

8 February 2019

Dear Unitholder,

Proposed Winding-up of 91 Phillip Street Fund (ARSN 604 881 656) (Fund)

This Letter is to inform you that the responsible entity, One Managed Investment Funds Limited (ACN 117 400 987) (AFS Licence Number 297042) (**Responsible Entity**), proposes to wind up the Fund.

The Responsible Entity has monitored and evaluated the performance of the Fund against its investment strategy and objectives to ensure the best interests of the unitholders are achieved.

The Fund is a single-asset Registered Managed Fund. On the basis that:

1. the fund manager, Capital Property Funds Pty Ltd (ACN 162 323 506) (**Fund Manager**) received numerous un-solicited approaches to acquire the Fund's property, being 91 Phillip Street, Parramatta (**Property**) between the fourth quarter of 2017 and second quarter of 2018; and
2. the Fund Manager was of the view that it was worthwhile exploring a potential sale of the Property as the Fund Manager believed there was a risk that the sale price of the Property at the end of the 5 year term could be lower than what was being offered,

in 2018, the Fund Manager ran an Expression of Interest (**EOI**) campaign to sell the Property.

In October 2018, the Fund Manager secured a sale of the Property at a purchase price of \$56,630,000 which the Responsible Entity considered was an optimal sale outcome and was in the best interests of the unitholders. The sale was completed on 1 November 2018 and a return of capital distribution was paid to the unitholders on 23 November 2018 with a second distribution of income being paid on 17 December 2018. A final distribution is expected to be paid to the unitholders on completion of the winding-up of the Fund.

Accordingly, the Responsible Entity considers that the objective of the Fund has been accomplished. The Responsible Entity now issues the attached notice under section 601NC of the *Corporations Act 2001* (Cth) proposing the winding-up of the Fund. Please read the attached notice, in conjunction with this letter in order to understand the winding-up proposal and your rights as a unitholder.

If you would like further information regarding the winding-up of the Fund, please contact the Responsible Entity at 02 8277 0000.

Yours sincerely,



One Managed Investment Funds Limited
as Responsible Entity of 91 Phillip Street Fund
Frank Tearle
Director



**NOTICE UNDER SECTION 601NC OF THE *CORPORATIONS ACT 2001* (CTH)
BY ONE MANAGED INVESTMENT FUNDS LIMITED
(ACN 117 400 987) (AFS LICENCE NUMBER 297042) (RESPONSIBLE ENTITY)
A PROPOSAL TO WIND-UP 91 PHILLIP STREET FUND ARSN 604 881 656 (FUND)**

Date: 8 February 2019

The Responsible Entity considers that the objective of the Fund has been accomplished and issues this notice under section 601NC of the *Corporations Act 2001* (Cth) (**Corporations Act**) to propose to wind up the Fund (**Notice**).

Please read this Notice in conjunction with the cover letter carefully in order to understand the winding-up proposal and your rights as a unitholder.

A. PURPOSE HAS BEEN ACCOMPLISHED

The Fund is a single-asset unlisted Registered Managed Fund with an initial 5 year-investment term (**Initial Investment Term**) and has held and managed 91 Phillip Street, Parramatta (**Property**) for its unitholders. The Fund's objective includes:

1. providing unitholders with a regular and stable income return underpinned by rental income from a mix of tenants;
2. providing unitholders with the potential for capital growth upon disposal of the Property; and
3. providing a fixed term investment with a clearly defined exit strategy.

As at 30 June 2018, the Property's occupancy was 94% (by area) and the weighted average lease expiry was approximately 3 years.

As previously disclosed, between the fourth quarter of 2017 and second quarter of 2018, the Fund received numerous unsolicited off-market offers for acquiring the Property.

The fund manager, Capital Property Funds Pty Ltd (ACN 162 323 506) (**Fund Manager**) explored with potential purchasers, transaction structures that may have allowed the Fund to continue up to the expiry of the Initial Investment Term. However, no agreement was concluded with any purchaser based on this requirement.

Whilst the value of the Property as at 30 June 2018 was \$47,000,000 valued by the independent valuer, Cushman & Wakefield, there was concern that a potential market downturn would lead to a reduced sale price if the Property was held to the end of the Initial Investment Term.

As a result, the Fund Manager commenced an expression of interest campaign on 26 June 2018. At the end of the campaign, the Fund Manager successfully secured a purchaser, REI Property Sub Pty Ltd ACN 629 028 780 as trustee for the REI Property Sub Trust (**Purchaser**) to acquire the Property at the purchase price of \$56,630,000 (**Purchase Price**).



The Responsible Entity was of the view that entering into a contract for sale with the Purchaser was in the best interests of the unitholders. On 4 October 2018, the contract for sale was exchanged (**Contract**) and the Contract was completed on 1 November 2018.

Having regard to the original purchase price of the Property (\$30,000,000) and the valuation of the Property as at 30 June 2018 (\$47,000,000), there has been a significant capital growth from the disposal of the Property. As a result, the Responsible Entity concludes that the objective of the Fund has been accomplished and proposes to wind-up the Fund.

B. THE WINDING-UP

Winding-up the Fund will entail:

1. the orderly realisation of any remaining assets of the Fund;
2. accounting to unitholders for the net proceeds from the realisation; and
3. closing out of deposits with Australian banking institutions and a distribution of the funds to unitholders.

The amount of return to unitholders or timing of such payments will depend on the outcome of the realisation process. The Responsible Entity will provide unitholders with prompt and accurate notice of any payments of distributions and a tax statement at an appropriate time.

There may be tax consequences flowing from the winding-up of the Fund and from the distributions to the unitholders. The Responsible Entity therefore recommends that you speak to your tax adviser about your individual circumstances.

C. YOUR RIGHTS

1. If you do not object to the winding-up of the Fund, you do not need to take any action.
2. If you do object to the Fund being wound up, pursuant to section 601NC of the Corporations Act, you have the right to request a meeting of unitholders of the Fund to consider the proposed winding-up of the Fund and to vote on any extraordinary resolution¹ that may be proposed about the winding-up of the Fund.

Any request for a meeting of unitholders under section 601NC of the Corporations Act must be made in accordance with Division 1 Part 2G.4 of the Corporations Act.

Under section 252B of the Corporations Act, the Responsible Entity must call and arrange to hold a meeting of unitholders to consider and vote on any proposed special resolution² or extraordinary resolution in relation to the proposed winding up of the Fund, if requested by:

- (a) unitholders with at least 5% of the units on issue entitled to vote on the resolution; or
- (b) at least 100 unitholders who are entitled to vote on the resolution.

¹ An extraordinary resolution is a resolution of which notice has been given in accordance with the Corporations Act and that has been passed by at least 50% of the total votes that may be cast by unitholders entitled to vote on the resolution (including investors who are not present in person or by proxy).

² A special resolution is a resolution of which notice has been given in accordance with the Corporations Act and that has been passed by at least 75% of the votes cast by unitholders entitled to vote on the resolution.



Additionally, under section 252D of the Corporations Act, unitholders of the Fund with at least 5% of the units on issue that may cast votes at a meeting of unitholders may call and arrange to hold a meeting of unitholders to consider and vote on any proposed special resolution or extraordinary resolution in relation to the proposed winding up of the Fund. The unitholders calling the meeting must pay the expenses of calling and holding such meeting.

All requests for a meeting of unitholders must:

- (a) be in writing;
- (b) state any extraordinary resolution or special resolution to be proposed at the meeting;
- (c) be signed by the unitholder proposing to move the extraordinary resolution or special resolution; and
- (d) be sent to the Responsible Entity, via email to capital@oneinvestment.com.au **within 28 days of the date on which this Notice is given to the unitholders (i.e. by 5.00pm on Friday 8 March 2019).**

Please also refer to this Notice in the request.

Unless the Responsible Entity receives sufficient requests for calling a meeting from the unitholders within 28 days of the date on which this Notice is given to unitholders (i.e. by 5.00pm on Friday 8 March 2019), the Responsible Entity is entitled to commence the winding-up of the Fund.

D. TERMINATION OF THE FUND

As soon as the Responsible Entity becomes entitled to commence the winding-up process, it will commence to realise any remaining assets of the Fund and distribute the net proceeds to the unitholders as and when they become available.

Any distribution of proceeds will be paid into your nominated bank account. If you would like to change your nominated bank account details please notify us within 14 days from the date of this Notice.