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

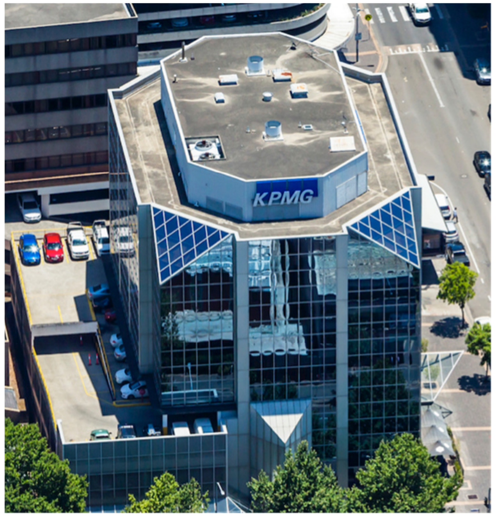
Fund Manager
Capital Property Funds Pty Limited
ACN 162 323 506

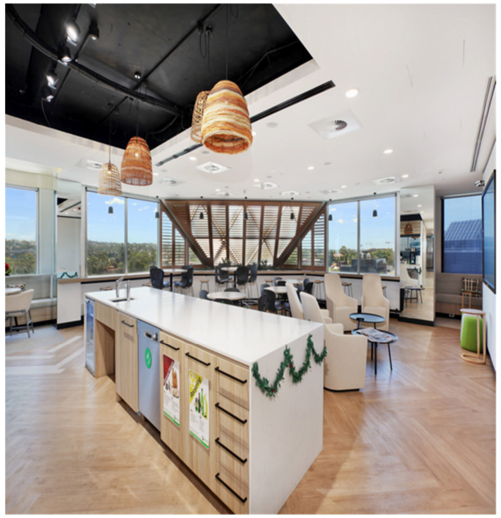
91 Phillip Street Fund

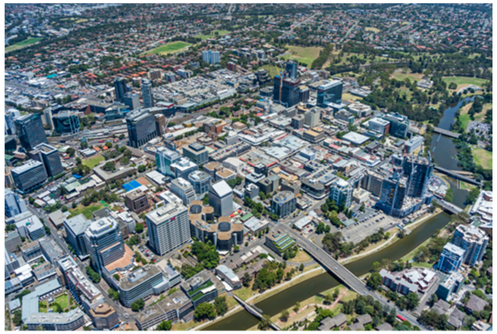
ASIC RG46 Disclosure

Updated March 2016

Capital Property Funds
INVEST • MANAGE • RETURN







ASIC Regulatory Guide 46 Disclosure

Introduction

The Australian Securities & Investments Commission (ASIC) requires responsible entities of unlisted property schemes in which retail investors invest to provide a disclosure addressing ASIC's six benchmarks and eight disclosure principles as set out in Regulatory Guide 46: Unlisted Property Schemes - Improving disclosure for retail investors (RG46).

The disclosure aims to help retail investors understand the risks, assess the returns and the effect of changing economic conditions on their investment in the unlisted property scheme.

One Managed Investment Funds Limited ACN 117 400 987 is the responsible entity (Responsible Entity) of the 91 Phillip Street Fund (the Fund).

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

The benchmarks and disclosure principals in relation to the Fund are listed in this document, which should be read in conjunction with the Fund's Product Disclosure Statement (PDS) dated 10 July 2015, the Fund's quarterly updates and ongoing disclosure found in the 91 Phillip Street section of CPF's website, which are available at www.capitalpropertyfunds.com.au/91_phillip_street_fund.html.

In accordance with the requirements of RG46, the disclosures contained in this document will be updated for any material changes that the Responsible Entity becomes aware of, and in any event, at least every six months. The updated disclosure will be made available on: www.capitalpropertyfunds.com.au/91_phillip_street_fund.html and http://oneinvestment.com.au/91-phillip-street-fund.

This document incorporates minor edits made on 4 May 2016.

Fund Objective and Strategy

91 Phillip Street Fund is an unlisted property fund that acquired an office property at 91 Phillip Street, Parramatta (the Property) on 16 September 2015.

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 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.

Information on the Fund's property and performance can be found on the Fund Manager's website at www.capitalpropertyfunds.com.au/91_phillip_street_fund.html.

Disclosure Benchmarks and Principles

Pursuant to RG46, responsible entities of unlisted property schemes are required to apply these disclosure benchmarks and principles in their product disclosure statements and in other disclosures they provide to their investors on an ongoing basis (through websites and other forms of communication with investors).

The following contains an explanation of each ASIC disclosure benchmark and principle and the Fund's disclosure.

All figures in this document are audited as at 31 December 2015 (unless otherwise stated) and were prepared by Unity Fund Services Pty Limited and audited by ESV Accounting and Business Advisors.

Disclosure Principle 1: Gearing Ratio

Gearing Ratio: 55.6%

The gearing ratio indicates the extent to which the Fund's assets are funded by interest bearing liabilities. It gives an indication of the degree of potential risks the Fund faces which are associated with its borrowings. For example:

- an increase in interest rates could lead to an increase in interest payments for the Fund and a reduction in cash flow available for distribution; or
- a reduction in property values could lead to an increase in the Fund's gearing ratio,

both examples may potentially breach loan covenants of the Fund's debt facility with MetLife and potentially reduces the availability of refinancing (if required).

The gearing ratio is calculated as follows:

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

The above calculation is different from the loan-to-value ratio calculation prescribed by the Fund's debt facility for the purposes of debt facility covenant calculations.

The Fund does not have any off-balance sheet financing.

Benchmark 1: Gearing Policy

The Fund maintains and complies with a written policy that governs the level of gearing.

The Fund Manager considers a long-term gearing ratio 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 and the impact of any upward or downward movements in the value of the Fund is magnified.

At the time of this RG46 update and based on the final equity subscriptions, the drawn debt facilities are:

Facility Limit **$m**	**Drawn Amount** **$m**	**Undrawn Amount** **$m**
Tranche A - $15.5m	$15.5m	$0.0m
Tranche B - $4.65m	$3.65m	$1.0m
Total	**$19.15m**	**$1.0m**

The Fund's gearing ratio has reduced by 4.4% from 60% as at 31 October 2015 to 55.6% as at 31 December 2015. This reduction is a direct result from the additional equity raised.

The Fund Manager is implementing the following strategy to reduce the Fund's gearing ratio towards the lower end of its long-term target of 50-60% by making periodic principal reduction payments to Tranche B debt from free cash flow received from revenue generated by the Fund.

Through implementing this strategy, the gearing ratio of the Fund will reduce over time.

The Fund meets this benchmark because the gearing is less than the maximum gearing limit of 65%.

The Fund also complies with its loan-to-value ratio under its debt facility.

Disclosure Principle 2: Interest Cover Ratio

Interest Cover Ratio: 2.68 times

An interest cover ratio gives an indication of the Fund's ability to meet interest payments on debt from earnings and assists with analysing the sustainability and risks associated with the Fund's level of borrowing. If the Fund has a low interest cover ratio, a small reduction in earnings or small increase in interest rates will increase the risk that the Fund will not be able to meet its interest payments.

The interest cover ratio is calculated as follows:

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

Where EBITDA is earnings before interest, tax, depreciation and amortisation.

The above calculation is different from the interest cover ratio calculation prescribed by the Fund's debt facility for the purposes of debt facility covenant calculations.

Benchmark 2: Interest Coverage Policy

The Responsible Entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.

The interest cover ratio for the Fund for the quarter to 31 December 2015 was 2.68 times.

The interest coverage ratio of 2.68 times indicates that there is $2.68 of earnings to pay every $1.00 of interest payment on debt.

The Fund meets this benchmark because it can meet its interest payments at a rate higher than the minimum interest cover ratio of 2 times prescribed by the Fund's interest cover policy.

The Fund also complies with its interest cover ratio under its debt facility.

Benchmark 3: Interest Capitalisation

Interest capitalisation is when the investment scheme is not required to make interest payments until an agreed point in time. This generally applies to developments, where an asset may not generate income during the development period to meet the interest obligations of the debt facility.

Benchmark 3 is satisfied, as the interest expense of the Fund is not capitalised.

Disclosure Principle 3: Scheme Borrowing

This principle requires disclosure of information on the Fund's borrowing (on or off-balance sheet) and any associated risks.

The Fund Manager finalised a debt facility that was drawn on 16 September 2015 to partially fund the acquisition of the Property.

The secured debt facility was drawn down in two tranches:

- Tranche A – with a facility limit of $15,500,000 has an initial 5 year term with two, 1 year options (at the same interest rate). The interest rate is a fixed rate of 4.025% per annum.
- Tranche B – with a facility limit of $4,650,000 has a 5 year facility with a 3 year availability period, drawn to $3,650,000 as at 31 December 2015. The interest rate is a variable rate of 4.125% per annum for the quarter ending 31 March 2016.

All borrowings will be non-recourse to investors, however investors will rank behind the lender in the event the Fund was to default on its loans.

The following table provides a summary of the Fund's borrowings as at 31 December 2015.

Facility Limit $m	Drawn Amount $m	Undrawn Amount $m	Expiry Date	Interest Rate p.a.
Tranche A - $15.5m	$15.5m	$0.0m	Sept 2020	4.025% (Fixed)
Tranche B - $4.65m	$3.65m	$1.0m	Sept 2020	3.930% (Floating)
Total	**$19.15m**	**$1.0m**		

The following table provides a summary of the loan covenants as at 31 December 2015 in relation to the Fund and its secured property at 91 Phillip Street, Parramatta, NSW.

Financial Undertaking	Period	Loan Covenant	Actual
Loan to Value Ratio (LVR)	As at 31 December 2015	Less than 65%	61.8%
Interest Cover Ratio (ICR)	3 Months ending 31 December 2015	Not less than 1.85x	2.7x

Disclosure Principle 4: Portfolio Diversification

This principle requires disclosure of information on the composition of the Fund's property investment portfolio.

Funds raised under the offer were used to acquire an office building at 91 Phillip Street, Parramatta, NSW. The Fund will only own a single asset. However, the Fund Manager's approach to achieving or sustaining the Fund's strategy is to attract and retain quality corporate and Government tenants on long leases with structured rental increases, attract tenants though a capital works programme and target a 4 stars NABERs rating.

The Fund aims to provide for regular distributions and the opportunity for capital growth.

The following provides a summary of the valuation of 91 Phillip Street, Parramatta, NSW which was prepared by DTZ Australia (NSW) Pty Ltd (DTZ), an independent valuer engaged by the Fund Manager:

Valuation	$31.0m
Valuation Date	5 June 2015
Valuer	DTZ
Capitalisation Rate	8.0%
Occupancy (by Income)	100%
Book Value	$31.0m

Including the new leases recently executed, tenant diversity in the building is as follows:

Top 6 Tenants by Income and Lease Expiry

	% of Rental Income from the Property	Lease Expiry
Regus	30.3%	30 Jun 2019
Government Property NSW (Legal Aid)	16.2%	31 Oct 2017
KPMG	15.8%	31 Oct 2019
Cunningham Lindsey	15.5%	30 Nov 2020
Scentre Group	6.9%	4 Oct 2020
Knight Frank	6.4%	30 Sept 2021

Top 6 Tenants by Lettable Area and Lease Expiry

	% by Lettable Area	Lease Expiry
Regus	25.2%	30 Jun 2019
Government Property NSW (Legal Aid)	16.9%	31 Oct 2017
Cunningham Lindsey	16.9%	30 Nov 2020
KPMG	16.4%	31 Oct 2019
Scentre Group	7.5%	4 Oct 2020
Knight Frank	7.5%	30 Sept 2021

Occupancy and Weighted Average Lease Expiry

As at 29 February 2016, the Fund's occupancy is 100% (by area) including a 12 month rental guarantee over Suite 1, Level 6 (328 sqm) provided by the previous owner until 15 September 2016.

The Weighted Average Lease Expiry is 3.8 years by rental income as at 31 December 2015.

Benchmark 4: Valuation Policy

The Responsible Entity maintains and complies with a written valuation policy.

A valuation policy helps investors understand how assets will be valued and can help them assess the reliability of valuations.

The Property will be independently valued at least once every three years, and valued by the Fund Manager annually in the intervening years and prior to any Liquidity Event. If the Responsible Entity forms a view that there is a likelihood that there has been a material change in the value of the Property, the Responsible Entity will obtain an independent valuation.

Benchmark 4 is satisfied as the most recent valuation was completed on 5 June 2015 by DTZ, an independent valuer. For a copy of the full valuation policy in relation to the Fund please contact the Responsible Entity.

Disclosure Principle 5: Related Party Transactions

This principle requires the provision of information on the 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.

The PDS allows the Responsible Entity to enter into transactions with related entities. The Responsible Entity does not need member approval in respect of the related party transactions because they are entered into on arm's length terms. The risks associated with related party transactions may include the possibility of higher risks of conflicts of interest and less rigorous levels of monitoring.

The Responsible Entity has appointed the following related parties:

- pursuant to a Registry Services Agreement, One Registry Services Pty Limited ACN 141 757 360, a related body corporate was appointed to perform registry services for the Fund; and
- Unity Fund Services Pty Limited ACN 146 747 122 (Administrator), an associate of One Investment Group, was appointed 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.

Related Party Fees

Registry Fees

- Registry fees of $8,515 plus GST were incurred for the period ended 31 December 2015 and of which $2,000 plus GST was payable to One Registry Services Pty Limited at the end of the period.
- Registry services were provided to the Fund by One Registry Services Pty Limited, which is a wholly owned subsidiary of the Responsible Entity, for the period ended 31 December 2015.

Custody Fees

- Custody fees of $6,366 plus GST were incurred for the period ended 31 December 2015 and of which $1,250 plus GST was payable to One Managed Investment Funds Limited at the end of the period.
- Custody services were provided to the Fund by One Managed Investment Funds Limited, for the period ended 31 December 2015.

Accounting and Administration Fees

- Accounting and administration fees of $8,093 plus GST were incurred and of which $1,833 plus GST was payable to Unity Fund Services Pty Limited at the end of the period.
- Accounting and administration services were provided to the Fund by Unity Fund Services Pty Limited, which is an associated entity of the Responsible Entity, for the period ended 31 December 2015.

Related Party Holdings

Holding of units in the Fund by key management personnel of the Responsible Entity and their associated entities as at 31 December 2015 is as follows:

	31 December 2015		
	Unit Class	**Units Held**	**% of the Class**
Frank Tearle (director of the Responsible Entity)	Ordinary	30,000	0.18%

Holding of units in the Fund by key management personnel of the Fund Manager and their associated entities as at 31 December 2015 is as follows:

	31 December 2015		
	Unit Class	**Units Held**	**% of the Class**
Andrew Kerr (director of the Fund Manager)	Ordinary	20,000	0.12%
Joe Christie (director of the Fund Manager)	Ordinary	20,000	0.12%

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.

Benchmark 5: Related Party Transactions

The Fund complies with its policies and procedures with respect to related party transactions and this benchmark is satisfied.

Disclosure Principle 6: Distribution Practices

This principle requires disclosure of information on the Fund's intended distribution practices. This helps investors assess matters such as the sources of distributions and if the sources of distribution are not from cash from operations (excluding borrowings), the potential sustainability of paying distributions from such sources.

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. The initial distribution payment for the period ending 31 December 2015 was paid on 22 January 2016.

Benchmark 6: Distribution Practices

The Fund will only pay distributions from cash from operations and reserves (excluding borrowings) and this Benchmark is satisfied.

Disclosure Principle 7: Withdrawal Arrangements

This principle requires disclosure of withdrawal rights available to investors.

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

Investors will not generally have any right to withdraw their investment from the Fund, however they have an opportunity to submit a withdrawal request under the Liquidity Events detailed below and in Appendix 1.

An initial liquidity event applies at the end of 5 years when investors will be provided an opportunity to realise their investment through completion of a withdrawal request form. If more than 50% of the units on issue are to be redeemed, the Responsible Entity will determine to wind up the Fund and the Property will be sold. If less than 50% of the units on issue are to be redeemed, the term of the Fund will be extended for 2 years.

At the end of 7 years, there will be a final liquidity event where investors will be able to complete a withdrawal form and will be able to withdraw from the Fund when the Responsible Entity determines to wind up the Fund. Please refer to Appendix 1 for further detail.

There will not be any established secondary market for the sale of units. If an investor wishes to sell their 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 provide. Subject to those restrictions, the Responsible Entity will use best endeavours to assist investors if they should wish to sell.

Disclosure Principle 8: Net Tangible Assets

Net Tangible Assets: $0.90 per unit

The Fund's net tangible assets (NTA) show the value of the Fund 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) and the value of tangible or physical assets of the Fund.

The NTA is calculated as follows:

$$\text{NTA} = \frac{\text{Net assets} - \text{intangible assets} \ +/- \text{other adjustments}}{\text{Number of units on issue}}$$

The NTA per unit as at 31 December 2015 is calculated as follows:

$$\text{NTA per unit} \ = \frac{\$14{,}733{,}710}{\$16{,}291{,}300}$$

= $0.90 per unit

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

Appendix 1 – Liquidity Event

Initial Liquidity Event

Prior to the end of the initial 5 year term of the Fund, 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.

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.

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.

The investment term cannot be extended beyond 7 years from 15 September 2015, 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., 9 years from 15 September 2015).

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.

Contacts

Contact the Fund Manager for:

- Management of 91 Phillip Street Fund
- New investment opportunities

Capital Property Funds Pty Limited

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

Telephone: (02) 8004 6218

Email: info@capitalpropertyfunds.com.au

Contact the Registry for:

- Enquiries regarding your Unitholding
- Distributions
- Changing contact details

One Registry Services Pty Limited

PO Box R1479, Royal Exchange NSW 1225

Telephone: (02) 8188 1510

Email: info@oneregistryservices.com.au

Contact the Responsible Entity for all other enquiries.

One Managed Investment Funds Limited

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Important Information

This document has been prepared by Capital Property Funds Pty Limited ACN 162 323 506 for general information purposes only, without taking into account of any investors' personal objectives, financial situation or needs. This document contains forward looking statements which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied. Past performance is not a reliable indicator of future performance. Neither this document nor any of its contents may be used for any purpose without the prior consent of Capital Property Funds Pty Limited. All figures stated herein are as at 29 February 2016 and in Australian dollars unless otherwise stated.

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