels, one ground floor retail tenancy and secure parking for 133 vehicles.

Location

The Property is located on the southern side of Phillip Street at the corner of Smith and Phillip Streets at the southern end of the Parramatta CBD.

The building is located within 550 metres from the Parramatta rail and bus interchange and is approximately 350 metres from the ferry wharf and in close proximity to Westfield Parramatta and other local amenities.

Site Area

2,193 square metres.

Net Lettable Area (NLA)

5,703 square metres (approximate) comprising 5,616 square metres of office space and 87 square metres of ground floor retail.

Typical Floor Plate

950 square metres (approximate) for levels 4 - 8.

432 square metres (approximate) for levels 2 - 3.

Natural Light

4 Sides.

Car Parking

133 bays (1 bay per 42 square metres of NLA). Secure parking spread over the ground level, all of level 1 and partially over levels 2 & 3.

Property Snapshot

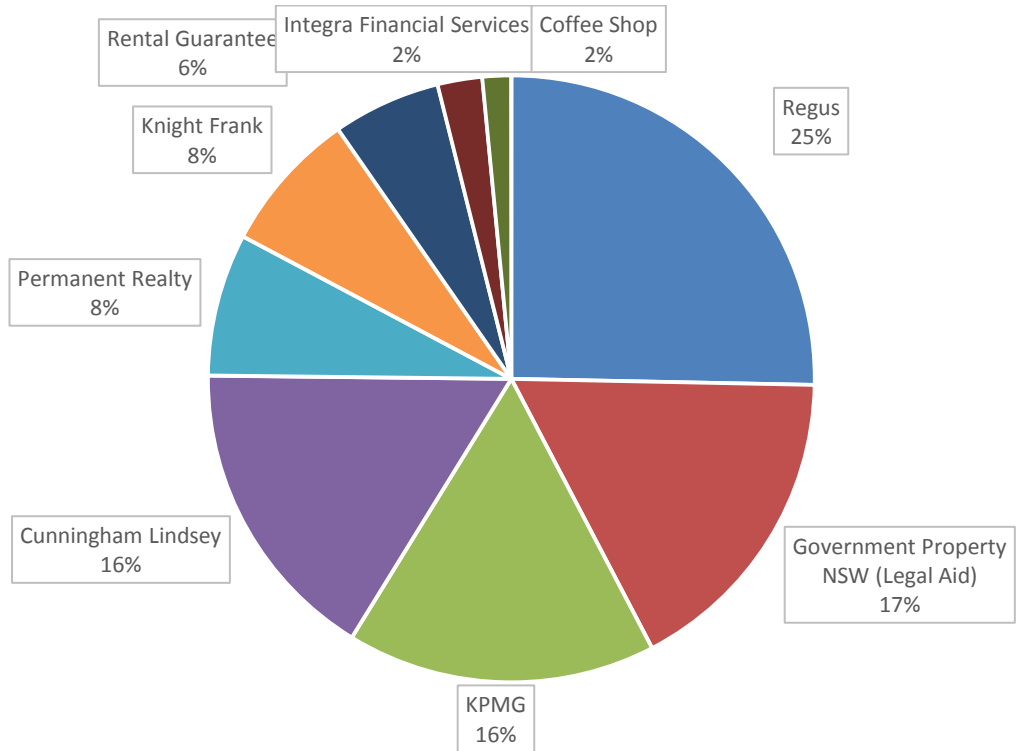
Purchase Price	\$30,000,000.
Independent Valuation	\$31,000,000 (prepared by DTZ as at 5 June 2015).
Location	91 Phillip Street, Parramatta CBD, corner Smith & Phillip Streets.
NLA	5,703 square metres.
Floors	9 Levels.
Average floor plate	950 square metres levels 4 – 8, 432 square metres levels 2 & 3.
Car Spaces	133 bays (1 bay per 42 square metres of NLA). Secure parking spread over Ground level and levels 1, 2 & 3.
Year built	1985. The Property has recently undergone a significant refurbishment, including new chillers, foyer upgrade, new building management control system, comprehensive lift upgrade and installation of end of trip facilities. The bathrooms and lift landings on several floors have also been upgraded and programs are underway for further upgrades of bathrooms and amenities in the building.

Year built cont.	<p>The Property provides approximately 5,703 square metres of net lettable area and secure onsite parking for 133 vehicles.</p> <p>A development application was submitted to Parramatta City Council on 17 June 2015, proposing the conversion of 15 ground floor car spaces into approximately 370 square metres of additional net lettable area.</p>
Tenancy	<p>95% leased (at the date of this PDS).</p> <ol style="list-style-type: none"> At the date of this PDS, a vacancy exists in Suite 1 of Level 6 of the Property, equating to an area of 328 square metres. If this suite remains vacant at the time of settlement, the Vendor will deposit \$147,600 into their solicitor's trust account and these funds will be used to provide a rental guarantee at a rate of \$450 per square metre for 12 months or until such time as the suite is leased at this rate or higher. If the Cunningham Lindsey lease expires (or otherwise comes to an end) on or before 31 August 2015, then the Vendor will deposit an additional sum of \$210,195 into their solicitor's trust account. If the Cunningham Lindsey lease expires, then these funds will be used to provide a rental guarantee at a rate of \$450 per square metre for up to six months or until such time as the space is leased at this rate or higher.
Initial property yield	8.00%.
WALE (by income)	3.4 years (as at 5 June 2015).

About the Tenants

Tenant	Industry Sector	Suite ID	Area m2	Lease to	No of Cars	Option
Jing Zhu	Café Retail	Ground Floor	87	16/03/2020	1	5
Knight Frank	Office	Level 2 Suite 1	432	30/09/2021	12	3
Permanent Realty	Office	Level 3	432	31/07/2022	12	
Cunningham Lindsey	Finance/Insurance	Level 4 Suite 1	657	31/08/2015	17	5
Cunningham Lindsey	Finance/Insurance	Level 4 Suite 2	278	31/08/2015		
Government Property NSW (Legal Aid)	Government	Level 5	970	31/10/2017	6	
Rental Guarantee	Vacant Office	Level 6 Suite 1	328	31/09/2016		
Regus	Business Services	Level 6 Suite 2 & 3		30/06/2019		5
Regus	Business Services	Level 7	1,445	30/06/2019	23	5
Integra Financial Services	Finance & Insurance	Level 6 Suite 4	136	14/09/2016	4	
KPMG	Business Services	Level 8	939	31/10/2019	10	5
Signage/Naming Rights	Other	KPMG				
Executive Channel	Other	Digital Marketing	-	31/10/2019		
Casual Parking	Other	Car Park	Casual	31/12/2016	6	
Regus Casual Car Parking	Other	Car Park	Casual	30/06/2019	16	
	Vacant Cars	Car Park		31/03/2014	26	
Totals			5,703		133	

Breakdown of Tenant Mix by Percentage



Artist impression of conversion of ground floor car spaces.



Regus

1,445 square meters of NLA

Expires 30 June 2019

5 year option

Regus has a network of more than 3,000 business centres in 120 countries and provides convenient, high-quality, fully serviced spaces for people to work, whether for a few minutes or a few years. Companies like Google, Toshiba and GlaxoSmithKline choose Regus so that they can work flexibly and make their businesses more successful.

Regus is listed on the London Stock Exchange with a market capitalisation of over \$4.5 Billion (as at May 2015)

www.regus.com.au

Government Property NSW (Legal Aid)

970 square metres of NLA

Expires 31 October 2017

The State Property Authority is the specialist commercial real estate provider to the NSW Government and manages the properties of government agencies.

Legal Aid NSW provides legal services to disadvantaged clients across NSW.

www.legalaid.nsw.gov.au

KPMG

939 square metres of NLA

Expires 31 October 2019

3.75% annual rental reviews

5 year option

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. KPMG operate in 155 countries and have more than 162,000 people working in member firms around the world.

In Australia, KPMG has over 5,000 people, including over 380 partners, with offices around the country.

www.kpmg.com.au

Cunningham Lindsey

657 square metres of NLA, plus 278 square metres under licence

Expires 31 August 2015

5 year option over Level 4, Suite 1

Cunningham Lindsey are one of the largest loss adjusting and claim management companies in the world. They offer a unique blend of stability, innovation and technical ability across a variety of disciplines.

Cunningham Lindsey have over 6,700 employees in more than 60 countries in over 530 offices.

www.cunninghamlindsey.com

Knight Frank

432 square metres of NLA

Expires 30 September 2021

3 year option

Knight Frank is the leading independent, global real estate consultancy providing an integrated prime commercial and residential offering, operating in key hubs across the globe.

Headquartered in London with 370 offices, employing more than 12,000 professionals and spanning five continents Knight Frank provides the highest standards of quality and integrity in global commercial and residential property advisory services.

Permanent Realty

432 square metres of NLA (HOA signed)

Expires 31 July 2022

Fixed Annual rental reviews

Integra Financial Services

136 square metres of NLA

Expires 14 September 2016

Fixed Annual Rental Reviews

Café Retail

87 square metres of NLA

Expires 16 March 2020

5 year option



May 2015

Capital Property Funds
Suite 2, Mezzanine Level
50 Margaret Street
Sydney NSW 2000

Ref: Parramatta

Dear Sir

Re: Parramatta Office Market

Key Points

- The Parramatta landscape is expected to go through a significant transformation in the next 5-10 years as refurbishment and regeneration continue.
- The office market is forecast to deliver strong rental growth generated by a near zero A Grade office vacancy, low levels of supply and improving tenant demand.
- Parramatta average A Grade face rents grew by 6 percent in the last 12 months.
- Savills expects the broader commercial property market in Parramatta to continue to generate strong investment returns and to remain one of the best performing office markets in Sydney.
- The next 12 months may see private investors and syndicates finding it difficult to compete with the larger local funds and foreign investors for well positioned assets as tightening yields may price many out of the market.

Introduction

Parramatta is located in Greater Western Sydney 23 kilometres west of the Sydney CBD on the banks of the Parramatta River. Parramatta is the administrative seat of the Local Government Area (LGA) of the City of Parramatta. Parramatta CBD is the fifth largest suburban office centre in Australia with 680,317 square metres of office stock as at December 2014. In quality terms, approximately 40 percent of office stock is A Grade, with B, C and D Grade space comprising approximately 60 percent of the market.

Since 2000, Parramatta has seen the consolidation of its role as a Government centre, with the relocation of agencies such as the New South Wales Police Headquarters and the Sydney Water Corporation from Sydney CBD. At the same time, major construction work occurred around the railway station with the expansion of Westfield Shoppingtown and the creation of a new transport interchange.

Parramatta is preparing to transform once again with the long awaited Parramatta Square redevelopment, formally known as Civic Place. The proposed \$2 billion development will convert a three hectare inner city block of Council-owned and private properties into a new stylish suburban city. The first stages of Parramatta City Council's landmark development is a step closer to being realised after the City's Councillors voted to initiate the first development site at 169 Macquarie Street by appointing Leighton Properties as the developer.

Office Development

Savills, incorporating the latest Property Council of Australia (PCA) numbers, is currently tracking approximately 140,000 square metres of new and refurbished office stock in the supply pipeline in Parramatta, most of which is awaiting precommitment prior to commencing construction. As such, much of this future supply is considered long-term planning, with earliest completion expected to be in the fourth quarter of 2016. Other development projects can be expected to proceed in subsequent years only after a substantial level of pre-commitment.

Parramatta Council owns a number of development sites in the Parramatta CBD, totalling approximately eight hectares of land. One of the development sites, the Parramatta Square project, has commenced construction with the redevelopment of 169 Macquarie Street, known as One Parramatta Square or 1PSQ.



One Parramatta Square is located at the eastern boundary of the site, north of the existing Sydney Water building. Once complete the building will offer approximately 24,500 square metres of net lettable area across 14 commercial floors, plus ground level retail space. The University of Western Sydney recently committed to the site and they plan to build a new student campus facility that will be home to an estimated 10,000 students. Construction work is expected to be completed for the first university semester in 2017.

Current Parramatta Office Development Activity						
Property	NLA (sq m)	Type	Precinct	Status	Completion	Major Tenant(s)
460 Church Street	1,003	Refurbishment	City North	Site Works	2015	
1-3 Fitzwilliam Street	9,785	Refurbishment	City South	DA Applied	2015	
20-22 Macquarie Street	1,518	Refurbishment	City West	Construction	2015	
169 Macquarie Street	24,500	New	Mid City	Construction	2016	UWS
153 Macquarie Street	25,000	New	Mid City	DA Applied	2017+	
83 George Street	10,000	New	Mid City	DA Approved	Mooted	
87-89 George Street	11,517	New	Mid City	DA Approved	Mooted	
105 Phillip Street	20,388	New	Mid City	DA Approved	Mooted	
159-175 Church Street	35,000	New	City South	DA Approved	Mooted	

Source: PCA / Savills Research

Leasing Activity

In the 12 months to March 2015, Savills identified 29,853 square metres of leases in the Parramatta market. This is nearly double on the 12 months prior, and up on the five year average (24,085 square metres). A selection of leasing activity is located in the table below:

Select Parramatta Office Leases to March 2015				
Date	Property	NLA (sq m)	Rent (\$/sq m)	Tenant
May-14	426 Church St, Parramatta	815	305 N	Community Connections
May-14	110 George St, Parramatta	528	335 N	Government Property NSW
Jun-14	2-10 Wentworth St, Parramatta	960	498 G	NSW Government
Aug-14	169 Macquarie St, Parramatta	24,500	na	University of Western Sydney
Sep-14	91 Phillip St, Parramatta	940	na	KPMG
Oct-14	2-10 Wentworth St, Parramatta	610	488 G	United Church in Australia Property

Source: Savills Research na = not currently available

Net face rents in Parramatta as at March 2015 typically range between \$360 and \$450 per square metre per annum for A Grade buildings, and between \$275 and \$350 per square metre per annum for secondary grade buildings. The average A Grade face rent in Parramatta \$405 per square metre per annum, a 6 percent increase over the last 12 months.

Vacancy

According to the latest PCA figures, the current composition and vacancy of the market is as follows:



Parramatta Office Vacancy Rates – December 2014

Grade	Stock (sq m)	Vacancy (sq m)	Vac % Dec-14	Vac % Dec-13
A Grade	273,617	2,316	0.8	0.5
B Grade	211,023	18,418	8.7	6.5
C Grade	104,972	19,726	18.8	18.8
D Grade	90,705	2,466	2.7	6.6
Total	680,317	42,926	6.3	6.0

Source: PCA / Savills Research

The latest figures shows that the overall vacancy rate in Parramatta increased by 0.3 percentage points over the 12 months to December 2014 and currently sits at a low 6.3 percent. Parramatta vacancy has experienced a downward trend since June 2010, where vacancy reached a cyclical high of 10.8 percent.

Over the last 12 months, A Grade vacancy in Parramatta rose marginally by 0.3 percentage points to generate an extremely low 0.8 percent (2,316 square metres). This reflects an increase of approximately 866 square metres of available space over the period. B Grade vacancy in Parramatta recorded an increase from 6.5 percent to 8.7 percent over the last 12 months.

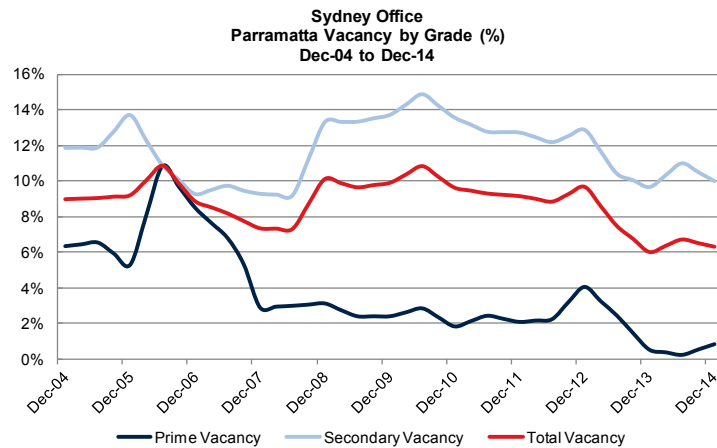
The only substantial supply in the Parramatta office market is fully pre-committed. No new office space is currently being delivered to the market. This is expected to continue to place upward pressure on rents in the precinct. Even with a precommitment, realistically, no new office space of any substance could be delivered to the market before 2017.

With strong rental growth and practically zero A Grade vacancy, the Parramatta office market presents as fundamentally one of the best performing office markets in Sydney, and arguably the best performing suburban market in Australia.

National Office Vacancy Rates – December 2014

Grade	Stock (sq m)	Vacancy (sq m)	Vac % Dec-14	Vac % Dec-13
Parramatta	680,317	41,891	6.3	6.0
Sydney	4,961,728	347,038	7.4	9.0
Melbourne	4,396,992	362,203	9.1	8.7
Adelaide	1,374,147	163,068	13.5	12.4
Brisbane	2,193,803	294,960	15.6	14.3
Perth	1,625,118	193,863	14.8	9.0

Source: PCA / Savills Research



Source: PCA / Savills Research

Outlook

The Parramatta CBD has seen a surge of residential and commercial development in recent years. This should see strong population growth for the region and an increase of much needed A Grade supply. With the potential development pipeline, the Parramatta landscape is expected to go through a significant transformation in the next 5-10 years. Savills expects the broader commercial property market in Parramatta to continue to generate strong investment returns. The office market in particular is forecast to deliver strong rental growth generated by a near zero A Grade office vacancy. The Parramatta office market is expected to remain one of the best performing office markets in Sydney.

Over the next 12 months, Savills anticipates suburban office investment activity to continue to remain strong, with Parramatta expected to maintain its recent momentum as acquisitive buyers are attracted to the market. Demand from buyers remains strong for assets with a lease expiry of over 10 years, especially to Government tenants.

Savills expect further transactions in the Parramatta market over the short-term with a mandate from the NSW Government to divest of buildings in Parramatta to raise funds for a number of infrastructure projects.

The next 12 months may see private investors and syndicates finding it difficult to compete with the larger local funds and foreign investors for well positioned assets as tightening yields may price many out of the market.

Parramatta average A Grade face rents grew by 6 percent in the last 12 months. Savills anticipate rents will continue to grow over the short to medium-term, driven by a distinct lack of supply, low vacancy and improving tenant demand.

Parramatta has the ability to become a key centre for office development given the availability of land and continued tenant interest; however, generating tenant demand outside of Government departments remains one of the keys to income growth in the Parramatta office market.

Yours sincerely

Tony Crabb
National Head, Research

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Section 5 Management of the Fund

5.1 Responsible Entity: One Managed Investment Funds Limited ACN 117 400 987, AFSL no. 297042

One Managed Investment Funds Limited has extensive experience as a corporate trustee and custodian, and is a professional responsible entity operating numerous schemes. One Managed Investment Funds Limited is a subsidiary of the One Investment Group (OIG). OIG is an independent Australian funds management business that focuses on providing responsible entity/trustee and other services associated with funds management. OIG operates a number of entities that, pursuant to the Corporations Act, are licensed to conduct financial services businesses and to act as responsible entities for registered schemes and as trustees for unregistered schemes.

OIG's licensed entities hold over 100 trustee roles, administering a range of asset classes including hedge funds, real estate, shipping, private equity, fixed income, credit, equities and aviation. The total value of the assets within these trusts is in excess of \$6 billion.

OIG's capabilities include:

- Responsible entity services;
- Trustee services;

- Corporate trust services;
- Fund administration and taxation services; and
- Custody services.

The Responsible Entity's compliance committee meets on a quarterly basis and comprises the required external compliance committee members.

5.2 Fund Manager: Capital Property Funds Pty Limited ACN 162 323 506

Capital Property Funds Pty Limited (Capital Property Funds) is the fund manager of the Fund and is responsible for the day-to-day management of the Fund and the Property. The management team at the Fund Manager have an average of over 20 years' experience in the property, managed funds and financial services industries including extensive experience in establishing and managing property funds and their portfolios.

The Fund Manager has established an investment committee to consider investment opportunities and develop and approve the business plans for each fund, its managers and property investment.



5.3 Directors and Key Executives of the Responsible Entity and the Fund Manager

Julia Novella – Capital Property Funds Pty Limited – Head of Funds Management



Julia holds a Bachelor of Business (Land Economics), a Masters of Property Development and is a certified Property Agent.

Julia is well qualified and has extensive knowledge of the property industry spanning over 25 years. Julia commenced her career in property and asset management working with major real estate agencies such as Raine & Horne Commercial, Stanton Hillier Parker and CBRE.

Prior to Capital Property Funds, Julia held senior roles specialising in the asset management of commercial, retail and industrial properties. Julia worked on the Meridian Investment Trust at Global Funds Management, and following several mergers & acquisitions, moved to Tyndall Investment, James Fielding and Mirvac. She has over 15 years asset management experience specialising in the funds management area.

Julia has implemented management systems and provided input into strategic business planning, while maintaining an overall view of property market trends and opportunities in an effort to maximise the performance of property assets.

Andrew Kerr – Executive Director of Capital Property Funds Pty Limited– Corporate Finance



Andrew has a Bachelor of Commerce (Valuation & Property Management), a Masters of Commerce (Finance) from the University of New South Wales and is also a Chartered Financial Analyst (CFA).

Andrew has extensive knowledge and over 25 years' experience within the financial services and real estate industries. Andrew was Managing Director, Head of Real Estate, Merrill Lynch, Sydney, and has held senior real estate investment banking positions at UBS and Goldman Sachs.

Prior to his investment banking experience Andrew was previously an Equity Analyst at UBS responsible for Infrastructure & Utilities sectors and Director and Head of Strategic Investment Advice division at Jones Lang LaSalle.

Andrew is a founding Managing Director of Telopea Real Estate Partners, a real estate group covering real estate advisory and investment management, capital

markets transactions, initial public offerings, principal investing, development, asset repositioning, investment sales and funding for all major property types and classes. He is a former director of the ASX listed Becton Property Group and Living and Leisure Australia Group.

Andrew is a member of the Capital Property Funds Investment Committee and is responsible for overseeing all structuring and financing of property transactions. Andrew is an Authorised Representative (number 1000168) of Libertas Financial Planning Pty Ltd ACN 160 419 134 (AFSL no. 429718).



Joe Christie – Executive Director of Capital Property Funds Pty Limited – Funds Management, Distribution and Investor Relations

Joe has a Bachelor of Commerce (major in Accounting), a CPA qualification and also has a Graduate Certificate in Applied Finance.

After completing university, Joe spent several years in chartered accounting with KPMG (Sydney) and subsequently moved into financial services where he has spent the past 15 years. Prior to Capital Property Funds, Joe was the national business development manager for Oasis Asset Management Limited ACN 090 906 371 (a business now owned by ANZ Bank).

Joe is responsible for establishing an investment fund once a property has been identified by the origination team and this includes preparing the scheme documents, negotiating any debt facilities and liaising with third party research providers.

Joe also assists the property origination team conduct financial feasibility analysis of potential property acquisitions. Joe is an Authorised Representative (number 457305) of Libertas Financial Planning Pty Ltd ACN 160 419 134 (AFSL no. 429718).



John Coombs – Capital Property Funds Pty Limited – Financial Controller & Company Secretary

John has a Bachelor of Commerce, is a Chartered Accountant and also a Chartered Company Secretary.

John commenced his career with KPMG (formerly Peat Marwick Mitchell & Co) and subsequently spent several years working with large Life companies.

More recently, John spent 15 years as the company secretary and chief accountant for Milton Corporation Limited (an ASX listed investment company).

John has extensive funds management expertise and brings a wealth of knowledge and experience to the team at Capital Property Funds.

Section 6 Risks

As with any investment, there are risks associated with investing in the Fund. Many of these risks are outside the control of the Fund Manager. If these risks eventuate, target returns to Investors may not be achieved and distributions may be reduced or suspended and/or the capital value of the Fund may be reduced. Distributions are not guaranteed and neither is the return of your capital.

Before deciding whether to invest in the Fund, you should consider your attitude towards risk.

The risks discussed below are not an exhaustive list. It is the Fund Manager's current opinion that the following are key risks of an investment in the Fund:

- property investment risks including the risk that property values decline and the risk that there is a decrease in Fund income;
- fund investment risks in relation to holding Units in the Fund; and
- general investment risks including economic and market conditions.

These risks are outlined in more detail below. You should read this PDS in full before deciding whether to invest in the Fund and consider consulting your financial adviser, stockbroker or other professional advisers.

As well as considering the risks below, you should also consider how an investment in this product fits into your overall investment portfolio.

6.1 Property investment risks

An investment in the Fund comes with risks associated with investing in commercial property.

In general, these risks include, but are not limited to:

- a decrease in the value of the Property, and/or a downturn in the property market in general, which can be caused or exacerbated by many factors, including restrictions on the availability of credit (both locally and globally)
- increased competition for the Property, from new or existing commercial office properties in Parramatta, which could attempt to attract the Fund's tenants

- a downturn in the economy (at either a local or global level, or both), and
- amendments to laws or government policy having a detrimental effect on the Fund or the Property.

The following Property specific risks may cause the estimates and assumptions in this PDS to be negatively impacted:

Valuation and sale price

The ongoing value of a property is influenced by changes in property market conditions including supply, demand and capitalisation rates. There is no guarantee that the Property will achieve a capital gain on sale nor is there a guarantee that the Property will not fall in value as a result of assumptions upon which the relevant valuation is based proving to be incorrect.

Property income

There is a risk that the Fund's revenue may decrease as a result of falling rental demand, rent payments decreasing, tenant incentives offered, tenants or guarantors failing to fulfil obligations under lease agreements or the Property not being fully tenanted in accordance with the best estimate assumptions contained in this PDS.

Where an existing vacancy persists for longer than expected, or there is an adverse change in sentiment toward the Property such that it is unable to be fully leased, the income of the Fund will be lower than estimated and the value of the Property may decrease. The Fund may also be required to pay marketing expenses and commissions to estate agents who introduce new tenants to the Property and also provide leasing incentives to secure new tenants in excess of estimates which may reduce the income or value of the Property and therefore the Fund.

Capital expenditure

There is a risk that capital expenditure could exceed expectations resulting in increased funding costs and therefore lower than targeted distributions.

Tenancy and leasing risks

If the tenants of the Property fail to honour their lease obligations, then this could have a detrimental impact on the Fund. It could result in a reduction to the distributions available to you, or in extreme circumstances, a failure by the Fund to meet its interest obligations to lenders.

There is no guarantee that any current tenants will renew their lease when they expire. Any vacancy will diminish the income available to the Fund for distribution and if present on the sale of the Property will impact on the return to Investors as the sale price will likely be reduced.

With respect to any vacancy arising in the premises, the Fund could incur costs in releasing the premises such as contributions to an incoming tenant fit-out, rent free or other incentive payments. This could diminish the income available to the Fund for distribution.

Cunningham Lindsey lease risk

The Cunningham Lindsey lease represents approximately 16% of the total income generated by the Property as at 5 June 2015. The lease has not yet been renewed and expires on 31 August 2015. If Cunningham Lindsey did not renew its lease, then the Fund could call on the vendor's rental guarantee described in Section 4 of the PDS to supplement the Property's income for a period of 6 months. In addition, the Fund Manager has agreed to forgo up to \$75,000 of its management fee until 1 July 2016 to further supplement the Fund's income during that period in those circumstances.

However, if it took more time than anticipated by the Fund Manager to fill that vacancy if it occurred or if any lease(s) entered into to fill that vacancy was on terms less favourable to the Fund, this would have an impact on the Fund's income and the value of the Property.

Insurance risks

Various factors might influence the cost of maintaining insurance over the Property, or the extent of cover available. Increased insurance costs, or limits on cover, could have a negative impact on the performance of the Fund. There are also some potential losses that cannot be insured including force majeure events.

Force majeure events

There is a risk that force majeure events, such as natural phenomena and terrorist attacks, may affect the Property for which insurance is not available or for which the Fund does not have insurance cover.

Should such an event occur, a loss will result which will have a negative impact on the income and capital value of the Fund.

6.2 Fund investment risks

The following risks relate to an investment in the Fund and their impact on the financial information contained in the PDS:

Fund Manager risk

The Fund Manager is responsible for providing investment management services to the Fund and for managing the Fund's investments on a day to day basis. If the Fund Manager fails to do so effectively, then this could negatively affect the Fund's performance.

In particular, there is a risk that the Fund Manager may fail to anticipate movements in the property market, fail to manage the investment risks appropriately or fail to properly execute the Fund's investment strategy. These factors could have an adverse impact on the financial position and performance of the Fund.

New fund risk

The Fund is a newly established managed investment scheme and has no track record or past performance. However, the Fund Manager's investment management team possess broad funds management and property asset experience gained over a number of years.

Liquidity

There is no established external secondary market for the sale of Units in the Fund. Investors may arrange for their own private sale and the Responsible Entity, without obligation, will assist in that process. There is no right for Investors to require these Units to be purchased by the Fund Manager, the Responsible Entity or by any other person, or to have their Units redeemed. The Responsible Entity retains the right to provide some liquidity to Investors, and will advise Investors

of its intention to do so and its policy for redemptions if it is able to or elects to provide liquidity. The Fund will not be listed on the ASX or any other exchange.

In addition, direct real estate assets are, by their nature, illiquid assets. It may be difficult for the Fund Manager to dispose of the Property at the end of the Fund term in a timely manner at its optimal sale price.

Investment term

There is no guarantee that Investors' capital will remain invested for the expected investment term of 5 years from the Allotment Date. There are circumstances which may result in the term of the Fund being shorter or longer, including:

- if the Minimum Offer Amount is not achieved by the Second Close, then the Responsible Entity may determine not to proceed with the Offer, in which event Application Money will be returned to Applicants, without interest
- while it is not the current intention to dispose of the Property before the end of the initial 5 year term, if the Responsible Entity, on advice from the Fund Manager, considers it appropriate to take advantage of a selling opportunity, then it may sell the Property prior to the proposed termination date if it believes that an early disposal of the Property would maximise returns to Investors, and
- if Investors holding more than 50% of the Units on issue elect not to take advantage of the initial Liquidity Event, then the Responsible Entity may extend the term of the Fund for a further 2 years. The Fund cannot be extended past the extended term (i.e. 7 years from the Allotment Date), unless the Responsible Entity either receives unanimous approval for an extension or the Responsible Entity is able to provide certainty that Investors wanting to exit the Fund after the extended term are able to exit the Fund.

Investment return

Neither the performance of this investment nor the repayment of Investor contributions subscribed is guaranteed. The tax deferred component of the distribution will depend on

the Fund satisfying various requirements. If the Fund does not satisfy these requirements, then the tax deferred component of the distribution could be materially less. Changes to taxation laws may result in changes to the tax deferred component of distributions from the Fund.

General borrowing risks

The Fund will borrow money to partially fund the acquisition of the Property. Gearing comes with risk, and gearing a property investment can increase the potential for capital losses, as well as gains. In the event that the Fund is unable to service its borrowings, then distributions may be reduced or suspended and the lender may enforce its security over the Property. This may include the lender exercising its power to sell the Property, which may lead to the Property being sold for a lower price than would have been obtained had the Property been sold voluntarily by us in the ordinary course of business.

Given the expected term of the Fund may be extended to 7 years from the Allotment Date, the debt facilities obtained to acquire the Property will expire during this extended term. The Fund Manager will actively manage the Fund's debt maturity profile but there can be no guarantee that replacement debt will be available at the time on the same terms or at all.

Gearing and ICR risk

The Fund is a geared investment product. The level of gearing can be measured using the gearing ratio. The level of the Fund's gearing will magnify the effect of any movements in the value of the Property.

If the Total Offer Amount is raised, then initially the Fund will have a gearing ratio of 50%. In those circumstances and assuming that the gearing ratio covenant in the debt facility is 65%, the value of the Property would need to fall by 23% before the Fund is not compliant with that covenant under the debt facility.

If only the Minimum Offer Amount is raised, then initially the Fund will have a gearing ratio of 65%. In those circumstances and assuming that the gearing ratio covenant in the debt facility is 65% any fall in the value of the Property would mean that the Fund is not compliant with that covenant under the debt facility.

Assuming the ICR covenant under the debt facility is 1.85 times, the operating cash flow of the Fund would need to fall by 47% before the Fund is not compliant with its ICR covenant under the debt facility.

Breach of debt covenants risk

The terms of the Fund's debt facility will include debt covenants and income and asset value tests. Falling asset values, declining rental income or other unforeseen circumstances may cause covenants under the Fund's debt facility to be breached.

A breach of a debt facility covenant may result in a lender enforcing its security over the Property. The lender may require repayment of the debt facility, possibly prior to its expected expiry. This could result in an early sale of the Property at a less than optimal sale price, for instance, in a depressed market; additional equity being required; or distributions being reduced or suspended to repay the borrowings.

Not securing the debt facility risk

There is a risk that the Fund Manager may not be able to secured a debt facility on terms acceptable to it before settlement of the Property.

In this event, the cost of any debt facility that the Fund Manager secured may be on terms materially different and less favourable to the Fund and this could impact Fund distributions.

Interest rate risk

There is a risk that unfavourable movements in interest rates may lead to increased interest expenses. This may result in a reduction to the distributions available to Investors, or failure by the Fund to meet interest obligations on its borrowings.

Where any fixed rate borrowings reach their maturity, interest rates may have increased and the Fund Manager may not be able to extend or refinance those borrowings at the same fixed rates. This would lead to increased interest costs for the Fund and therefore it may have a negative impact on Investors' returns. Furthermore, if a derivative is entered into to hedge interest rate risk, then break fees may apply if the derivative needs to be terminated early.

Tax and stamp duty risk

Changes to tax law and policy (including any changes relating to how income of the Fund is taxed or to the deductibility of expenses or stamp duty law) might adversely impact the Fund and Investors' returns. You should obtain independent tax advice in respect of an investment in the Fund.

Legal and Counterparty Risk

The Fund may, in the ordinary course of business, be involved in possible litigation and disputes, for example, tenancy disputes, environmental and occupational health and safety claims, industrial disputes and any legal claims or third party claims. A material or costly dispute or litigation may affect the value of the assets or the expected income of the Fund.

Property due diligence and use of experts

In acquiring the Property, the Fund Manager has engaged experts to prepare reports on behalf of the Fund Manager's due diligence enquiries for the Property. These reports have been relied on by the Fund Manager in assessing the risks associated with ownership of the Property. Whilst the Fund Manager has no reason to believe those enquiries were not appropriate and complete, we cannot guarantee that all risks and potential problems associated with this investment were identified and have been properly dealt with.

Concentration risk

Generally, the more diversified a portfolio, the lower the impact that an adverse event affecting one investment will have on the income or capital value of the portfolio. The Fund will own a single property and is not diversified by asset class, geographic location of properties or exposure to different property sectors.

Fundraising risk

If the Minimum Offer Amount is not raised, then the Fund Manager may not proceed with the Offer in which case the Application Money will be returned to Applicants, without interest.

If the Total Offer Amount is not raised the Offer may proceed through the short term use of surplus debt capacity, or by the Fund Manager

securing an Underwrite to enable the Fund to settle the acquisition of the Property.

Significant investor risk

It is possible that a significant investor or associates may subscribe for 50% or more of the Units in the Fund. If this occurs, the significant investor may become liable for the payment of stamp duty on the Units acquired (if the Investor acquires the Units after the Property has been acquired). The significant investor will be able to materially influence decisions and resolutions regarding the Fund, including the sale of the Property prior to the end of the term of the Fund, removal of the Responsible Entity, and any change to the Constitution.

Forward looking statements

There can be no guarantee that the assumptions and contingencies on which the forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of the Responsible Entity or the Fund Manager.

6.3 General risk factors

In addition to the specific risks identified above, there are also other more general risks that can affect the value of an investment in the Fund. These include the following:

- (a) The state of the Australian and world economies.
- (b) Inflation movements.
- (c) Negative consumer sentiment which may keep the value of assets depressed.
- (d) Natural disasters and man-made disasters beyond the control of the Responsible Entity or the Fund Manager, and
- (e) The illiquidity and cost of capital markets.

It should be noted that the performance of this investment, the repayment of capital or of any particular rate of return, is not guaranteed by the Responsible Entity, the Fund Manager, their directors or their associates. Property investment, by its nature, carries a level of risk and no guarantee is or can be given that an investment in the Fund will not decrease in value and that Investors will not suffer losses.

View, looking North/East from 91 Phillip Street



Section 7 Fees and Other Costs

Government regulations require us to include the following standard consumer advisory warning. The information in the consumer advisory warning is standardised across all product disclosure statements and is not specific to information on fees and costs in relation to this Fund.

7.1 Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

7.2 Fees and other costs

This section shows fees and other costs that may be charged to the Fund. These fees and costs are paid from the Fund assets. You should read all information about fees and costs as it is important to understand their impact on the Fund. Information with respect to tax is set out in Section 10.

Type of fee or cost	Amount	How and when paid
Fees when money moves in or out of the Fund		
Establishment fee: The fee to open your investment.	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	Not applicable
Termination fee: The fee to close your investment	Nil	Not applicable

Type of fee or cost	Amount	How and when paid
Management costs		
The fees and costs for managing your investment	Offer costs – costs and expenses including stamp duty associated with the Offer (estimated to be \$2,600,000).	Payable to various service providers and consultants on capitalisation of the Fund (e.g., solicitors, the valuer) out of the Fund assets.
	Acquisition fee – 2% of the purchase price of the Property ¹	Payable to the Fund Manager on completion of the acquisition of the Property, out of the Fund's assets.
	Ongoing management fee – The greater of \$66,000 (with annual CPI increases) or 0.08% of gross asset value of the Fund per annum Plus An additional fee of 0.55% per annum of the gross asset value of the Fund's assets from time-to-time. ²	Payable to the Responsible Entity monthly in arrears, out of the Fund's assets. The Responsible Entity pays the Fund Manager for the ongoing management of the Fund out of this fee.
	Disposal fee – 1% of the gross sale price of the Property. ³	Payable to the Fund Manager on completion of the sale of the Property or winding up of the Fund, out of the Fund's assets.
	Performance fee – Up to 20% of the amount by which the IRR to Investors exceeds 10% per annum after the Property is sold. ⁴	Payable to the Fund Manager on completion of the sale of the Property or wind-up of the Fund, out of the Fund's assets.
	Expenses – Expected to be 0.20% and up to a maximum amount of 0.35% per annum of the gross value of the Fund assets. ⁵	Deducted from the income or assets of the Fund and are either paid when incurred to the relevant person, or reimbursed to us.
	Service fees	
Investment switching fee: The fee for changing investment options.	Nil	Not applicable

Notes:

1. See Acquisition fee under Section 7.4(a)

2. See Ongoing management fee under Section 7.4(c)

3. See Disposal fee under Section 7.4(d)

4. See Performance fee under Section 7.4(e).

5. See Operating costs and expenses under Section 7.4(f).

7.3 Example of annual fees and costs for the Fund

This table gives an example of how the fees and costs for the Fund can affect your investment over a one year period.

You should use this table to compare this product with other managed investment products.

Example	Balance of \$50,000
Management costs	
The greater of \$66,000 or 0.08% per annum of the gross value of the Fund assets plus 0.55% gross value of the Fund assets plus estimated expenses of 0.20% per annum of the gross value of the Fund assets	For every \$50,000 you have in the Fund, you will be charged \$960 each year ^{1,2}

Notes:

1. This example has been prepared on the basis of a \$50,000 investment as there is no opportunity for Investors to make further investments in the Fund. In addition, the amount calculated in the example has been based on the estimate of expenses that will be incurred of 0.20% (which includes the amount payable for custody fees), that the Total Offer Amount will be raised and therefore that the gearing ratio of the Fund will be 50% and that the gross value of the Fund assets is \$31 million. Based on those assumptions, the Fund's Indirect Cost Ratio of the Fund is 1.92% of the Fund's net assets.
2. Additional fees may apply (e.g., the acquisition fee, disposal fee and any performance fee). The acquisition and disposal fees and any performance fee have not been included in the example above, because they are not ongoing fees (they are only collected on acquisition or sale of the Property or removal of the Responsible Entity) and cannot reasonably be estimated by us as at the date of this PDS.

7.4 Additional explanation of fees and costs

(a) Acquisition fee

This fee is payable to the Fund Manager on completion of the acquisition of the Property, out of the Fund's assets. The fee is 2% of the purchase price of the Property (being \$30,000,000) which equates to \$600,000 (plus GST) and is in consideration for the work performed by the Fund Manager for creating the 91 Phillip Street Fund.

(b) Removal fee

The Responsible Entity will charge a removal fee if—

- it is removed as responsible entity of the Fund within 3 years after the date of this PDS, other than for gross negligence or for a breach of a fiduciary duty to Investors which causes them substantial loss, or
- it retires as responsible entity of the Fund within 3 years after the date of issue of this PDS at the request of the Fund Manager in accordance with the Investment Management Agreement.

The amount of the removal fee is the amount of the balance of the ongoing management fee retained by the Responsible Entity that it

would have received if it had remained the responsible entity of the Fund for 3 years after the date of this PDS.

The amount of the balance of the ongoing management fee that the Responsible Entity is entitled to be paid is the maximum of \$66,000 per annum with annual CPI increases or 0.08% per annum of the gross asset value plus GST. This amount is paid monthly in arrears. The amount of the removal fee is determined based on the gross value of the assets of the Fund at the time that the removal fee becomes payable.

An example of the removal fee is as follows.

In this example it is assumed that the removal fee becomes payable 18 months after the date of this PDS, the fee has increased by 2.5% being the CPI and at that time the gross value of the assets of the Fund is \$31,000,000.

Here, the Responsible Entity would be entitled to a removal fee of \$101,475. The removal fee would be calculated as follows: $(\$67,650)/12 \times 18 = \$101,475$.

The example above is provided for illustrative purposes only, and does not represent any actual or prospective removal fee amount. You should not rely on this example in determining whether to invest in the Fund.

(c) Ongoing management fees

For acting as the responsible entity of the Fund, the Responsible Entity is entitled to a fee equal to the greater of—

- \$66,000 per annum with annual CPI increases, or
- 0.08% per annum of the gross value of the Fund's assets.

If the gross value of the Fund's assets is \$31,000,000, then the Responsible Entity is entitled to a monthly Management Fee of \$5,500 (plus GST) each month.

The Fund Manager is also entitled to an additional fee of 0.55% per annum (plus GST) of the gross value of the Fund's assets. If the gross value of the Fund's assets is \$31,000,000, then the Fund Manager is entitled to a monthly management fee of \$14,208 (plus GST).

From the Allotment Date until 30 June 2016 (i.e. Year 1) to the extent the income distributions paid to Investors falls below 8.00% per annum (annualised), the Fund Manager will forgo up to \$75,000 of its management fee to support distributions. This amount will not be recouped by the Fund Manager in later years.

(d) Disposal fee

This fee is payable to the Fund Manager on completion of the sale of the Property or on winding up of the Fund, out of the Fund's assets. The fee is 1% of the gross sale price of the Property and is consideration for the work performed by the Fund Manager in selling the Property.

If the Property is sold for \$35,000,000 then the Fund Manager will charge \$350,000 (plus GST). This example is provided for information purposes only and should not be considered a forecast of the Fund's performance.

(e) Performance fee

The Fund Manager will be entitled to a performance fee on the sale of the Property for the purpose of winding up the Fund, provided the total IRR to be received by Investors on and from the Allotment Date exceeds 10% per annum. Actual and expected distributions from the net sale proceeds are included in the calculation. The performance fee will be equal to 20% (plus GST) of the amount by which the IRR

to Investors would exceed 10% per annum (after payment of fees).

As an example, if after selling the Property for the purpose of winding up the Fund, it is calculated that Investors would receive an IRR of 12% (after payment of fees) from their investment in the Fund since the Allotment Date, then the IRR will have exceeded the 10% (after payment of fees) benchmark by 2%, in which case the Fund Manager's performance fee will be 20% of that 2% excess. If the 2% excess equalled \$500,000 in dollar terms, then the performance fee payable to the Fund Manager would be \$100,000 (plus GST).

This example is provided for information purposes only and should not be considered a forecast of the Fund's performance.

The Fund Manager will also be entitled to the performance fee if steps are taken to remove it as the manager of the Fund, on an accrued basis. That is, the Fund Manager would be entitled to a performance fee based on the value of the Fund's assets at the relevant time and using that value to work out what the IRR to Investors would be if the Fund's assets were sold for that value at that point in time. The value of the Fund's assets in these circumstances would be determined by a valuation undertaken by an independent suitably qualified valuer appointed by the Responsible Entity for that purpose.

(f) Operating costs and expense recovery

The Responsible Entity and the Fund Manager are entitled to be paid or reimbursed for expenses associated with the establishment and operation of the Fund, such as the costs associated with the administration or distribution of income, and other expenses properly incurred in connection with performing their duties and obligations in the day to day operation of the Fund, such as legal fees, audit and accounting fees and unit registry fees.

(g) Goods and services tax

Unless otherwise stated, all fees set out in this section are exclusive of Goods and Services Tax (GST).

Further information on the tax implications associated with an investment in the Fund and GST can be found in Section 10 of this PDS.



(h) Waiver or deferral of payment of fees and reimbursement for expenses

The Responsible Entity and the Fund Manager may, at their discretion, accept payment of lower fees and less reimbursement of expenses than they are entitled to receive, or may defer payment of reimbursement of those fees or expenses for any time. If payment as reimbursement is deferred, then the fee as reimbursement will accrue until paid.

(i) Changes to fees

The Constitution allows the Responsible Entity to charge a maximum investment management fee of 5% per annum (plus GST less input tax credits or reduced input tax credits as applicable) of the gross value of the Fund's assets. However, the Responsible Entity will not increase the investment management fees from the amount disclosed in this PDS without Investors first approving that increase by passing an Ordinary Resolution at an Investor meeting.

(j) Wholesale investors

The Fund Manager may negotiate with 'wholesale clients' (as defined in the Corporations Act), on an individual basis, in relation to rebates on our fees in circumstances permitted by the Corporations Act or applicable relief granted by ASIC. In the event rebates are offered, they will be paid by the Fund Manager and therefore will not affect the fees paid by, or any distributions to, other Investors.

(k) Adviser remuneration

The Responsible Entity does not pay any commission to financial advisers and other intermediaries.

(l) IDPS fees

Indirect Investors should be aware that in addition to the fees and charges described above, they will also be liable to pay fees for those services as described in the offer document or guide for their IDPS.

Section 8 Valuation



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30 June 2015

Dear Sirs,

Re: 91 Phillip Street Parramatta, NSW

We refer to your instructions requesting DTZ to prepare a market valuation of the aforementioned property. We have inspected the property on 05 June 2015, and completed a comprehensive valuation reported dated 05 June 2015 as requested. This valuation summary has been prepared for inclusion into a Product Disclosure Statement (PDS) for the Phillip Street Fund (ARSN:604 881 656).

DTZ Australia (NSW) Pty Ltd (DTZ) consents to being named in the PDS and to the inclusion of the summary valuation within the PDS. As at the date of the PDS, this consent has not been withdrawn.

For further information reference should be made to the full copy of the valuation report dated 05 June 2015 report number 15/061 which is available for inspection at the offices of Capital Funds Limited.

BRIEF DESCRIPTION

A modern quality commercial office of 8 levels in association with three part levels of parking for 133 vehicles. The property is fully leased to 9 tenants with weighted lease duration of 3.39 years.

The property is located on the south-western corner of Phillip Street and Smith Street in the core of Parramatta CBD, approximately 22 kilometres west the Sydney CBD.

INCOME SUMMARY

Income Category	Area (sqm) / Car Spaces	Passing Income		Market Income		Variance to Market	
		\$ pa	\$psm \$pcm	\$ pa	\$psm \$pcm	\$ pa	%
Office	5,616	\$2,305,275	\$410	\$2,494,498	\$444	(\$189,224)	-8.2%
Car Parking	133 cars	\$301,505	\$189	\$399,000	\$250	(\$97,495)	-32.3%
Retail	87	\$39,505	\$452	\$41,515	\$475	(\$2,010)	-5.1%
Signage	2	\$12,500	\$6,250	\$12,500	\$6,250	\$0	0.0%
Outgoing Recoveries		\$224,625	\$39.38	\$224,625	\$39	\$0	0.0%
Total Gross Income		\$2,883,409	\$506	\$3,172,138	\$556	(\$288,729)	-10.0%
Less Total Outgoings		\$615,473	\$108	\$615,473	\$108		
Net Income		\$2,267,936	\$398	\$2,556,665	\$448	(\$288,729)	-12.7%
Gross Income on Vacant Areas		\$78,000					
Gross Income on New Leases		\$0					
Total Gross Income (Fully Leased)		\$2,961,409	\$519				
Net Income (Fully Leased)		\$2,345,936	\$411				

VALUATION SUMMARY

Valuation Date	5-Jun-15
Capitalisation Approach	\$31,000,000
Discounted Cash Flow Approach	\$31,700,000
Direct Comparison	\$30,800,000
Market Value	\$31,000,000
Weighted Average Lease Expiry (by Income)	3.39 years
Passing Initial Yield	7.32%
Equivalent Yield	8.00%
Internal Rate of Return (inc. Capex)	9.08%
Improved Value psm	\$5,435

VALUATION RATIONALE

In arriving at our valuation we have examined the available market evidence and applied this analysis to the Discounted Cash Flow approach, Capitalisation of Net Income approach and Direct Comparison approach.

MARKET COMMENTARY

Generally the leasing market remains subdued however vacancies in all markets decreased in the six months to January 2015 and there remains a shortage of large quality contiguous floorplates in all major metropolitan centres. Residential development has been an increasing component of most metropolitan CBDs and has the potential to further impact upon the amount of commercial space within these centres.

Parramatta still incorporates the lowest total vacancy level at 6.30% however Chatswood demonstrated the largest absolute fall of 2.60%. Parramatta recorded falls in all grades with A grade space demonstrating historical low levels at 0.80%.

The latter half of 2014 saw a levelling of rents across the metropolitan markets which has continued into 2015. Although vacancy levels have decreased this has not translated to a material improvement in general demand. Whilst there remains a general lack of development in the metropolitan markets, leasing demand has been subdued in the latter half of 2014 and into 2015 and prime metropolitan markets are facing more competition from the CBD market.

Average rentals for quality space across the Sydney metropolitan area are outlined in the following.

		CURRENT DRIVERS		FORECAST (6 - 9 MONTHS)		
		Prime Rents	Incentives	Face Rents	Incentives	Performance / Sentiment
Traditional Metro Markets	North Sydney	\$475 - \$715	22.5% - 27.5%	→	→	→
	Crows Nest/St Leonards	\$450 - \$525	25.0% - 30.0%	→	→	→
	Chatswood	\$375 - \$450	27.5% - 33.0%	→	→	→
	Macquarie Park	\$315 - \$355	25.0% - 30.0%	↑	↓	↑
	Parramatta	\$350 - \$440	15.0% - 22.5%	↑	→	↑
Office Park Markets	Pymont	\$450 - \$570	17.5% - 25.0%	→	→	→
	Sydney Olympic Park	\$320 - \$355	15.0% - 22.5%	→	→	↑
	Rhodes	\$310 - \$370	15.0% - 25.0%	→	→	↑
	Norwest	\$325 - \$350	15.0% - 27.5%	→	→	→
	South Sydney	\$325 - \$365	15.0% - 22.5%	↑	→	↑



Incentives in 2015 appear to have remained steady across most prime metropolitan markets over the past 6 months. We foresee incentives remaining steady into the second half of 2015. The CBD market has also seen an increase in incentive levels and a subdued leasing market which has impacted upon some prime metropolitan markets. We see this competitive tension continuing in the short to medium term.

Parramatta is the major office market in Western Sydney and the location closest to the majority of Sydney's population growth. It tends not to see the same highs and lows of some of the other regional markets however in recent times have demonstrated strong rental growth. We consider this trend will moderate during 2015. Face rentals demonstrated upward movement in in the past 12 months for both new and existing prime buildings. We see face rental levels having more subdued growth into 2015 due to the movement in the past 12 months and potentially more space availability in several proposed developments. Incentives generally remain steady and are lower than some other Sydney markets, being in the range of 15%-22.5%.

In reference to the investment sector the metropolitan market in 2015 has demonstrated improved sentiment and purchasers appear to have a broader appetite which has translated to an active investment market. The competition and demand for stock in the Sydney CBD also appears to have assisted the demand within the metropolitan sector.

A summary of the drivers and short term forecast for the metropolitan office markets is outlined in the following:

CURRENT DRIVERS			FORECAST (6 - 9 MONTHS)	
Prime Yields			Yields	Performance / Sentiment
Traditional Metro Markets	North Sydney	7.00% - 7.50%	↓	↑
	Crows Nest/St Leonards	7.50% - 8.00%	↓	→
	Chatswood	8.00% - 8.50%	→	→
	Macquarie Park	7.50% - 8.25%	↓	↑
	Parramatta	7.50% - 8.00%	↓	↑
Office Park Markets	Pymont	7.25% - 7.75%	↓	→
	Sydney Olympic Park	7.75% - 8.25%	↓	↑
	Rhodes	7.75% - 8.25%	↓	↑
	Norwest	8.25% - 8.75%	→	→
	South Sydney	7.75% - 8.25%	↓	↑

Quality property within the prime metropolitan markets is demonstrating the strongest interest, as in the CBD markets, however well located properties with shorter income streams have also demonstrated strong results in recent transactions.

More recent sales of several non-core metropolitan assets demonstrate a potential expansion of investors' appetite and potential future activity in this sector appears to have improved over recent years. Several benchmark sales have occurred in office buildings which are perceived to have future development potential for conversion to mixed use. Based upon the current strength of the residential market we consider this trend should continue in the medium term. We consider investment activity should continue this trend in the remainder of 2015 whilst investment returns should tighten gradually for prime stock however remain property specific for secondary stock.

In summary, the above factors point toward a market demonstrating a broader investment approach and capacity in comparison to the recent past however investor appetite is still considered to be primarily related the qualities and potential of the specific asset rather than the sector as a whole.

LIABILITY AND OTHER DISCLAIMERS

DTZ were involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaims liability to any person in the event of any omission from, or false or misleading statement included in the PDS other than in respect of the valuation and summary. DTZ is not licensed to provide financial product advice under the Corporations Act 2001.

Neither the whole nor any part of this valuation report summary or any reference thereto may be included in any published documents, circular or statement, or published in part or in full in any way without written approval of the form and context in which it may appear.

No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation.



DTZ is not related to Capital Property Funds and is therefore independent of them. DTZ have no interest in the subject property and no personal interest with respect to the parties involved.

Neither the valuer nor DTZ has any pecuniary (or other) interest giving rise to a conflict of interest in valuing the property.

Yours sincerely

DTZ Australia (NSW) Pty Ltd

A handwritten signature in black ink, appearing to read 'J. Waugh', written in a cursive style.

John Waugh FAPI

National Head of Valuation Services

Section 9 Financial Information

9.1 Basis of preparation

The financial information in this section consists of the following:

- Sources and applications of funds
- Estimated income and distribution statements
- Estimated taxation allowances
- Pro forma balance sheet at Allotment Date
- Best estimate assumptions
- Pro forma transactions
- Statement of significant accounting policies
- Sensitivity analysis

(collectively, Financial Information)

The Financial Information set out below has been prepared to illustrate the financial position of the Fund following completion of the Offer and expenditure of funds associated with the Offer.

The Financial Information has been prepared to ensure the target distribution information is accurate and as close to the actual position of the Fund following completion as possible. However, they are intended to be illustrative only and may not reflect the actual position and balances as at the date of this PDS or at the completion of the Offer.

The pro forma Balance Sheet has been prepared in accordance with the significant accounting policies set out below, the recognition and measurement principles prescribed in Australian Accounting Standards

and the Corporations Act and should be read in conjunction with those accounting policies and the risk factors set out in Section 6 of the PDS.

The pro forma Balance Sheet has been presented in an abbreviated form. It does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

You should review the Financial Information and make your own independent assessment of the future performance and prospects of the Fund. We have adopted the Financial Information based on our knowledge of the property industry, which is supported by experts' reports.

Whilst the Fund Manager considers that the assumptions on which the Financial Information contained within this section are reasonable as at the date of this PDS, Investors should be aware that there are many factors, outside of the Fund Manager's control, which may affect the best estimates, either positively or negatively, and which may not be capable of being foreseen. As such, actual results may differ from the best estimates.

9.2 Sources and applications of funds

The Fund was constituted on 20 March 2015 and will prepare its first annual financial report for the period ending 30 June 2016. Settlement of the Property is expected to occur on 15 September 2015. Funds for the acquisition of the Property are assumed to be sourced and applied as set out over the page.



Legal Source of Funds	Notes	Amount \$
Total cash from Investors	1	17,100,000
Debt Facility		15,500,000
Total funds raised	2	32,600,000
Application of Funds		Amount \$
Acquisition of Property		30,000,000
Stamp Duty		1,635,490
Due diligence costs		70,000
Legal Fees (structure)		50,000
Trust establishment costs		32,000
Research		21,000
PDS preparation		13,000
Loan establishment fee		54,250
Legal fees (Loan)		20,000
Acquisition fee		600,000
Investigative Accountants Fees		8,000
Working capital		96,260
Total		32,600,000

Notes

- 1 It is assumed the Total Offer Amount is raised and that settlement of the Property occurs after the Allotment of the Total Offer Amount.
- 2 The total funds raised includes an estimate of costs. These estimates have been based on written quotes and indicative costings provided by third party providers.

9.2.1 Estimated income statement

Set out below is the estimated income statement of the Fund for years 1 and 2 (annualised for the period to 30 June 2016). This statement should be read in conjunction with the best estimate assumptions and key accounting policies set out in this Section and the risks set out in Section 6.

	Notes	\$ 9 months ending 30/06/2016	\$ Year ending 30/06/2017
Net Property Income	1	1,867,120	2,507,905
Fund Expenses	2	-224,183	-296,444
Total Expenses		-224,183	-296,444
Finance Costs			
Interest		-511,886	-685,309
Amortised Borrowing Costs		-11,138	-14,850
Other Formation Costs	3	-116,000	0
Profit before fair value adjustments		1,003,914	1,511,302
Net gain/(loss) on fair value adjustments			
Investment Property	4	-1,305,490	
Loss attributable to unit holders		-301,576	

Notes to estimates

1 Net Property Income

Net property income represents the rental income from the property plus expenses recovered from the tenants in accordance with their leases less property expenses.

2 Fund Expenses

Expenses include all fund accounting, custodian, external audit & taxation, valuation and administration costs and the management fee

3 Other Formation costs includes initial establishment fees, research and PDS preparation costs

4 The fair value adjustments represent the writing off of initial property acquisition costs where the capitalised value of these costs and the cost of acquisition of the property exceed fair value.

9.2.2 Estimated distribution statement

Set out below is the estimated distribution statement for the Fund for years 1 and 2 (annualised for the period to 30 June 2016). This statement shows the expected profit available for distribution to investors by adjusting profit before fair value adjustments for certain non-cash and significant items.

	Notes	\$ 9 months ending 30/06/2016	\$ Year ending 30/06/2017
Profit before fair value adjustments	1	1,003,914	1,511,302
Adjustments			
Less: Straight-lining of Rental Income		-83,587	-64,236
Add: Amortised Borrowing Cost		11,138	14,850
Add: Other Formation Costs		116,000	0
Profit available for distribution		1,047,464	1,461,916
Less: Retained Earnings	2	58,293	141,978
Net Distributions Received by Investors		989,171	1,319,938
Return on Investor Unit Holdings	3	8%	8%

1 Taken from Estimated Income Statement 9.2.1.

2 Retained earnings.

A small proportion of earnings will be retained by the Fund Manager to be used at the Fund Manager's discretion (in conjunction with initial working capital) to fund any extraordinary items of expenditure, which could include capital expenditure, fit-outs, leasing fees, rent free periods or income support. In all cases this would be in circumstances where the Fund Manager considers the expenditure to be in the best interests of Investors.

3 Annualised for year 1.

Year ended	Notes	Year 1	Year 2
Net Distributions to investors	1, 2, 3	\$1,026,000	\$1,368,000
Estimate of Tax Deferred Component		60%	51%

1 The tax deferred component is based on an expert report outlining the potential depreciation and building allowance. The calculation also includes an allowance for the amortisation of establishment costs. The tax deferred component may provide investors with income tax timing advantages; however investors should seek their independent advice from a qualified taxation specialist.

2 The estimate is for the part year to 30 June 2016.

3 Figures come from Table 9.2.2.

9.3 Pro forma balance sheet at Allotment Date

The pro forma balance sheet has been prepared as at the Expected Closing Date assuming the transactions and events contemplated in this PDS occurred on or before the Expected Closing Date.

Assets	Notes	Amount \$
Cash		96,260
Property Asset	1	31,000,000
Total Assets		31,096,260
Liabilities		Amount \$
Borrowings		15,500,000
Borrowing Costs		-74,250
Total Liabilities		15,425,750
Net Assets attributable to investors		15,670,510
Units on issue		17,100,000
NTA per unit		0.92
Debt to assets ratio		50%

1. The Property was valued by DTZ at \$31,000,000.

9.4 Best estimate assumptions

The Fund Manager has made the following assumptions in preparing the Financial Information for this PDS.

9.4.1 Rental Income and expenses

The main assumptions underlying these estimates are:

- That Suite 1 on Level 6 is leased within 12 months from the date of settlement.
- That Cunningham Lindsey renew their lease on normal commercial terms.
- All tenants perform their obligations under their existing leases including the payment of all lease, licence and other payments.
- Property expenses are increased by 1% per annum.

Rental income is assumed to increase in accordance with the review provisions of the leases and it is assumed that there will be no material default by any tenant. Rental income from investment property is recognised in the estimates as it becomes due over the term of the lease. Allowances have been made where leases are due to expire during the estimate period for potential vacancy, incentives and leasing costs where tenants leases expire during the estimate period.

9.4.2 Finance costs

A total interest rate of 4.40% per annum has been assumed. Details of the debt facility are contained in Section 3. Borrowing costs are amortised over five years following completion of the purchase of the Property.

9.4.3 Taxation Allowances

The quantity surveyor engaged by the Fund Manager has estimated Division 40 (plant & equipment depreciation) and Division 43 (building allowance) taxation allowances.

9.4.4 Working capital and retained earnings

An initial working capital allowance of approximately \$96,000 will be raised to be used at the Fund Manager's discretion (in conjunction with any retained earnings) to fund any extraordinary items of expenditure, which could include capital expenditure, fit-outs, leasing fees and rent free periods. In all cases this would be in circumstances where the Fund Manager considers the expenditure to be in the best interests of investors.

9.4.5 GST

The Financial Information has been prepared net of GST where appropriate. Please refer to Section 10 for further information. The Fund will be registered for GST and will generally be able to claim input tax credits in respect of GST paid.

9.4.6 Total subscription

The issue of 17,100,000 fully paid new Units at \$1.00 to raise \$17,100,000. Expenses associated with the Offer and to be paid by the Fund are estimated to be approximately \$860,000 (exclusive of GST and excluding stamp duty). The expenses of the Offer include fees payable for legal, accounting and consultants.

9.5 Statement of significant accounting policies

The principle accounting policies that will be applied in preparing the financial reports of the Fund, and which have been adopted in the preparation of the estimated income and distribution statement and pro forma Balance Sheet, is on a going concern basis. These policies adopt the accruals and historical cost basis of accounting, except for investments in properties and derivative financial instruments which are at fair value and in accordance with the recognition and measurement principles of Australian Accounting Standards and interpretations and the Corporations Act.

The significant accounting policies are:

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review increases. In all other circumstances, rental income is brought to account on an accruals basis. Interest revenue is recognised as the interest accrues using the effective interest method.

Expenses

Expenses are brought to account on an accruals basis. Ongoing fees payable to the Responsible Entity and the Fund Manager are recognised as expenses when the services are received. A performance fee is only recognised

once it is assessed as probable that the amount will be payable in the future based on the Fund's performance.

Distributions per Unit

Distributions per Unit will be determined by dividing the total Distributable Income for the period by the number of Units on issue on the last day of the distribution period.

Investment Property

The Property represents freehold interests in land and buildings, including integral plant and equipment such as fixed air conditioning, held for the purpose of producing rental income. The Property is to be initially brought to account at cost, which includes the capitalised acquisition costs, such as stamp duty and fees for professional services incurred by the Fund Manager and reimbursed by the Fund.

Subsequently the investment property will be revalued to fair value. Fair value will be considered with reference to assessments by the Fund Manager and independent valuations. The Fund Manager must ensure that the Property is revalued at least every 3 years and any change in the valuation of the Property Investment will be recorded as an unrealised gain or loss in the Income Statement.

Borrowings

Borrowings are initially measured at cost, being consideration received net of establishment costs incurred. Borrowings will subsequently be measured at amortised cost using the effective interest rate method. Unless there is an unconditional right to defer settlement of the liability for at least 12 months after balance date, borrowings will be treated as current.

Deferred Loan Establishment Costs

Deferred borrowing costs comprise all costs in relation to the establishment, arranging and documentation of the debt facility. Such costs are offset against the balance of the debt facility and amortised over 5 years, being the period of the Tranche A facility.

Income Tax

Under current law, the Fund is not liable for income tax provided Investors are entitled to all the Distributable Income of the Fund each year. Investors will be liable for tax on the distributions they receive at rates applicable to each individual Investor's personal tax circumstances. Please refer to the risks outlined in Section 6 'Risk Factors'.

9.6 Sensitivity analysis

The target return estimates have been based on certain economic and business assumptions about future events. The estimated profit, profit available for distribution and distributions payable for each period during the estimate period are sensitive to a number of factors.

A summary of the possible impact of different outcomes in the key assumptions underlying the estimates is set out in the table below. However, the disclosed movements in these key assumptions are not intended to be indicative of the complete range of variations that may occur.

Variable	Effect
Change in Total Offer Amount	<p>The estimates assume the Total Offer Amount of \$17,100,000 is raised by the Second Close.</p> <p>Should the Target Offer Amount decrease by \$1,000,000 a corresponding increase in the bank loan (or an Underwrite) will occur. These changes will have the following impact on NTA, gearing, earnings per security and distributions per security for each \$1,000,000 decrease in equity raised:</p> <ul style="list-style-type: none"> • NTA will decrease by approximately 1 cent per unit • Gearing will increase by approximately 3.2% • Earnings per security will increase by approximately 0.3 cents per unit • Distributions per Unit will not be affected as the Fund would direct excess cash flow to reduce the gearing level though the investment period.
Change in net property income	<p>The estimates assume the Property continues to be highly occupied and will become fully leased during the Target Return Period. The estimates include periods of vacancy and letting up after lease expires.</p> <p>If the tenants of the Property fail to honour their lease obligations, then this could decrease the net property income of the Fund and therefore decrease the funds available to distribute to Investors.</p> <p>Should net property income decrease during the Target Return Period for any unforeseen reason (eg. tenant default), each 5% decrease in net property income would lead to approximately a 0.5 cents per unit per annum decrease in profit available for distribution</p>
Leasing of Vacant 328 square metre Suite 1 Level 6 Tenancy	<p>If the current vacancy at Suite 1 Level 6 is not leased before the expiry of the 12 month rental guarantee period, then this will decrease the net property income of the Fund and therefore decrease the funds available to distribute to Investors.</p> <p>A 12 month delay in leasing beyond the rental guarantee period would have an approximate 0.9 cents per unit per annum impact on profit available for distribution.</p>

Variable	Effect
<p>Cunningham Lindsey Tenancy</p>	<p>If the Cunningham Lindsey lease expires (or otherwise comes to an end) on or before 31 August 2015, and the vacancy is not re-leased prior to the expiry of the six month rental guarantee period, then this will decrease the net property income of the Fund and therefore decrease the funds available to distribute to Investors.</p> <p>A 12 month delay in leasing beyond the rental guarantee period would have an approximate 2.5 cents per unit per annum impact on profit available for distribution.</p>
<p>Change in Interest Rates</p>	<p>The estimates assume a 50% gearing level at an interest rate of 4.4% including a 5 year fixed swap rate and lenders margin. The Fund will not secure the debt until the Second Close. Should the 5 year fixed term swap rates increase so that the total interest rate exceeds 4.4%, then this will decrease the net property income of the Fund and therefore decrease the funds available to distribute to Investors.</p> <p>For every 0.25% increase in interest rate above 4.4%, there would be approximately a \$39,000 reduction in income for the Fund or 0.2 cents per unit per annum.</p>

View, looking South from 91 Phillip Street



Section 10 Taxation Information

The taxation information provided below is a brief guide only and is not intended to be tax advice. The following summary is intended for Australian resident investors and generally applies to investors who hold their investment for the purpose of realising a long-term return and hold their investment in the Fund on capital account for tax purposes.

The summary does not address the tax implications that may arise for Investors that:

- acquire or hold their Units in the course of a business of trading or dealing in securities or otherwise hold the units on revenue account or as trading stock;
- are exempt from Australian tax; or
- are non-residents or temporary residents of Australia.

Taxation issues are complex and taxation laws, their interpretation and associated administrative practices may change over the term of the Fund. The information contained in this section is of a general nature only. It is based on, and limited to, Australian tax law and practice in effect at the date of this PDS, subject to the comments provided in Section 10.3 below, regarding certain proposed reforms. As the circumstances of each particular Investor will vary, this PDS cannot address all of the taxation issues which may be relevant to a particular Investor. Each Investor must take full and sole responsibility for their own investment in the Fund, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of the investment. Accordingly, prospective Investors should seek their own tax advice which has regard to their own individual circumstances.

10.1 Tax treatment of the Fund

Australian tax position of the Fund

Under current tax law, the Fund should not be liable to pay Australian income tax provided the Fund's Investors are presently entitled to all of the Fund's taxable income in each year and the activities of the Fund are limited to undertaking or controlling "an eligible investment business" for Australian taxation purposes.

It is expected that Investors will be presently entitled to all of the Fund's taxable income in each year. Further, based on the proposed activities of the Fund, it should only be undertaking "eligible investment business" in the form of deriving rent from real property and other permissible incidental activities.

On this basis, under current tax law the Fund should not have any liability for Australian income tax including capital gains tax.

Issues affecting the calculation of the net income of the Fund

The net income of the Fund for tax purposes will include interest income and rental income derived from the Property less allowable deductions such as expenses relating to rental income, capital allowances deductions in respect of the Property, management fees paid and other relevant expenses. The net income of the Fund would also include net capital gain amounts realised on the sale of the Property.

Managed investment schemes that fall within the tax definition of a "Managed Investment Trust" (MIT) are able to make an election to treat certain assets, such as real estate, as being on capital account for tax purposes. It is intended that the Fund will make such an election if it is eligible to do so. Whilst it is expected that the Fund would be a MIT for tax purposes, this will depend, in part, on the number and profile of Investors that hold units in the Fund, which is currently not known. Where an election is made, gains and losses from the disposal of the Property will be subject to capital gains tax regardless of whether they are held on revenue or capital account. If an election is not able to be made for the Fund, it is nevertheless expected that any gain on eventual disposal of the Property would be a capital gain as it is the intention of the Fund to hold the Property to derive long term rental income.

The capital gain on disposal of the Property will be determined as the consideration received on the disposal of the Property less the tax cost base of the Property. Unless the Property has been held for less than 12 months, the capital gain will be eligible for the 50% CGT discount,

which means that 50% of the capital gain generated at the Fund level is included in the net income of the Fund for tax purposes. Implications of the CGT discount at the Investor level are outlined below in Section 10.2.

In the event that the consideration received on the disposal of a Property is less than the tax cost base of the Property, a capital loss would arise within the Fund. Capital losses can be offset against other pre-discount capital gains generated within the Fund and can be carried forward indefinitely within the Fund for that purpose, but capital losses would not otherwise be claimable in determining the net income of the Fund for tax purposes. Capital losses are not able to be distributed to Investors.

10.2 Tax treatment of Investors

Taxation of distributions - general

When an Investor becomes presently entitled to distributions of income from the Fund during a particular financial year, the corresponding proportion of the Fund's net income for tax purposes should be included in the Investor's assessable income. Investors will then be taxed on their portion of the Fund's net income for tax purposes at their relevant marginal tax rates. As Investors will be entitled to distributions as at 30 June of any given year that may not be paid in cash until after that date, amounts may be assessable to investors in respect of a particular financial year that are received in cash in a subsequent year.

Where the Fund's net income for tax purposes includes a capital gain that has been discounted (as described in Section 10.1 above), Investors are required at first instance to double their portion of the discounted gain to restore it to its gross (pre-discount) amount and then to determine their own eligibility to the CGT discount. Generally, the following rates of CGT discount apply to the following particular types of Investor:

- Individuals or trusts are eligible for a CGT discount of 50% - this means that such Investors would include 50% of their proportionate share of the gross (pre-discount) capital gain amount in their assessable income;
- Complying superannuation funds are

eligible for a CGT discount of one third – this means that such Investors would include two thirds of their proportionate share of the gross (pre-discount) capital gain in their assessable income; and

- Companies are not eligible for any CGT discount – this means that companies would include 100% of their proportionate share of the gross (pre-discount) capital gain in their assessable income.

The Fund may make cash distributions to Investors that exceed the Fund's net income for tax purposes. This excess may arise for a number of reasons, including the application of the CGT discount at the Fund level as well as the claiming of capital allowances and other deductions at the Fund level that reduce the net income for tax purposes. To the extent that the excess relates to the CGT discount amount, this distribution would generally be tax free and would not reduce the tax cost base of an Investor's Units. However, if the excess arises due to other factors, such as the claiming of capital allowances, this excess distribution would generally be treated as a "tax deferred" amount. Tax deferred distributions are not generally assessable to Investors, but reduce the Investor's tax cost base of the Units.

If the total tax-deferred distributions received by an Investor equals an Investor's cost base in his or her Units, then the cost base will be reduced to nil and the Investor will realise a capital gain as a consequence of any subsequent tax deferred distributions. Such capital gains would potentially be eligible for CGT discount treatment, depending on whether the Investor has held the Units for at least 12 months.

If the Fund's net income for tax purposes exceeds its distributions, then an Investor will be taxed by reference to his or her share of net income, not just the distribution to which they were entitled.

An annual tax statement will be provided to each Investor setting out details of his or her proportionate share of the Fund's net income for tax purposes and other distribution components within 2 months of the end of each financial year.

Tax losses incurred by the Fund

The Fund will not be able to distribute any tax losses of a revenue nature incurred in an income year. However, if certain tests can be satisfied, the Fund will be able to carry forward those losses and use them in a future income year to offset assessable income. Similarly, capital losses cannot be distributed to investors but can be carried forward indefinitely for offset against future capital gains. Specific loss testing rules do not currently exist for capital losses.

Tax implications of disposing of Units

Generally, on disposal of Units a "CGT event" will occur and the Investor will need to determine whether a capital gain or capital loss has been realised. As a general rule, where the capital proceeds on disposal of the Units are greater than the cost base of those Units, an Investor will realise a capital gain.

The cost base of an Investor's Units will essentially be the purchase price or issue price paid for the Units, plus any incidental costs on acquisition or disposal, less any tax deferred distributions received.

Subject to satisfying certain integrity rules, any capital gain made by an individual or trust can generally be reduced by 50% if the individual or trust has held the Units for longer than 12 months. Similarly, any capital gain made by a superannuation fund can generally be reduced by one third if the fund has held the Units for longer than 12 months. Companies are not entitled to this CGT discount.

An Investor will incur a capital loss if the capital proceeds on disposal are less than the "reduced cost base" of the Units sold. The reduced cost base of a Unit is commonly the same as the cost base. Any capital loss incurred on the disposal can generally be used by the Investor to offset capital gains realised from other sources. If a capital loss cannot be utilised in the year in which it is realised, it may be able to be carried forward to be used to offset capital gains realised in future income years. Capital losses cannot be used to offset ordinary income or gains.

10.3 Other issues

Non-residents

If you are a foreign resident for tax purposes, then the Fund is required to withhold tax from your distributions at the prescribed withholding rates. The Fund is intended to be a managed investment trust (MIT) for Australian tax purposes, which provides favourable withholding rates for distributions to foreign residents in certain foreign jurisdictions.

If you are a foreign resident for tax purposes, then please ensure you seek your own tax advice regarding your situation.

Tax file number or Australian business number declaration

If you are an Australian Resident, then you need not quote a TFN when applying for Units. However, if an Investor does not provide their TFN (or in certain circumstances an Australian Business Number) or claim a valid exemption,



then the Responsible Entity will be required to withhold tax from any distribution from the Fund at the highest marginal tax rate plus the Medicare Levy (at the date of this PDS 2%).

Goods and Services Tax (GST)

Given the level of turnover, the Fund will be required to register for GST. GST should not be payable in respect of the acquisition, disposal or withdrawal of Units, nor in respect of any distributions paid by the Fund.

The Fund may not be entitled to claim a full input tax credit in all circumstances. The impact of any restricted entitlement is not anticipated to be significant.

The ultimate GST treatment of the subsequent disposal of the property may differ from the treatment at acquisition and may depend upon the relevant circumstances at the time.

Stamp duty

Units issued prior to the acquisition of property should not give rise to any stamp duty impost. Units issued or transferred after the acquisition of property could potentially give rise to a stamp duty liability, but this will depend on a number of factors. Investors should seek their own professional taxation advice on stamp duty.

Tax reform proposals

The Federal Government is currently reforming the tax rules relating to MITs and a consultative process with industry stakeholders has been underway for some time with exposure draft

legislation released for comment on 9 April 2015. The draft legislation predominantly reflects the previously announced changes which include the introduction of an "elective attribution" regime, which would replace the existing present entitlement system for those MITs that elect to be subject to the new regime. Under this regime, the taxable income of a MIT would be allocated to Investors in a MIT on a "fair and reasonable basis" having regard to their interest in the MIT and any taxable income not allocated would be taxable to the MIT. Another proposed component of the new system would allow upward adjustments to the tax cost base of units in a MIT in certain circumstances to prevent double taxation (the current system of tax deferred adjustments only provides for a cost base reduction).

This process may impact on the way in which the Fund and Investors are treated for tax purposes in the future. The exposure draft legislation reflects the historical start date of 1 July 2015 for the new regime, however, it is understood that the government intends to defer the start date until 1 July 2016 with the option for early adoption. It is also understood that MIT's will need to choose to adopt the new regime. Submissions on the exposure draft legislation were due by 23 April 2015, however, at the time that this PDS was written, no information is available in respect of the submissions made nor is any information available about if and when the legislation will be enacted.



Section 11 Additional Information

11.1 Related party transactions

The Responsible Entity may from time to time face conflicts between its duties to the Fund as responsible entity, its duties to other funds that it manages and its own interests. The Responsible Entity will manage any conflicts in accordance with its conflicts of interest policy, the Corporations Act, the Constitution, ASIC policy and the law.

The Fund Manager is not a related party of the Responsible Entity. The contractual arrangements between the Responsible Entity and the Fund Manager are negotiated at arm's length between the parties. The Fund Manager or its associates may engage in lease negotiations with existing or potential new tenants of the Property and would be entitled to receive leasing commissions on normal commercial terms.

The Responsible Entity may from time-to-time enter into other transactions with related entities. All transactions will be effected at market rates or at no charge, and in accordance with the Corporations Act.

The Responsible Entity has appointed, pursuant to a Registry Services Agreement, a related body corporate, One Registry Services Pty Limited ACN 141 757 360 to perform registry services for the Fund.

The Responsible Entity has appointed Unity Fund Services Pty Ltd ACN 146 747 122 (Administrator), an affiliate of One Investment Group, as the administrator of the Fund pursuant to an administration agreement under which the Administrator provides administration services for the day-to-day operation of the Fund. These services include fund accounting, Unit pricing, Unit holding and reporting and preparation of statutory accounts. The Responsible Entity has a policy on proposed or potential related party transactions to ensure that any actual or potential conflicts of interest are identified and appropriately dealt with.

11.2 Change of responsible entity

A change of responsible entity requires Investors to pass an extraordinary resolution to give effect to the replacement. An

extraordinary resolution must be passed by at least 50% of the total votes that may be cast by members entitled to vote.

11.3 Reporting

We intend to report to you on at least a quarterly basis. **Our reporting will comprise the following:**

- a confirmation on receipt of an Application Form
- an investment confirmation upon issuing Units
- quarterly income distribution detailing your investment and distributions paid to you
- periodic performance update reports, and
- an annual tax statement detailing information required for inclusion in your annual income tax return.

Annual and half-year financial reports will be made available at www.oneinvestment.com.au and www.capitalpropertyfunds.com.au. They will not be sent to you unless requested.

11.4 Important agreements

Constitution

The Constitution is the primary document that governs the way the Fund operates and sets out many of the rights, liabilities and responsibilities of both the Responsible Entity and Investors.

Each Unit gives you an equal and undivided interest in the Fund. However, a Unit does not give you an interest in any particular part of the Fund. **Subject to the Constitution, as an Investor you have the following rights:**

- The right to share in any distributions;
- The right to attend and vote at meetings of Investors; and
- The right to participate in the proceeds of winding up of the Fund.

The Constitution contains provisions about convening and conducting meetings of Investors.

We can amend the Constitution without Investors' approval provided we reasonably

consider the change will not adversely affect Investors' rights.

The Constitution can also be amended by a special resolution passed by Investors.

A copy of the Constitution is available free of charge by calling the Responsible Entity on 02 8277 0000.

Investment management agreement

The investment management agreement is between the Responsible Entity and the Fund Manager under which the Fund Manager agrees to provide investment management services to the Fund which include:

- the identification and acquisition of assets consistent with the Fund's investment mandate;
- keeping all assets under review and monitoring their performance; and
- using reasonable endeavours to achieve the investment objectives for the Fund.

The investment management agreement contains provisions dealing with matters such as the Fund Manager's obligations to report to the Responsible Entity and sets out the fees payable to the Fund Manager for its services (summarised in Section 7).

The investment management agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Responsible Entity if the Fund Manager is in material breach of the agreement and that breach has not been remedied after a certain time. There are also provisions allowing the Responsible Entity to terminate if, for example, the Fund Manager becomes insolvent.

The Fund Manager is permitted to terminate the agreement in certain circumstances, such as if the Responsible Entity ceases to be the responsible entity for the Fund.

11.5 Fund Manager's authorised representative appointment

The Fund Manager is a corporate authorised representative (Number: 457306) of Libertas Financial Planning Pty Ltd ACN 160 419 134 (AFSL no. 429718).

The Fund Manager's authorisation is limited to its role as Fund Manager of the Fund and does not extend to any other business that the Fund Manager conducts, or services that the Fund Manager provides. In addition, the only individuals within the Fund Manager who are authorised to provide general financial product advice in relation to the Fund are Joe Christie, Andrew Kerr and Julia Novella.

11.6 Continuous disclosure

In certain circumstances, such as if the Fund has 100 or more Investors, it will be regarded as a 'disclosing entity' for the purposes of the Corporations Act, and will be subject to regular reporting and disclosure obligations. If the Fund becomes a disclosing entity, then the Responsible Entity will comply with its obligations under the Corporations Act and ASIC's good practice guidance in satisfying its continuous disclosure obligations via website notices. Information and continuous disclosure notices for the Fund will be available at www.oneinvestment.com.au or by calling 02 8188 1510 during business hours (that is, 9am to 5pm on a Business Day). If the Fund becomes a 'disclosing entity' then it will be required to lodge half-yearly financial reports with ASIC. It is therefore important that you check our website regularly for important information about the Fund.

11.7 Privacy

In applying to invest, you are providing the Responsible Entity and the Fund Manager with certain personal details (your name, address etc). We use this information to establish and manage that investment for you.

Under the Privacy Act 1988 (Cth), you can access personal information about you held by us, except in limited circumstances. Please let us know if you think the information is inaccurate, incomplete or out of date. You can also tell us at any time not to pass on your personal information by advising us in writing.

If you do not provide us with your contact details and other information, then we may not be able to process your application to invest.

Under various laws and regulatory requirements, we may have to pass-on certain information to

other organisations, such as the Australian Tax Office or the Australian Transaction Reports and Analysis Centre (AUSTRAC).

By applying to invest, you give us permission to pass information we hold about you to other companies which are involved in helping us administer the Fund, or where they require it for the purposes of compliance with AML/CTF law or in connection with the holding of Application Money such as the Responsible Entity. We may also use your information to provide you with details of future investment offers made by the Fund Manager.

11.8 Anti-money laundering law

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and associated rules and regulations requires the Responsible Entity to verify your identity prior to accepting your investment. You will be required to provide the identification information set out in the Application Form. We will not issue you with Units unless satisfactory identification documents are provided.

11.9 Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, then you should note that the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain Investors to the Australian Taxation Office (ATO).

In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number (TIN). We will only use such information for this purpose if we are required to do so.

11.10 Ethical considerations, labour standards and environmental impact

Whilst the Fund Manager and the Responsible Entity intend to operate the Fund in an ethical and sound manner, the Fund's investment criteria does not include giving additional weight to labour standards, environmental, social or ethical considerations.

11.11 Cooling-off period

Investors should note that while the Fund is not "liquid" (as that term is defined in the Corporations Act), no cooling-off period applies to applications. It is expected that, normally, the Fund should not be considered "liquid" because of the Fund's investment in real estate.

11.12 Complaints handling

We have a system for dealing with any complaints you may have as an Investor.

If you have a complaint, then please contact the Responsible Entity at:

Telephone +61 2 8277 0000

Email complaints@oneasset.com.au
Complaints Officer
One Investment Group

Post PO Box 1471
Royal Exchange
NSW 1225

Complaints will be acknowledged as soon as possible and will always be resolved within 45 days.

If you remain unhappy, you can contact the independent Financial Ombudsman Service (FOS).

To contact FOS:

Telephone 1 300 780 808

Email info@fos.org.au

Website www.fos.org.au

Post Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

FOS is an independent body and is approved by ASIC to consider complaints. FOS can consider claims of up to \$500,000 (or higher if you and the Responsible Entity otherwise

agree in writing). FOS is only able to make a determination of up to \$280,000 per managed investment claim (excluding compensation for costs and interest payments). These monetary limits and the FOS terms of reference do change from time to time. Current details can be obtained from the FOS website listed above. OIG is a member of the FOS.

11.13 Unit pricing policy

We have a Unit pricing policy for the Fund, which explains how we may exercise any discretion we have under the Constitution when calculating the price of Units.

A copy of the Unit pricing policy is available by going to www.oneinvestment.com.au or by calling 02 8188 1510 during business hours.

11.14 Underwriting

If the Total Offer Amount is not received by the Second Close or another date deemed by the Responsible Entity, then the Responsible Entity reserves the right to secure an Underwrite to enable the Fund to settle the acquisition of the Property. The costs of the Underwrite arrangement will be borne by the Fund Manager.

The underwriter will receive ordinary units in the Fund. The Underwriter will be permitted to sell the underwritten Units to a third party or third parties at any time.

11.15 Others' consents

McMahon Clarke has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

DTZ has given its written consent to be named in this PDS in the form and context in which it is named and to the inclusion of report statements in this PDS based on advice provided by them and has not withdrawn its consent prior to the date of the PDS.

Savills has given its written consent to be named in this PDS in the form and context in which it is named and to the inclusion of report statements in this PDS based on advice provided by them and has not withdrawn its consent prior to the date of the PDS.

Unity Fund Services Pty Ltd has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

ESV has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

One Registry Services Pty Limited has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

11.16 Valuation policy

Our policy is to have the Property independently revalued at least once every three years and valued by the Fund Manager annually in the intervening years and prior to any Liquidity Event.

11.17 New Zealand Investors

If you are a New Zealand investor, then the Responsible Entity is required to provide the following additional information to you under New Zealand law.

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Corporations Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This Offer and the content of the PDS are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Corporations Regulations set out how the Offer must be made.

There are differences in how securities are regulated under Australian law and how they are regulated under New Zealand law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation

arrangements available to New Zealand Investors for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, then please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency

and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

11.18 Updated information

Where there is a change to information which is not materially adverse to Investors, the Responsible Entity may make this updated information available on its website at www.oneinvestment.com.au. If you require a paper copy of any updated information, then please call 02 8188 1510 during business hours and it will be provided to you, without charge. The Responsible Entity will make any other changes to information in this PDS by issuing a supplementary PDS (Supp PDS), in which case, this PDS will be taken to include the information and statements contained in the Supp PDS.



Section 12 Glossary

A\$	Australian dollars.
ABN	Australian Business Number as defined in the Corporations Act.
ACN	Australian Company Number as defined in the Corporations Act.
Administration Service	An investor directed portfolio service, such as a master trust, wrap account or nominee and custody service.
Administrator	Unity Fund Services Pty Limited ACN 146 747 122.
AFS licence or AFSL	Australian financial services licence as defined in the Corporations Act.
AIFRS	Australian equivalent International Financial Reporting Standards.
Allotment	The allotment of Units to Applicants on the Allotment Date.
Allotment Date	Expected to be on or about the Second Close, unless otherwise determined by the Responsible Entity in its discretion.
AML/CTF	Anti-money laundering and counter-terrorism financing.
Applicant	Someone who applies for Units under this PDS.
Application Form	The application for the allotment or transfer of Units in the Fund offered under this PDS pursuant to a fully completed application form and accompanied by the Application Money for those Units.
Application Money	The money paid by an Applicant for Units.
ARSN	Australian Registered Scheme Number as defined in the Corporations Act.
ASIC	The Australian Securities and Investments Commission.
ASX	The market operated by ASX Limited.
Auditor	ESV Accounting and Business Advisors.
Business Day	A day on which banks are open for business in Sydney, except a Saturday, Sunday or public holiday.
Capital Property Funds	Capital Property Funds Pty Limited ACN 162 323 506, the manager of the Fund.
CBD	Central business district.
CGT	Capital gains tax.
Constitution	The constitution of the Fund dated 20 March 2015, as amended from time to time.

Corporations Act	The Corporations Act 2001 (Cth) for the time being in force together with the regulations.
CPI	Consumer price index.
Direct Investor	An Applicant who applies for Units pursuant to this PDS directly (rather than indirectly through an IDPS).
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
First Close	Unless varied by the Responsible Entity, the earlier of 10 August 2015 and the date the Minimum Offer Amount is raised.
Fund	91 Phillip Street Fund ARSN 604 881 656.
Fund Manager	Capital Property Funds Pty Limited ACN 162 323 506.
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
IDPS	An investor directed portfolio service, such as a master trust, wrap account or nominee and custody service.
IFRS	International Financial Reporting Standards.
Indirect Investor	An Applicant who invests in the Fund through an IDPS by directing the operator of their IDPS to acquire Units on their behalf.
Investor	A person who acquires Units pursuant to the Offer.
IRR	Internal rate of return, which is the discount rate that makes the present value of a series of cash flows over a period of time equal to the value of the investment at the start of the measurement period.
Liquidity Event	The process by which the Responsible Entity will— <ul style="list-style-type: none"> • outline its recommendation as to whether the Fund should be would up or extended in light of the Property and property market conditions; • determine the wishes of Investors; and • provide liquidity for those Investors wishing to exit the Fund.
Minimum Offer Amount	The minimum amount of equity that must be raised from Investors under the Offer which is \$11,000,000; if this amount is not raised by the Second Close, the Offer will not proceed.
NLA	Net lettable area.
NTA	Net tangible asset.
NTA per Unit	The NTA divided by the aggregate number of Units on issue.
Offer	The offer of Units under this PDS.

Ordinary Resolution	A resolution which requires at least 50 percent of the votes cast by Investors present at the meeting, either in person or by proxy.
PDS	This PDS, including any supplementary PDS which the Responsible Entity may issue.
Property	The real property asset located at 91 Phillip Street, Parramatta, New South Wales.
Responsible Entity	One Managed Investment Funds Limited ACN 117 400 987, AFSL no. 297042.
Second Close	Unless varied by the Responsible Entity, the earlier of 10 September 2015 and the date the Total Offer Amount is raised.
Settlement Date	Expected to be 15 September 2015.
Total Offer Amount	The maximum amount of equity to be raised from Investors under the Offer which is \$17,100,000; oversubscriptions will not be accepted.
Unit	An ordinary unit in the Fund representing the Investor's proportionate interest in the assets of the Fund.
Unit Price	The price at which a Unit is priced as determined under the Constitution.
Underwrite	An arrangement pursuant to which the Underwriter will underwrite the Offer.
Underwriter	An entity who subscribes for Units to underwrite the Offer.
Valuer	DTZ Australia (NSW) Pty Ltd ACN 090 139 096.
Vendor	Trust Company (Australia) Limited ACN 000 000 993 ATF Fortius 91 Phillip Street Trust.
WALE	Weighted average lease expiry.



Section 13 Application Form



APPLICATION FORM 91 PHILLIP STREET FUND

This Application Form accompanies the Product Disclosure Statement dated 10 July 2015 (**PDS**) issued by One Managed Investment Funds ABN 47 117 400 987 (**Issuer**) in its capacity as responsible entity of the 91 Phillip Street Fund 604 881 656 (**Fund**).

It is important that you read the PDS in full and the acknowledgements contained in this Application Form before applying for Units.

Unless otherwise defined, capitalised terms used in this Application Form have the same meaning given to them in the PDS.

If investing via a Financial Adviser

Please ensure both you and your financial adviser also complete 'Sections 8 and 9. Financial Adviser Details and Customer Identification Declaration'. You do not need to provide copies of your certified identification documentation with your Application Form if this information has been provided to your financial adviser, your financial adviser has elected to retain this information, and agreed to make it available upon request, under Section 8 of this Application Form.

Please tick one box below and complete the relevant Sections of the Application Form.

Investor Type	Complete
<input type="checkbox"/> Individual/Joint Investors/Sole Traders	Sections 1, 2, 5, 6, 7, 8 and 9
<input type="checkbox"/> Company	Sections 1, 3, 5, 6, 7, 8 and 9
<input type="checkbox"/> Trust/Superannuation Fund with Individual Trustee	Sections 1, 2, 4, 5, 6, 7, 8 and 9
<input type="checkbox"/> Trust/Superannuation Fund with Corporate Trustee	Sections 1, 3, 4, 5, 6, 7, 8 and 9

Post/Deliver

Please post completed Application Forms and all supporting documentation to:

One Registry Services Pty Ltd
C/- 91 Phillip Street Fund
PO Box R1479, Royal Exchange NSW 1225

Questions?

If none of the above categories are applicable to you, or you have other questions relating to this Application Form, please contact the registrar on +61 2 8188 1510.



ISSUED BY
ONE MANAGED INVESTMENT FUNDS LIMITED
ABN 47 117 400 987
AFSL 297042
91 PHILLIP STREET FUND
ARSN 604 881 656

2. INDIVIDUAL/JOINT INVESTORS/SOLE TRADERS/INDIVIDUAL TRUSTEES - APPLICATION FORM

Complete this section if you are investing in your own names, including as a sole trader.

2.1 INVESTOR DETAILS

INVESTOR 1

Title				Date of Birth	
Given Names				Surname	
Tax File Number or Exemption Code				Country of Residence for Tax Purposes (if not Australia)	
Residential Address (not a PO Box)					
Suburb		State		Postcode	Country
Mobile Number				Telephone	
Email (we encourage you to provide your email address so that you can receive a copy of all relevant reports)					

INVESTOR 2 (only applicable for joint investors)

Title				Date of Birth	
Given Names				Surname	
Tax File Number or Exemption Code				Country of Residence for Tax Purposes (if not Australia)	
Residential Address (not a PO Box)					
Suburb		State		Postcode	Country
Mobile Number				Telephone	
Email (we encourage you to provide your email address so that you can receive a copy of all relevant reports)					

If there are more than two individuals please provide details and attach to this Application Form.

Politically Exposed Person (PEP)

Are any of the Investors a PEP? Please refer to page 13 if you are unsure what PEP means.

Yes, please provide description of PEP's position.

No

ADDITIONAL INFORMATION FOR SOLE TRADERS (only applicable if applying as a Sole Trader)

Full Business Name (if any)

Australian Business Number (if obtained)

Address of Principal Place of Business (not a PO Box). If same as residential address given above, mark 'As Above'.

Suburb

State

Postcode

Country

2.2 IDENTIFICATION DOCUMENTS

To comply with Australia's Anti-Money Laundering and Counter-Terrorism Financing (**AML/CTF**) legislation, we must collect certain information from prospective investors and their beneficial owners supported by ORIGINAL CERTIFIED COPIES of relevant identification documents for all investors and their beneficial owners.

Please refer to page 13 for details of how to arrange certified copies. Please provide all documents in the proper format otherwise we may not be able to process your application for investment.

For each investor and beneficial owner, enclose an **ORIGINAL CERTIFIED COPY** of one of the following current documents

Driver's licence that contains a photograph of the licence/permit holder; or

Passport that contains a photograph and signature of the passport holder.

If you do not have one of the above options, please contact registrar for assistance.

3. COMPANY/CORPORATE TRUSTEE - APPLICATION FORM

Complete this section if you are investing for, or on behalf of, a company.

3.1 COMPANY DETAILS

Full Company Name

Country of Formation, Incorporation or Registration

Country of Residence for Tax Purposes (if not Australia)

ARBN (if registered with ASIC)

ACN/ABN (if registered in Australia)

Tax File Number or Exemption Code (Australian residents)

AFS Licence Number (if applicable)

Name of Regulator (if licensed by an Australian Commonwealth, State or Territory statutory regulator)

Name of Two Directors and Date of Birth:

Director 1 - Full Name

Date of Birth

Director 2 - Full Name

Date of Birth

Registered Business Address in Australia or in Country of Formation

Suburb

State

Postcode

Country

Principal Place of Business (not a PO Box address)

Suburb

State

Postcode

Country

If an Australian Company, registration status with ASIC.

Proprietary Company Public Company

If a Foreign Company, registration status with the relevant foreign registration body.

Private/Proprietary Company Public Company Other - Please Specify

Name of Relevant Foreign Registration Body

Foreign Company Identification Number

Is the Company Listed?

No Yes - Name of Market/Stock Exchange

Is the company a majority-owned subsidiary of an Australian listed company?

No Yes - Name of Australian Listed Company

- Name of Market/Stock Exchange

If the company is **registered as a proprietary company by ASIC** or a **private company by a foreign registration body**, please list the name of each director of the company.

Director 1 - Full Name

Director 4 - Full Name

Director 2 - Full Name

Director 5 - Full Name

Director 3 - Full Name

Director 6 - Full Name

If there are more than six directors please provide their full names on a separate page and attach to this Initial Application Form.

Politically Exposed Person (PEP)

Are any of the company directors a PEP? Please refer to page 13 if you are unsure.

Yes, please provide description of PEP's position.

No

If the company is an **Australian proprietary company** or a **foreign private company which is NOT regulated**, please provide details for each Beneficial Owner having more than 25 per cent of the company's issued share capital. Please refer to page 13 if you are unsure as to what Beneficial Owner means.

Beneficial Owner 1

*Full Name

Date of Birth

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Beneficial Owner 2

*Full Name

Date of Birth

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Beneficial Owner 3

*Full Name Date of Birth

Residential Address (not a PO Box address)

Suburb State Postcode Country

*If there are more than three beneficial owners, please provide additional beneficial owner details on a separate piece of paper and include it with this Application Form.

Politically Exposed Person (PEP)

Are any of the Beneficial Owners a PEP? Please refer to page 13 if you are unsure what PEP means.

Yes, please provide description of PEP's position.

No

3.2 CONTACT PERSON DETAILS (Financial Adviser details not accepted)

All investor communication will be sent here.

Given Names Surname

Postal Address

Suburb State Postcode Country

Mobile Number Telephone

Email (we encourage you to provide your email address so that you can receive a copy of the relevant reports)

3.3 IDENTIFICATION DOCUMENTS

To comply with AML/CTF legislation, we must collect certain identification documents from prospective investors and their beneficial owners supported by ORIGINAL CERTIFIED COPIES of relevant identification documents for all investors and their beneficial owners.

Please refer to page 13 for details of how to arrange certified copies. Please provide all documents in the proper format otherwise we may not be able to process your application for investment.

Provide an **ORIGINAL CERTIFIED COPY** of one of the following documents

- A certificate of registration or incorporation issued by ASIC or the relevant foreign registration body (must show full name of company, name of registration body, company identification number and type of company - private or public); or
- The most recent Company Statement issued by ASIC; and

Provide an **ORIGINAL CERTIFIED COPY** of a photographic identification document for each Officeholder who has signed the Application Form and Beneficial Owners identified in Section 3.1.

- Driver's licence that contains a photograph of the licence/permit holder; or
- Passport that contains a photograph and signature of the passport holder.

If you do not have one of the above options, please contact registrar for assistance.

4. TRUST/SUPERANNUATION FUND

Complete this section if you are investing for, or on behalf of, a Trust/Superannuation Fund.

4.1 TRUST/FUND DETAILS

Full Name of Trust/Superannuation Fund

Country of Establishment

Country of Residence for Tax Purposes

Tax File Number or Exemption Code

Australian Business Number (if any)

TYPE OF TRUST

(Please tick **ONE** box from the list below to indicate the type of Trust and provide the required information)

Type A: Regulated Trust (e.g. self-managed superannuation fund)

Name of regulator (e.g. ASIC, APRA, ATO)

Registration/Licensing details

Type B: Government Superannuation Fund

Name of the legislation establishing the fund

Type C: Foreign Superannuation Fund

Name of Regulator

Registration/Licensing Details

Type D: Other Type of Trust/Unregulated Trust

Trust Description (e.g. family, unit, charitable)

The material asset contribution to the trust by the settlor at the time the trust was established was less than \$10,000.00.

The settlor of the trust is deceased.

Neither of the above is correct:
Provide the full name of the settlor of the trust.

4.2 BENEFICIARY DETAILS (only applicable for Type C and Type D Trusts)

Do the terms of the Trust identify the beneficiaries by reference to a membership of a class?

Yes - Describe the class of beneficiaries below (e.g. unit holders, family members of named person, charitable purposes)

No - Provide the full names of all company and individual beneficiaries

Beneficial Owner 1

*Full Name

Date of Birth

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Beneficial Owner 2

*Full Name Date of Birth

Residential Address (not a PO Box address)

Suburb State Postcode Country

Beneficial Owner 3

*Full Name Date of Birth

Residential Address (not a PO Box address)

Suburb State Postcode Country

*If there are more than three beneficial owners, please provide additional beneficial owner details on a separate piece of paper and include it with this application form.

Politically Exposed Person (PEP)

Are any of the beneficiaries a PEP? Please refer to page 13 if you are unsure what PEP means.

Yes, please provide description of PEP's position.

No

4.3 TRUSTEE DETAILS

If a trustee is an individual, please complete Section 2. If a trustee is a company, please complete Section 3.

4.4 IDENTIFICATION DOCUMENTS

To comply with AML/CTF legislation, we must collect certain information from prospective investors and their beneficial owners supported by ORIGINAL CERTIFIED COPIES of relevant identification documents for all investors and their beneficial owners.

Please refer to page 13 for details of how to arrange certified copies. Please provide all documents in the proper format otherwise we may not be able to process your application for investment.

Superannuation Funds/Trusts
Provide an ORIGINAL CERTIFIED COPY of one of the following documents

Certified copy or certified extract of the Trust Deed containing the cover page, recitals and signature page; or

Reliable and independent documents relating to the trust.

AND relevant identification documents for the trustee as specified in Section 2 or 3 (as applicable).

5. DISTRIBUTION INSTRUCTIONS

Financial Institution Account Details

Please provide account details for the credit of withdrawals and credit of distributions.

Bank/Institution

Branch

Account Name

BSB

Account Number

The name of your nominated bank account must be the same as the Investor's name.

6. FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

6.1 INDIVIDUALS

Are you a US citizen or resident for tax purposes?

Yes If yes, provide your US Taxpayer Identification Number (TIN):

No

Go to Section 7

6.2 US ENTITIES - US TRUST, US COMPANY OR US PARTNERSHIP

Provide the US Taxpayer Identification Number (TIN):

Confirm whether the trust, company or partnership is an exempt payee for US tax purposes? Yes No

Go to Section 7

6.3 NON US ENTITIES

(Please tick **ONE** box from the list below)

Regulated super fund (self-managed superannuation fund, APRA regulated super fund, government super fund or pooled superannuation trust) - **Go to Section 7**

Government entity - **Go to Section 7**

Registered co-operation - **Go to Section 7**

Association - **Go to Section 7**

Non-financial public company (public companies that are not financial institutions) - **Go to Section 7**

Financial institution or trust with a trustee that is a financial institution

Provide the Global Intermediary Identification Number (GIIN), if applicable:

If no GIIN is available, provide FATCA status:

Go to Section 7

Non-financial propriety company - **Go to Section 6.4**

Partnership - **Go to Section 6.4**

Trust (including testamentary trust) - **Go to Section 6.4**

Charity - **Go to Section 6.4**

6.4 US CITIZENS OR RESIDENTS OF THE US FOR TAX PURPOSES?

Are any of the partners, trust beneficiaries, trustees, beneficial owners of corporate trustees, settlors or beneficial owners US citizens or residents of the US for tax purposes?

- Yes **Go to Section 6.5**
- No **Go to Section 7**

6.5 US CITIZENS OR RESIDENTS OF THE US FOR TAX PURPOSES

MUST COMPLETE

Complete for each partner, beneficiary, trustee, beneficial owner of corporate trustees, settlor or beneficial owner. If required, provide additional details on a separate sheet.

US Person 1

Given Names Surname

US TIN

Residential Address (not a PO Box address)

Suburb State Postcode Country

US Person 2

Given Names Surname

US TIN

Residential Address (not a PO Box address)

Suburb State Postcode Country

US Person 3

Given Names Surname

US TIN

Residential Address (not a PO Box address)

Suburb State Postcode Country

7. PRIVACY

Please tick the box if you consent to your personal information being used and disclosed for marketing purposes as broadly described in the Privacy statement in this PDS.

- I/we wish to receive information regarding future investment opportunities.

You may change your election at any time by contacting the Issuer.

8. INVESTOR DECLARATION AND SIGNATURES

DECLARATION AND SIGNATURES

When you complete this Application Form you make the following declarations:

- I/we have read and understood the PDS to which this Application Form applies, including any supplemental information;
- I/we have received and accepted the offer to invest in Australia or New Zealand;
- The information provided in my/our Application Form is true, correct and complete in all respects;
- I/we agree to be bound by the provisions of the Constitution governing the Fund and the terms and conditions of the PDS, each as amended from time to time;
- I/we acknowledge that none of the Issuer, their related entities, directors or officers have guaranteed or made any representation as to the performance or success of the Fund, or the repayment of capital from the Fund. Investments in the Fund are subject to various risks, including delays in repayment and loss of income or principal invested. Investments in the Fund are not deposits with or other liabilities of the Issuer or any of its related bodies corporate or associates;
- I/we acknowledge the Issuer reserves the right to reject any application or scale back an application in its absolute discretion;
- If applicable, after assessing my/our circumstances, I/we have obtained my/our own independent financial advice prior to investing in the Fund;
- If this Application Form is signed under Power of Attorney, each Attorney declares he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this Application Form);
- I am/we are over 18 years of age and I/we are eligible to hold units/investment in the Fund;
- I/we have all requisite power and authority to execute and perform the obligations under the PDS and this Application Form;
- I/we acknowledge that application monies will be held in a trust account until invested in the Fund or returned to me/us. Interest will not be paid to applicants in respect of their application monies regardless of whether their monies are returned;
- I/we have read the information on privacy and personal information contained in the PDS and consent to my/our personal information being used and disclosed as set out in the PDS;
- I/we acknowledge that the Issuer may deliver and make reports, statements and other communications available in electronic form, such as e-mail or by posting on a website;
- I/we indemnify the Issuer and each of its related bodies corporate, directors and other officers, shareholders, servants, employees, agents and permitted delegates (together, the **Indemnified Parties**) and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable legal fees (collectively, a **Loss**) due to or arising out of a breach of representation, warranty, covenant or agreement by me/us contained in any document provided by me/us to the Issuer, its agents or other parties in connection with my/our investment in the Fund. The indemnification obligations provided herein survive the execution and delivery of this Application Form, any investigation at any time made by the Issuer and the issue and/or sale of the investment;
- To the extent permitted by law, I/we release each of the Indemnified Parties from all claims, actions, suits or demands whatsoever and howsoever arising that I/we may have against any Indemnified Party in connection with the PDS or my/our investment;
- Other than as disclosed in this Application Form, no person or entity controlling, owning or otherwise holding an interest in me/us is a United States citizen or resident of the United States for taxation purposes (**US Person**);
- I/we will promptly notify the Issuer of any change to the information I/we have previously provided to the Issuer, including any changes which result in a person or entity controlling, owning or otherwise holding an interest in me/us who is a US Person;
- I/we consent to the Issuer disclosing any information it has in compliance with its obligations under the Inter-Governmental Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and to implement FATCA and any related Australian law and guidance implementing the same (together, the **IGA**). This may include disclosing information to the Australian Taxation Office, who may in turn report that information to the US IRS;
- I/we acknowledge that the collection of my/our personal information may be required by the Financial Transaction Reports Act 1988, the Corporations Act 2001, the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, the Taxation Administration Act 1953, the IGA (which for these purposes includes any related Australian law and guidance) and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. Otherwise, the collection of information is not required by law, but I/we acknowledge that if I/we do not provide personal information, the Issuer may not allow me/us to invest in the Fund;
- I am/we are not aware and have no reason to suspect that the monies used to fund my/our investment in the Fund have been or will be derived from or related to any money laundering, terrorism financing or similar or other activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement (**AML/CTF Law**);
- I/we will provide the Issuer with all additional information and assistance that the Issuer may request in order for the Issuer to comply with any AML/CTF Law and the IGA;
- I/we acknowledge that the Issuer may decide to delay or refuse any request or transaction, including by suspending the issue or redemption of investment in the Fund, if the Issuer is concerned that the request or transaction may breach any obligation of, or cause the Issuer to commit or participate in an offence, including under any AML/CTF Law.

Signature 1*

Full Name

Date

Tick capacity (mandatory for companies):

- Sole Director and Company Secretary
- Director
- Secretary

Company Seal (if applicable)

Signature 2*

Full Name

Date

Tick capacity (mandatory for companies):

- Sole Director and Company Secretary
- Director
- Secretary

*Joint applicants must both sign;
 *Company applications must be signed by two Directors, a Director and Secretary or the Sole Director and Secretary of the company, details of which appear in Section 3.1; or
 *For trust/superannuation fund applications each individual trustee must sign.

Post your original signed Application Form and original certified copies of your identification document(s) to:

One Registry Services Pty Ltd
 C/- 91 Phillip Street Fund
 PO Box R1479, Royal Exchange NSW 1225

Please ensure that you have transferred your application monies or enclose a cheque for payment.

CERTIFYING A COPY OF AN ORIGINAL DOCUMENT

All documents must be provided in a certified copy format - in other words, a copy of the original document that has been certified by an eligible certifier.

A 'certified extract' means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described below.

Please note that we require the copy which was actually signed by the certifier (i.e. the original penned signature of the certifier).

People who can certify documents or extracts are:

1. A lawyer, being a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described).
2. A judge of a court.
3. A magistrate.
4. A chief executive officer of a Commonwealth court.
5. A registrar or deputy registrar of a court.
6. A Justice of the Peace.
7. A notary public (for the purposes of the *Statutory Declaration Regulations 1993*).
8. A police officer.
9. An agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public.
10. A permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public.
11. An Australian consular officer or an Australian diplomatic officer (within the meaning of the *Consular Fees Act 1955*).
12. An officer with 2 or more continuous years of service with one or more financial institutions (for the purposes of the *Statutory Declaration Regulations 1993*).
13. A finance company officer with 2 or more continuous years of service with one or more financial companies (for the purposes of the *Statutory Declaration Regulations 1993*).
14. An officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees.
15. A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.

POLITICALLY EXPOSED PERSONS (PEP)

To comply with AML/CTF laws, we require you to disclose whether you are, or have an association with, a Politically Exposed Person ('PEP'). A PEP is an individual who holds a prominent public position or function in a government body or an international organisation in Australia or overseas, such as a Head of State, or Head of a Country or Government, or a Government Minister, or equivalent senior politician. A PEP can also be an immediate family member of a person referred to above, including spouse, de facto partner, child, and a child's spouse or a parent. A close associate of a PEP, i.e. any individual who is known to have joint beneficial ownership of a legal arrangement or entity is also considered to be a PEP. Where you identify as, or have an association with, a PEP, we may request additional information from you.

BENEFICIAL OWNER

To comply with AML/CTF laws, we require you to disclose beneficial owners. Beneficial owner means an individual who ultimately owns or controls (directly or indirectly) the investor. 'Control' includes control as a result of, or by means of, trusts, agreements, arrangements, understandings and practices, whether or not having legal or equitable force and whether or not based on legal or equitable rights, and includes exercising and control through the capacity to determine decisions about financial and operating policies. 'Owns' means ownership (either directly or indirectly) of 25% or more of the investor.

9. FINANCIAL ADVISER DETAILS AND CUSTOMER IDENTIFICATION DECLARATION

Customer Identification Declaration (Financial Adviser to complete)

I confirm that I have completed an appropriate Customer Identification Procedure (**CID**) on this investor and/or the beneficial owners which meets the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**).

Please select the relevant option below:

- I have attached the verification documents that were used to perform the CID for this investor and/or the beneficial owners; OR
- I have not attached the verification documents but will retain them in accordance with the AML/CTF Act and agree to provide them to the Issuer or its agents with access to these documents upon request. I also agree that if I become unable to retain the verification documents used for this application in accordance with the requirements of the AML/CTF Act I will forward them to the Issuer.

I agree to provide the Issuer or its agents with any other information that they may require to support this Application.

Financial Adviser Name (if a new adviser, please attach a copy of your employee/representative authority)

Business Name

Adviser Number (if applicable)

Street Address

Suburb State Postcode Country

Postal Address

Suburb State Postcode Country

Office Telephone Mobile Number

Fax Number

Email

DEALER DETAILS

Dealer Name

Dealer Number (if applicable)

Contact Person

AFSL Number

ABN

Postal Address

Suburb

State

Postcode

Country

Office Telephone

Fax Number

Email

Dealer Stamp

Signature of Financial Adviser

Date

Financial Adviser Access to Investor Information (*Investor to complete*)

Please tick the box below if you wish your financial adviser to have access to information and/or to receive copies of all transaction confirmations. If no election is made, access to information and/or copies of transaction confirmations will not be provided to your financial adviser.

Please provide access to information and send copies of all transaction confirmations to my/our financial adviser.

You may change your election at any time by contacting the Issuer.

Directory

Responsible Entity and Custodian **One Managed Investment Funds Limited**

ACN 117 400 987
Level 11, 20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8277 0000
Website: www.oneinvestment.com.au
Email: info@oneinvestment.com.au

Fund Manager **Capital Property Funds Pty Limited**

ACN 162 323 506
Suite 2, Mezzanine Level, 50 Margaret Street
Sydney NSW 2000
Telephone: (02) 8004 6218
Website: www.capitalpropertyfunds.com.au
Email: info@capitalpropertyfunds.com.au

Fund Administrator **Unity Fund Services Pty Limited**

Level 11, 20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8277 0070

Legal Adviser **McMahon Clarke**

62 Charlotte Street
Brisbane Queensland 4000
Website: www.mcmahonclarke.com

Auditor **ESV Accounting and Business Advisors**

Level 18, 55 Market Street
Sydney NSW 2000

Valuer **DTZ Australia (NSW) Pty Ltd**

Level 6, 56 Pitt Street
Sydney NSW 2000





Capital Property Funds

INVEST • MANAGE • RETURN

a: Suite 2, Mezzanine Level, 50 Margaret Street, Sydney NSW 2000

w: www.capitalpropertyfunds.com.au

p: +61 2 8004 6218

