

Fund Update
Storehouse Residential Trust (ARSN 135 812 074)

Date: 21 November 2018

The purpose of this update is to update the PDS for the Fund dated 17 August 2017, with information which does not include any materially adverse information

One Managed Investment Funds Limited (**OMIFL**) is the responsible entity (**Responsible Entity**) for the Storehouse Residential Trust (ARSN 135 812 074) (**Fund**).

The Responsible Entity issued a product disclosure statement for the Fund dated 17 August 2017 (**PDS**).

The Responsible Entity has updated the Fees and other costs section of the PDS for compliance with amendments to the Corporations Regulations made by ASIC Class Order [CO 14/1252] (as amended). The new Fees and other costs section is set out in the attachment.

The changes to the Fees and other costs section are mainly to reflect the Fund's fees and costs for the financial year 2017 to 2018 and replacing the fees and costs for the financial year 2016 to 2017. No new fees or costs are payable by the Fund and no changes have been made to the amount of the fees and costs disclosed in the PDS. For investor's ease of reference the following sections of Fees and other costs section have been updated:

- Website address in the consumer advisory warning section
- Footnote 2 to the table in "Example of Annual Fees and Costs" in the Fees and other costs section, noting the average size of the Fund as at 30 June 2018
- Updates to reflect the deferral of some of the fees and costs:
 - Fund Manager Management fees from 1 Jan 2018
 - Tenant Fee from 1 Jan 2018
 - Intellectual Property Licence Fee from 1 Jan 2018
- Update to the Abnormal Fee disclosure
- Removal of the table on pages 22 and 23.

If there are any questions, please do not hesitate to contact OMIFL on 02 8277 0000

Fees and Other Costs

Fees and Other Costs

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 investment 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 your 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.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

The following table shows the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Trust assets as a whole. Taxes are set out on page 26 of the PDS.

You should read all of the information about fees and costs, because it is important to understand their impact on your investment. For Indirect Investors, the fees listed in the 'Fees and Other Costs' section of the PDS are in addition to any other fees and charges charged by your IDPS Operator.

Fees and Other Costs

Continued

IMPORTANT NOTICE

- In considering the information in the Current Fees and Costs table and in the Additional Explanation of Fees and the Costs further below you should appreciate that a number of the fees and expenses of the Trust are a fixed amount and these will reduce, as an expressed percentage of the Gross Asset Value (or GAV) of the Trust as GAV increases, the current GAV is \$2.873 million. For example, when the GAV is \$5 million, a fixed fee of \$10,000 is 0.20% of that GAV, but where the GAV increases to \$10 million, the same fee is reduced to 0.10% of that GAV.

Current Fees and Costs

Type of Fee or Cost	Amount	How and When Paid
Fees when money moves in or out of the Trust		
Establishment Fee <i>The fee to open your investment</i>	\$110 ^[1]	Paid by the Trust out of your investment to the Responsible Entity at the time the Units are issued to you.
Contribution Fee <i>The fee on each amount contributed to your investment</i>	\$110 ^[1]	Paid by the Trust out of your investment to the Responsible Entity at the time the Units are issued to you.
Withdrawal Fee <i>The fee on each amount you take out of your investment</i>	Nil	Not applicable
Exit Fee <i>The fee to close your account</i>	Nil	Not applicable
Management Costs ^[2]		
The fees and costs for managing your Investment	7.599% p.a. of GAV.	Payable quarterly in arrears from the Trust's Assets.
The Management Costs include:		
Management fee	2.608% p.a. of GAV. This is comprised of a: <ul style="list-style-type: none"> Responsible Entity Management Fee of 2.299% p.a. of GAV a Fund Manager Management Fee of 0.285% p.a. of GAV a Tenant Fee of 0.024% p.a. of GAV 	Payable quarterly in arrears from the Trust's Assets. The Tenant Fee is incurred on settlement of acquisition of each Property Investment.

Fees and Other Costs

Continued

Costs and Expenses comprised of: [3]		
Day to day operational expenses	2.610% p.a. of GAV	Payable quarterly in arrears from the Trust's Assets.
Custodian Fee	0.729% p.a. of GAV	Payable from the Trust's Assets when due.
Intellectual Property Licence Fee	0.098% p.a. of GAV	Payable quarterly in arrears from the Trust's Assets.
Indirect costs	Nil	
Other Management Costs:		
Abnormal expenses	1.553%	Payable from the Trust's Assets when due.
Service Fees ^[4]		
Switching Fee The fee for changing investment options	Nil	Not applicable

Notes:

1. The Establishment Fee and the Contribution Fee will be paid by the Responsible Entity to the Fund Manager, as agreed with by the Responsible Entity. No Contribution Fee is payable on the initial investment amount or the reinvestment of distributions from the Trust as additional Units rather than in cash.
2. The basis on which the percentages above are calculated is explained below in Additional Explanation of Fees and Costs. Except where indicated, all percentages are rounded up to 3 decimal points. All amounts are inclusive of GST less any applicable RITCs.
3. There are other Management Costs that may be charged during the currency of the PDS, that are not included in the Management Costs above. These are explained further below in Additional Explanation of Fees and Costs.
4. If you have a financial adviser, then you may also have to pay additional fees to your adviser. Details of those fees should be set out in the Statement of Advice given to you by your adviser.

Fees and Other Costs

Continued

Example of Annual Fees and Costs

The table below gives an example of how the fees and costs for the Trust can affect your investment over a one year period. You should use this table for comparison with other managed investment products.

Type of Fee or Cost		Balance of \$50,000 investment with a contribution of \$5,000 during year
Contribution Fees	\$110	For an additional \$5,000 you put in, you will be charged \$110.
PLUS Management Costs	7.599% p.a.	And, for every \$50,000 you have in the Trust you will be charged \$3,799.32.
EQUALS Cost of Trust		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$3,909.32. What it costs you will depend on the fees you negotiate with the Trust or your financial adviser.

Notes:

1. The full amount of the Contribution Fee of \$110.00 is borne by the investor, not from the Assets of the Trust.
2. The level of fees will vary with the GAV. See the note on page 3, of this update. The Management Costs are based on the amounts in the Current Fees and Costs Table commencing on page 3 of this update and apply the GAV of the Trust being \$2.873 million.
3. Additional fees may apply, including any Investment Acquisition Fee. See the Additional Explanation of Fees and Costs commencing on page 6 of this update. These are not included in the above numbers as they are dependent on an event, including the acquisition or sale of Property Investments, the timing of which cannot be pre-determined. This example also does not include the Indemnity Fee or the Performance Fees. The Indemnity Fee has been deferred for the current financial year and the Performance Fees will not be charged during the currency of the PDS.
4. This example assumes the \$5,000 contribution occurs at the end of the year and so Management Costs are calculated using the \$50,000 balance only which is an amount net of the Establishment Fee paid on investment of the initial investment.
5. All numbers shown are inclusive of GST less any applicable RITCs.

Additional Explanation of Fees and Costs

Management Costs

The Management Costs of the Trust as set out in the Current Fees and Costs table on page 3 of this update include:

- Management Fees – both of the Responsible Entity and the Fund Manager;
- Other Management Costs; and
- Indirect Costs.

Management Fees

Responsible Entity Management Fee

The fee that is payable from the assets of the Trust to the Responsible Entity is 0.084% p.a. of the GAV (subject to a minimum fee of \$5,919.93 per month increasing annually by the greater of 3% p.a. or by CPI, commencing from 1 July 2018). On an annual basis, the minimum fee of \$71,039.10 will be payable until the GAV exceeds \$82.5 million. If the GAV is \$5 million, the Responsible Entity Management Fee will be 1.421% p.a. of the GAV. If the GAV is \$10 million, the Responsible Entity fee will be 0.710% p.a. of the GAV. For the Current Fees and Costs table the GAV is \$2.873 million.

Fund Manager Management Fee

The fee that is payable from the assets of the Trust to the Fund Manager is 0.634% p.a. of the GAV. The Fund Manager has agreed to defer this fee from 1 January 2018. Payment of the Fund Manager Management Fee will be contingent on the Trust generating income to be distributed to the investors.

Once the GAV of the Trust is equal to or exceeds \$250 million the fee for the amounts above \$250 million will be 0.482% p.a. of the GAV.

The Management Fee (the aggregate of the Fund Manager Management Fee and the Responsible Entity Management Fee) is subject to the maximum set out in the Constitution (see page 8). This is 2.563% p.a. of the GAV (net GST) less any amount paid by the way of the Intellectual Property Licence fee (see below).

Tenant Fee

A Tenant Fee of \$125.40 p.a. for each Shared Equity Investment held by the Trust or tenanted property held directly or indirectly by the Trust is payable by the Trust to the Fund Manager. In the Current Fees and Costs table it is assumed that \$700.15 will be payable from the assets of the Trust during the relevant period. This fee has also been deferred and payment is contingent on the Trust generating income to be distributed to the investors.

On further assumption of the GAV of the Trust being \$5 million, this will be 0.25% p.a. of the GAV. If the GAV of

the Trust is \$10 million, the Tenant Fee will be 0.010% p.a. of the GAV.

Indemnity Fee

The Fund Manager and the Responsible Entity may enter into a deed of indemnity in relation to a particular financial year in accordance with which the Fund Manager may be required to pay to the Trust certain moneys that had been incurred in the establishment and formation of the Trust and which are due and payable as at the end of a financial year ('Indemnified Moneys'). Where such a payment is made, the Fund Manager is entitled to receive a fee, being an amount equal to the difference in the Indemnified Moneys for the current financial year and those specified in the deed of indemnity for the previous financial year.

The amount of the Indemnified Moneys for the current financial year is unable to be ascertained until some months after the end of the previous financial year and as at the date of this update cannot be determined. Accordingly no amount has been included in the fees payable to the Fund Manager in the Current Fees and Costs table.

Costs and Expenses

Day-to-day expenses

We are entitled to be paid or reimbursed for the day-to-day expenses incurred in the operation of the Trust. These include accounting expenses, preparation of annual tax statements, audit fees for the Trust's financial reports, compliance plan audit fees, preparation and dispatch of annual financial statements and other investor communications, registry and fund administration expenses, Trust distribution and marketing expenses, document custody expenses, and some miscellaneous operational expenses of the Trust that are paid from or reimbursed by the assets of the Trust, whether incurred by the Responsible Entity or the Fund Manager, is limited to \$75,000 p.a. or 0.209% p.a. of the GAV, whichever is

Fees and Other Costs

Continued

the greater. In the Current Fees and Costs table it is assumed that the full amount of \$75,000 will be paid from the assets of the Trust.

On the further assumption of the GAV of the Trust being \$5 million, this will be 1.50% p.a. of the GAV. If the GAV of the Trust is \$10 million, this would be 0.75% p.a. of the GAV. The day-to-day costs and expenses that may be charged to the Trust will be calculated on the basis of 0.209% p.a. of the GAV once the GAV of the Trust is or exceeds \$35.9 million.

It is important that investors understand that if the costs and expenses exceed \$75,000 p.a. (or 0.209% p.a. of the GAV, when that is greater than \$75,000) the Fund Manager must meet the excess amounts of costs and expenses from its own resources. If for any reason it is unable or fails to do so, then the excess amounts of costs and expenses must be met from the assets of the Trust.

Custodian Fee

The Management Costs also include the Custodian Fee. The Custodian Fee is payable from the assets of the Trust to the Custodian and is the greater of 0.051% p.a. of the GAV or \$21,174.62 p.a. increasing by CPI annually commencing from 1 October 2016. In the Current Fees and Costs table it is assumed that the full amount of \$21,174.62 will be paid from the assets of the Trust. On the further assumption of the GAV of the Trust being \$5 million, this will be 0.423% p.a. of the GAV. If the GAV of the Trust is \$10 million, this will be 0.212% p.a. of the GAV.

Intellectual Property Licence Fee

The Intellectual Property Licence Fee is 0.209% p.a. of the GAV and is payable from assets of the Trust to the owner of the intellectual property under a licence to use the intellectual property including relevant documentation for Shared Equity Investments. This fee has also been deferred and contingent on the Trust generating income to be distributed to the investors. The owner is a related party of the Fund Manager. The total amount of the Intellectual Property Licence Fee is capped at \$1.5 million unless the Responsible Entity agrees otherwise in writing.

Indirect Costs

While Tenanted Residential Property may be acquired through a special purpose vehicle, or interposed entity, all fees and costs incurred at the special purpose vehicle level are accounted for in the Management Costs disclosed in the Current Fees and Costs table.

Other Management Costs

There are other Management Costs that may be incurred by the Trust but are not shown, for the reasons below, in the Current Fees and Costs table.

Abnormal Expenses

We are also entitled to be reimbursed from the assets of the Trust for abnormal expenses, such as the cost of the unit holder meetings, defending legal proceedings, special valuation of assets and the costs of terminating the Trust. These abnormal expenses are not generally incurred during the day-to-day operation of the Trust and are not necessarily incurred in any year. If they arise, we reserve our right to deduct these abnormal expenses from the assets of the Trust except where otherwise specified in the PDS and this update. It is anticipated that there may be some further costs and expenses incurred in connection with the change of responsible entity, which took place during 2016-2017 financial year. The timing and amount cannot be determined at the date of this update and for the purpose of the Current Fees and Costs table they are assumed to be 1.55% of the current GAV. This amount will include the amortisation of expenses that have been capitalised in the Trust and will be amortised over at least 5 years.

Investment Acquisition Fee

Upon the acquisition of each investment of the Trust, we are entitled to receive under the Constitution an Investment Acquisition Fee equal to 10.45% of the Purchase Price of each investment. This will be paid to the Fund Manager. The Investment Acquisition Fee has been limited to an investment in a Property Investment and reduced to a maximum of 2.299% of the funds invested by the Trust in the Property Investment.

The Purchase Price is the price paid by the Responsible Entity to acquire the Property Investment and the Realisation Price, which is the capital amount that the Responsible Entity receives on the disposal or realisation of the Property Investment.

0.575% of the Purchase Price is paid upon the settlement of each Property Investment and is the initial component of the Investment Acquisition Fee ('Initial Investment Acquisition Fee'). Where the Purchase Price is paid in instalments, the Initial Investment Acquisition Fee is also paid in instalments at the same time and in the same proportion to the percentage of the instalment to the Purchase Price.

0.575% of the Realisation Price is payable on settlement of the disposal or realisation of a Property Investment and is the deferred component of the Investment Acquisition Fee ('Deferred Investment Acquisition Fee'), where the capital growth above the Purchase Price has exceeded

3%. If the capital growth above the Purchase Price is 3% or less, the Responsible Entity (and the Fund Manager to whom it is paid) waives the Deferred Investment Acquisition Fee.

If the capital growth above the Purchase Price is more than 3% and the amount of Deferred Investment Acquisition Fee when aggregated with the Initial Investment Acquisition Fee is greater than 2.299% of the funds invested by the Trust in the Property Investment, then the total Investment Acquisition Fee is capped at that 2.299% of the funds invested by the Trust.

Performance Fee

The Constitution provides for a Performance Fee of 20.5% of the gain made by the Trust. The Performance Fee is payable to the Responsible Entity after member commitments have been paid. It is then paid to the Fund Manager. The Responsible Entity (and the Fund Manager) will not charge this fee during the currency of the PDS.

IDPS investors

For indirect investors in IDPS, the fees listed in the 'Fees and Other Costs' section of this update are in addition to any other fees and charges by your IDPS Operator.

Transaction Costs

The transaction costs of buying and selling real estate in Australia, compared with other asset classes, is high. These costs are generally incurred regardless of whether an individual or the Trust is making the transaction.

Transaction costs will differ depending on the type of assets bought or sold and will be paid out of the Trust's assets. We estimate that the Trust's transaction costs will be approximately 0.485% of the Net Asset Value of the Trust. For Tenanted Residential Property assets, these costs include real estate agent fees, buyer's agent fees, legal costs, stamp duty and other government charges. In the case of Shared Equity Investments they will include fees paid to Home Affordability Solutions. These costs are included in the total cost of an investment purchased or made by the Trust and are deducted from the proceeds

of an investment sold or realised by the Trust. These costs therefore are not included in or covered by the Management Costs described in the Current Fees and Costs table on page 3 of this update.

Maximum Management Fees

In considering the information as to Management Costs including fees of the Trust, investors should note the following are the maximum that may be charged under the Constitution:

- **Management Fee:**
2.563% p.a. (less the Intellectual Property Licence Fee)
- **Establishment Fee:**
10.0%
- **Investment Acquisition Fee of Purchase Price of each investment:**
10.45%
- **Performance Fee:**
20.5%

In addition:

1. The Management Fee may be taken quarterly in advance. However, we only charge this fee quarterly in arrears.
2. Note that the Management Fee described in the Current Fees and Costs table on page 3 of this update will only be charged up to the Maximum Management Fees specified above.
3. The Performance Fee on the gain in the Trust, as described in the Constitution, will not be charged for during the currency of the PDS.

Waiver and deferral of fees and costs

We may waive part or all of any of the Management Costs described in this 'Fees and Other Costs' section of this update at our absolute discretion, or defer payment of fees and costs to which we are otherwise entitled. A waiver may operate for a period of time only, and we may cease the waiver in whole or in part at any time in our absolute discretion. We may defer the payment of any part of the Management Costs for such period and on such terms as we determine. The Management Costs become payable when the deferral ceases.

Negotiated Management Costs

We may negotiate Management Costs individually with certain wholesale investors (as defined by the Corporations Act) including IDPS Operators, and only in accordance with the legislative instrument (ASIC Corporations (Registered Schemes – Differential Fees) Instrument 2017/40) relating to differential fees.

Changes to Management Costs

Fees and costs can change for a variety of reasons including changes in the economic, regulatory and competitive environment.

You will be given at least 30 days' written notice, if, within the limits imposed by the Constitution, the fees payable by the Trust are to increase. The Responsible Entity reserves the right to waive or reduce any of the Management Costs described in this update without prior notice.

As noted above the Responsible Entity may change, but has currently waived, certain fees and costs. It is not the current intention of the Responsible Entity to cease this waiver during the currency of the PDS.

In addition, a number of the Management Costs are subject to change as indicated above.

Adviser Service Fee

If you have a financial adviser, a service charge may be separately negotiated with your financial adviser and deducted from your investment monies before they are invested to buy Units. This payment is separate from the costs referred to on page 17 of the PDS. Details of any service charge should be set out in the Statement of Advice given to you by your financial adviser.

Tax

Information on tax can be found on page 26 of the PDS.