

91 Phillip Street Fund

ARSN 604 881 656

Final financial report for the period 1 July 2018 to 9 May 2019

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Directors' Report

The directors of One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of 91 Phillip Street Fund ARSN 604 881 656 (the "Fund"), submit the final financial report of the Fund for the period 1 July 2018 to 9 May 2019 (the "reporting period"). The comparative information encompasses the period 1 July 2017 to 30 June 2018.

Responsible Entity

The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney NSW 2000.

Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity who held office during the reporting period and up to the date of this report are as follows:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director (resigned 26 October 2018)
Sarah Wiesener	Executive Director (appointed 26 October 2018) and Company Secretary

Principal Activities

This is the final financial report for the Fund. Following an orderly realisation of assets, all units were redeemed on 6 May 2019 and the Fund was wound up on 9 May 2019.

Until the sale of 91 Phillip Street, Parramatta (the "Property") on 1 November 2018, the principal activity of the Fund was to manage an investment property to generate rental income in accordance with its investment objectives and guideline as set out in the Product Disclosure Statement and in accordance with the provisions of the Constitution.

The Fund did not have any employees during the reporting period.

Distributions

In respect of the reporting period ended 9 May 2019, distributions amounting to 202.6348 cents per unit were paid to unitholders (comprised of 102.6348 cents per unit as income and 100.0000 cents per unit as return of capital). The final distribution was paid to unitholders on 6 May 2019.

For details of distributions paid during the reporting period, refer to note 12 of the financial statements.

Value of Assets and Units Issued

The total value of the Fund's assets as at 9 May 2019 was \$nil (2018: \$48,248,791). The total number of units on issue as at 9 May 2019 was nil (2018: 16,391,300).

Directors' Report (continued)**Review of Operations****Results**

The directors do not regard the Fund as a going concern due to the sale of the Property on 1 November 2018. As a result, the Responsible Entity considers that the objective of the Fund has been accomplished and has wound up the Fund effective 9 May 2019. Therefore, the financial statements for the reporting period 1 July 2018 to 9 May 2019 were prepared on a liquidation basis.

The performance of the Fund, as represented by the results of its operations for the reporting period, was as follows:

	Period ended 9 May 2019 \$	Year ended 30 June 2018 \$
Rental and other property income	349,988	3,473,284
Operating income		3,473,284
Rental property expenses	487,652	(945,072)
Administration and other expenses	279,948	(398,966)
Operating expenses	(767,600)	(1,344,038)
Earnings before interest and tax		2,129,246
Interest income	125,992	21,924
Finance costs	(262,974)	(718,202)
Net interest expense	(136,982)	(696,278)
Operating earnings attributable to unitholders	(554,594)	1,432,968
Non-operating items		
Unrealised fair value gain on asset held for sale	-	7,600,583
Realised gain on sale of asset	9,426,708	-
Disposal costs	(2,261,895)	(2,956,511)
Total non-operating items	7,164,813	4,644,072
Net profit attributable to unitholders	6,610,219	6,077,040

Fees Paid To and Interests Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates during the reporting period are disclosed in note 13 of the financial statements.

The fees were paid out of the Fund's property during the reporting period.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 13 of the financial statements.

Significant Changes in State of Affairs

At the conclusion of a successful expression of interest campaign, the Property was sold on 1 November 2018. As a result, the Responsible Entity considers that the objective of the Fund has been accomplished and has wound up the Fund effective 9 May 2019.

In the opinion of the directors, other than the matters identified in this report, there were no significant changes in the state of affairs of the Fund that occurred during the reporting period.

Directors' Report (continued)

Subsequent Events

All units were redeemed on 6 May 2019 and the Fund was wound up on 9 May 2019. There has not been any other matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect the results or the state of affairs of the Fund.

Environmental Regulation and Performance

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Indemnification of Directors, Officers and Auditors

During the financial period ended 9 May 2019, the Responsible Entity paid a premium in respect of a contract insuring the directors of OMIFL against liability incurred as directors or executive officers to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability of such an officer or auditor.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

21 May 2019



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of 91 Phillip Street Fund for period ended 9 May 2019, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney the 21st day of May 2019

A handwritten signature in black ink, appearing to read 'Tim Valtwies', with a checkmark-like flourish at the end.

ESV Accounting and Business Advisors

A handwritten signature in black ink, appearing to read 'Tim Valtwies', with a checkmark-like flourish at the end.

Tim Valtwies
Partner

Statement of Profit or Loss and Other Comprehensive Income for the reporting period 1 July 2018 to 9 May 2019

	Note	Period from 1 July 2018 to 9 May 2019 \$	Year ended 30 June 2018 \$
Revenue			
Rental and other property income	4	349,988	3,473,284
Interest income		125,992	21,924
Unrealised fair value gain on asset held for sale	8	-	7,600,583
Realised gain on sale of asset		9,426,708	-
Total revenue		9,902,688	11,095,791
Expenses			
Finance costs		262,974	718,202
Administration fees	5	229,375	344,030
Audit fees	7	11,800	17,153
Professional fees		28,403	16,215
Insurance expense		10,370	21,568
Rental property expenses	6	487,652	945,072
Disposal costs		2,261,895	2,956,511
Total expenses		3,292,469	5,018,751
Net income attributable to unitholders		6,610,219	6,077,040
Net income for the period/year		6,610,219	6,077,040
Other comprehensive income		-	-
Total comprehensive income attributable to unitholders		6,610,219	6,077,040

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Financial Position as at 9 May 2019

	Notes	9 May 2019 \$	30 June 2018 \$
Assets			
Current assets			
Cash and cash equivalents	15(a)	-	1,129,884
Trade receivables		-	32,457
Prepayments		-	86,450
Asset held for sale	8	-	47,000,000
Total current assets		-	48,248,791
Total assets		-	48,248,791
Liabilities			
Current liabilities			
Trade and other payables	9	-	538,021
Liabilities associated with asset held for sale	10	-	2,956,511
Interest bearing liabilities	16	-	18,150,000
Total current liabilities		-	21,644,532
Total liabilities (excluding net assets attributable to unitholders)		-	21,644,532
Net assets attributable to unitholders	11	-	26,604,259

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Changes in Net Assets Attributable to Unitholders for the reporting period 1 July 2018 to 9 May 2019

	Note	9 May 2019 \$	30 June 2018 \$
Opening balance		26,604,259	21,838,524
Total comprehensive income		6,610,219	6,077,040
Distributions – Return of capital for the period/year	12	(16,391,300)	-
Distributions – income for the period/year	12	(16,823,178)	(1,311,305)
Net assets attributable to unitholders	11	-	26,604,259

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Cash Flows for the reporting period 1 July 2018 to 9 May 2019

	Note	Period from 1 July 2018 to 9 May 2019 \$	Year ended 30 June 2018 \$
Cash flows from operating activities			
Rent received		1,200,506	3,902,958
Lease incentive paid		(796,470)	(483,868)
Interest received		125,992	21,924
Finance costs paid		(319,776)	(646,382)
Disposal costs paid		(5,697,451)	-
Payments to suppliers		(356,533)	(1,757,180)
Net cash (used in)/provided by operating activities	15(b)	<u>(5,843,732)</u>	<u>1,037,452</u>
Cash flows from investing activities			
Payments for capital improvements		(224,745)	(215,568)
Proceeds from sale of asset		56,630,000	-
Net cash provided by/(used in) investing activities		<u>56,405,256</u>	<u>(215,568)</u>
Cash flows from financing activities			
Proceeds from loan		800,000	-
Repayment of loan		(18,950,000)	-
Distributions – return of capital to unitholders		(16,391,300)	-
Distributions - income paid to unitholders		(17,150,107)	(1,311,305)
Net cash (used in)/provided by financing activities		<u>(51,691,407)</u>	<u>(1,311,305)</u>
Net decrease in cash and cash equivalents		(1,129,884)	(489,421)
Cash and cash equivalents at the beginning of the period/year		<u>1,129,884</u>	<u>1,619,305</u>
Cash and cash equivalents at the end of the period/year	15(a)	<u>-</u>	<u>1,129,884</u>

The accompanying notes to the financial statements should be read in conjunction with this statement.

Notes to the Financial Statements

1. General Information

This financial report covers 91 Phillip Street Fund (ARSN 604 881 656) (the "Fund") which is an unlisted registered managed investment scheme.

The responsible entity of the Fund is One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"). The Responsible Entity's registered office and principal place of business is Level 11, 20 Hunter Street, Sydney NSW 2000.

The investment manager of the Fund is Capital Property Funds Pty Limited (ACN 162 323 506) (the "Manager").

The financial statements cover the period 1 July 2018 to 9 May 2019 (the "reporting period"). The comparative information encompasses the period 1 July 2017 to 30 June 2018.

This is the final financial report for the Fund. Following an orderly realisation of assets, all monies due were returned to unitholders through a final distribution paid on 6 May 2019 and all units issued by the Fund were cancelled. The Fund ceased operations and was wound up on 9 May 2019. The Fund had no further transactions.

The financial statements were authorised for issue by the directors on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and re-issue the financial statements.

2. Adoption of New and Revised Accounting Standards and Interpretations

There were no new accounting standards adopted during the period which had a significant impact on the reported position and performance of the Fund.

Standards and Interpretations in issue not yet adopted

Standards and Interpretations that are not expected to have a material impact on the Fund have not been included.

3. Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, on a liquidation basis, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board ("AASB") and the Fund's Constitution and the Corporations Act 2001.

Compliance with Australian Accounting Standards, as issued by the AASB ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Preparation

This general purpose financial report is presented in Australian dollars and has been prepared using historical cost convention except for the investment property, which is measured at fair value as disclosed in note 3(l) below.

(c) Going Concern Basis

All units were redeemed on 6 May 2019 and the Fund was wound up on 9 May 2019. As a result, the financial statements for the period ended 9 May 2019 have not been prepared on a going concern basis, but instead prepared on a liquidation basis.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)*****(d) Revenue and Income Recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund 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 accrual basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Fund provides lease incentives to tenants, the costs of the incentives are recognised over the lease term, on a straight-line basis, usually as a reduction in rental income.

Interest income is recognised as the interest accrues using the effective interest rate method.

Other income is recognised when the right to receive the revenue has been established.

All income is stated net of goods and services tax ("GST").

(e) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in profit or loss on an accrual basis.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with maturity dates of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the Statement of Cash Flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities in the Statement of Financial Position.

(g) Taxation

Under the current tax legislation, the Fund is not subject to income tax provided that the Fund entirely distributes its taxable income to unitholders who are presently entitled to the income of the Fund.

There is no income of the Fund to which the unitholders were not currently entitled. Additionally, the Fund's Constitution requires the distribution of the full amount of the net income of the Fund to unitholders. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Fund, these gains would be included in the taxable income and assessable in the hands of the unitholders.

(h) Distributions

The Fund distributes its distributable income, calculated in accordance with the Fund's Constitution, Product Disclosure Statement (the "PDS") and applicable tax legislation, to unitholders who are presently entitled to the income under the Fund's Constitution. In accordance with the PDS, distributions will only be paid from the Fund's cash from operations and reserves. Refer to the operating income presented in the Director's Report.

(i) Payables

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)*****(j) Receivables***

Trade receivables that have less than 90 day terms are recognised and carried at original cost less an allowance (provision for impairment of trade receivables) for any uncollectible amounts.

An assessment of recoverability of trade and other receivables is performed by the Manager on an ongoing basis. The Manager considers various factors to determine the recoverability of receivables including factors such as existence of bank guarantees, deposits held, recent payment patterns and correspondence with tenants.

The movements in allowance accounts are recognised in the Statement of Profit or Loss and Other Comprehensive Income, either as gain or loss. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent year, it is written off against the allowance account.

(k) Interest Bearing Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received. After the initial recognition, the interest bearing borrowings are measured at cost using the effective interest method.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

Borrowing expenses including interest, issue and other transaction costs are expensed in the Statement of Profit or Loss and Other Comprehensive Income as incurred unless they relate to qualifying assets.

(l) Investment Property

The investment property principally comprises freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Fund. The investment property is initially recognised at cost, including transaction costs, and is subsequently remeasured at fair value. Movements in fair value are recognised directly in the Statement of Profit or Loss and Other Comprehensive Income.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

The reported fair value of the investment property reflects market conditions at the reporting date. While this represents the best estimates as at the reporting date, actual sale prices achieved may be higher or lower than the most recent valuation. This is particularly relevant in years of market illiquidity or uncertainty.

Any gain or loss arising from the change in fair value of the investment property is included in the Statement of Profit or Loss and Other Comprehensive Income in the reporting period in which they arise.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)*****(m) Assets and Liabilities Classified as Held for Sale***

A non-current asset is to be classified as held for sale if a sale within twelve (12) months is highly probable, and presented separately in the Statement of Financial Position.

For a sale to be highly probable, management must be committed to a plan to sell the property and have an active programme to locate a buyer to complete the plan. The property must be actively marketed at a price that is reasonable in relation to its current fair value.

Upon classification as held for sale, assets are recognised at the lower of carrying amount and fair value less costs to sell with the exception of investment properties which are valued in accordance with note 3(l).

Liabilities are classified as 'held for sale and presented as such in the Statement of Financial Position if they are directly associated with the disposal of the property.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of the acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is recognised as a receivable or payable on the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST component of cash flows arising from financing activities which is recoverable from or payable to the taxation authority is classified as an operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST which is recoverable from, or payable to, the taxation authority.

GST is not payable in respect of the acquisition, disposal or withdrawal of units, nor in respect of any distributions paid by the Fund.

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.

(o) Use of Significant Accounting Estimates and Judgments

The directors of the Responsible Entity evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

Key estimate – fair value of investment property

The Fund carried its investment property at fair value with changes in the fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. In accordance with the Fund's PDS, the investment property was independently revalued at least once every three years and valued by the Manager annually in the intervening years.

At the end of each reporting period, the directors of the Responsible Entity updated their assessment of the fair value of the property, taking into account the most recent independent valuation. The key assumptions used in this determination are set out in note 8. If there were any material changes in the key assumptions due to changes in economic conditions, the fair value of the investment property may differ and be re-estimated.

Notes to the Financial Statements
4. Rental and Other Property Income

	Period from 1 July 2018 to 9 May 2019 \$	Year ended 30 June 2018 \$
Rent received	160,214	2,955,287
Outgoings received	211,227	535,500
Straight-line rental income	(21,453)	(17,503)
	349,988	3,473,284

5. Administration Expenses

	Period from 1 July 2018 to 9 May 2019 \$	Year ended 30 June 2018 \$
Management fees	126,428	219,979
Responsible entity fees	55,591	68,176
Registry fees	18,068	13,239
Accounting and tax fees	16,333	25,500
Custody fees	12,661	15,533
ASIC and APIR fees	294	1,603
	229,375	344,030

Notes to the Financial Statements
6. Rental Property Expenses

	Period from 1 July 2018 to 9 May 2019 \$	Year ended 30 June 2018 \$
Property management fees	9,667	29,001
Energy fees	40,396	137,740
Cleaning	34,667	75,738
Land tax	49,046	136,269
Repairs and maintenance	73,159	204,179
Council rates	39,241	116,491
Water rates and charges	8,608	20,932
Fire and safety	11,609	17,310
Lift maintenance	26,269	40,065
Facilities management fee	13,167	39,500
Security fee	9,149	10,751
Parking space levy	35,172	76,423
Other property expenses	137,502	40,673
	487,652	945,072

7. Remuneration of Auditors

During the period the following fees were paid for services provided by the auditors for the Fund:

	Period from 1 July 2018 to 9 May 2019 \$	Year ended 30 June 2018 \$
Audit services - ESV Accounting and Business Advisors ("ESV")	9,300	12,713
Other assurance services – EY, compliance plan and other unrelated firms	2,500	5,700
	11,800	18,413

Notes to the Financial Statements

8. Asset Held for Sale

	9 May 2019 \$	30 June 2018 \$
Opening balance	47,000,000	39,300,000
Unrealised fair value gain on asset held for sale	-	7,600,583
Capital improvements	224,745	215,568
Fitout incentives	-	(98,648)
Deferred lease asset	(21,453)	(17,503)
Sale of asset	(56,630,000)	-
Realised gain on sale of asset	9,426,708	-
Closing balance	-	47,000,000

The investment property was valued at \$47,000,000 by a registered independent valuer effective 30 June 2018.

On 4 October 2018, a contract for the sale of the property was exchanged between the vendor and a purchaser for a total consideration of \$56,630,000 and adjusted by other net assets and liabilities. The settlement was completed on 1 November 2018.

9. Trade and Other Payables

	9 May 2019 \$	30 June 2018 \$
Distributions payable	-	326,928
Accrued charges	-	77,626
GST and WHT payable	-	32,697
Lease incentive	-	100,770
	-	538,021

Notes to the Financial Statements

10. Liabilities Associated with Asset Held for Sale

In view of the sale of the investment property, costs from its disposal are as follows

	9 May 2019 \$	30 June 2018 \$
Disposal fee	-	470,000
Performance fee	-	1,871,136
Commission	-	470,000
Debt break fee	-	45,375
Other transaction costs	-	100,000
	-	2,956,511

11. Net Assets Attributable to Unitholders

(a) Movements in Ordinary Units

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	9 May 2019		30 June 2018	
	No of Units	\$	No of Units	\$
Opening balance	16,391,300	26,604,259	16,391,300	21,838,524
Total comprehensive income	-	6,610,219	-	6,077,040
Distributions - Income for the period/year	-	(16,823,178)	-	(1,311,305)
Distributions - Return of capital for the period/year	-	(16,391,300)	-	-
Redemption of units during the period/year	(16,391,300)	-	-	-
Closing balance	-	-	16,391,300	26,604,259

The Net Tangible Assets per Unit as at 9 May 2019 is \$nil (2018: \$1.6231).

(b) Capital Management

The aim of the Fund was to meet its investment objectives while maintaining sufficient liquidity to meet its commitments. The Responsible Entity regularly reviewed the performance of the Fund, including asset allocation strategies, investment and operational management strategies, investment opportunities, performance review and risk management.

The capital of the Fund was monitored by analysing a number of financial ratios, including the 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 an increase in interest rates or a reduction in asset values.

Gearing Ratio

	9 May 2019 \$	30 June 2018 \$
Interest bearing liabilities	-	18,150,000
Total assets	-	48,248,791
Gearing Ratio	-	37.6%

Notes to the Financial Statements
12. Distributions Paid and Payable

Each unit represents a right to an individual share in the Fund's assets in accordance with the Constitution. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Fund.

	9 May 2019		30 June 2018	
	Cents per unit	\$	Cents per unit	\$
Distributions – Income paid during the period/year	102.6348	16,823,178	6.0055	984,377
Distributions – Return of capital paid for the period/year	100.0000	16,391,300	-	-
Distributions payable	-	-	1.9945	326,928
Closing balance	202.6348	33,214,478	8.0000	1,311,305

13. Related Party Transactions

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

(a) Transactions with Responsible Entity and its Associated Entities

The key management personnel of the Responsible Entity for the reporting period ended 9 May 2019 are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director (resigned 26 October 2018)
Sarah Wiesener	Executive Director (appointed 26 October 2018) and Company Secretary

The units held by the Responsible Entity's key management personnel and their associated entities as at 9 May 2019 and 30 June 2018 were as follows:

	9 May 2019		
	Unit class	Units held	% of the class
Frank Tearle	-	-	-
	30 June 2018		
	Unit class	Units held	% of the class
Frank Tearle	Ordinary	30,000	0.18%

No fees or remuneration was paid directly to the key management personnel from the Fund during the reporting period ended 9 May 2019 (2018: \$nil).

Responsible Entity fees

Responsible Entity fees of \$55,591 plus GST were incurred and paid for the reporting period ended 9 May 2019 (2018: \$68,176) to One Managed Investment Funds Limited. Refer to note 5.

Notes to the Financial Statements

13. Related Party Transactions (continued)

(a) Transactions with Responsible Entity and its Associated Entities (continued)*Registry fees*

Registry fees of \$18,068 plus GST were incurred and paid for the reporting period ended 9 May 2019 (2018: \$13,239) to One Registry Services Pty Limited, a wholly owned subsidiary of One Investment Group. Refer to note 5.

Custody fees

Custody fees of \$12,661 plus GST were incurred and paid for the reporting period ended 9 May 2019 (2018: \$15,533) to One Managed Investment Funds Limited, the responsible entity of the Fund. Refer to note 5.

Accounting and administration fees

Accounting and administration fees of \$15,167 plus GST were incurred and paid for the reporting period ended 9 May 2019 (2018: \$22,000) to Unity Fund Services Pty Limited, an associated entity of the Responsible Entity. Refer to Note 5.

There were no other fees paid to the Responsible Entity and its associated entities for the reporting period ended 9 May 2019.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

(b) Transactions with Manager and its Associated Entities

The key management personnel of the Manager for the financial period ended 9 May 2019 are:

Name	Title
Julia Novella	Head of Funds Management
Andrew Kerr	Executive Director and Company Secretary (appointed as Company Secretary 26 September 2018)
Joe Christie	Executive Director
John Coombs	Financial Controller and Company Secretary (retired 26 September 2018)

The units held by the Manager's key management personnel and their associated entities as at 9 May 2019 and 30 June 2018 were as follows:

9 May 2019

	Unit class	Units held	% of the class
Andrew Kerr	-	-	-
Joe Christie	-	-	-
		-	-

30 June 2018

	Unit class	Units held	% of the class
Andrew Kerr	Ordinary	20,000	0.12%
Joe Christie	Ordinary	20,000	0.12%
		40,000	0.24%

Notes to the Financial Statements

13. Related Party Transactions (continued)**(b) Transactions with Manager and its Associated Entities (continued)**

No fees or remuneration was paid directly to the key management personnel from the Fund during the reporting period ended 9 May 2019 (2018: \$nil).

Investment management fees

Investment management fees of \$126,428 plus GST were incurred and paid for the reporting period ended 9 May 2019 (2018: \$219,979) to the Manager. Refer to note 5.

Performance fee

A performance fee of \$3,851,502 plus GST was incurred and paid to the Manager at the end of the reporting period ended 9 May 2019.

There were no other performance fees paid to the Manager for the reporting period ended 9 May 2019.

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the reporting period and there were no material contracts involving key management personnel's interests existing at the end of the reporting period.

14. Financial Risk Management and Fair Value Measurement

The most important types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk. The exposure to each of these risks, as well as the Fund's policies and processes for managing these risks is described below.

(a) Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk. The Fund's strategy on the management of market risk is driven by the Fund's investment objective. The Fund's market risk was managed as required by the Responsible Entity in accordance with the investment guidelines outlined in the Fund's Constitution and the PDS.

Cash flow and fair value interest rate risk

The Fund's cash and cash equivalents and floating rate borrowings expose it to a risk of change in the fair value or future cash flows due to changes in interest rates.

The Fund's exposure to interest rate risk at reporting date, including its sensitivity to changes in market interest rates that were reasonably possible, is as follows:

	9 May 2019 \$	30 June 2018 \$
Financial assets		
Cash and cash equivalents – floating interest rate	-	1,129,884
Financial liabilities		
Interest bearing liabilities – floating interest rate	-	(18,150,000)
Net exposure to interest rate risk	-	(17,020,116)

Notes to the Financial Statements

14. Financial Risk Management and Fair Value Measurement (continued)

(a) Market Risk (continued)

Sensitivity of profit or loss to movements in market interest rates for financial instruments with fair value risk:

	9 May 2019	30 June 2018
	\$	\$
	<u>Decrease/(increase)</u>	<u>Decrease/(increase)</u>
Market interest rate increased by 100 basis points	-	170,201
Market interest rate decreased by 100 basis points	-	(170,201)

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at reporting date.

	9 May 2019	30 June 2018
	\$	\$
Cash at bank	-	1,129,884
Maximum exposure to credit risk	-	1,129,884

Credit risk is managed and the losses which could arise from default, by ensuring that parties to contractual arrangements have the appropriate credit rating, or do not show a history of defaults. Financial assets such as cash at bank are held with high credit quality financial institutions (rated equivalent A or higher by the major rating agencies). Tenants for the property were assessed for creditworthiness before commencing a lease, and if necessary, rental guarantees were sought before a tenancy was approved. Loans and receivables from third parties were secured against the investment property.

All receivables are monitored by the Manager. If any amounts owing are overdue these are followed up and if necessary, allowances are made for debts that are doubtful.

At the end of the reporting period, the Fund had no exposure to credit risk.

Notes to the Financial Statements

14. Financial Risk Management and Fair Value Measurement (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Manager monitored the Fund's exposure to liquidity risk by ensuring that there was sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due.

The Fund was wound up on 9 May 2019. As a result, the Fund has no exposure to liquidity risk as at 9 May 2019.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

9 May 2019	Less than 12 months	1-2 years	2-5 years
	\$	\$	\$
Trade and other payables	-	-	-
Liabilities associated with asset for sale	-	-	-
Interest bearing liabilities	-	-	-
Contractual cash flows	-	-	-
30 June 2018	Less than 12 months	1-2 years	2-5 years
	\$	\$	\$
Trade and other payables	538,021	-	-
Liabilities associated with asset for sale	2,956,511	-	-
Interest bearing liabilities	18,150,000	-	-
Contractual cash flows	21,644,532	-	-

(d) Fair Value Estimation

The financial instruments carried at fair value can be valued using different levels of measurement. The different levels have been defined as follows:

- Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- Level 2

Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). Valuation techniques are used to determine the value. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. All significant inputs required to fair value an instrument have to be observable.

Notes to the Financial Statements
14. Financial Risk Management and Fair Value Measurement (continued)
(d) Fair Value Estimation (continued)

- Level 3

Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Fund does not have assets or liabilities that qualify for Level 1 and Level 2 category.

Investment properties are measured using Level 3 inputs. The latest valuation was based on combination of discounted cash flow techniques and market capitalisation approach. Refer to Note 8 for the carrying value of the investment property as at reporting date.

The directors consider that the carrying amount of the investment property recognised in the financial statements approximated its fair value.

15. Cash and Cash Equivalents

- (a)** Cash and cash equivalents include cash on hand and cash at bank. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	9 May 2019 \$	30 June 2018 \$
Cash at bank	-	1,129,884
	-	1,129,884

- (b)** Reconciliation of total comprehensive income for the year to net cash flows provided by operating activities:

	Period from 1 July 2018 to 9 May 2019 \$	Year ended 30 June 2018 \$
Total comprehensive income	6,610,219	6,077,040
Adjustments for:		
Unrealised fair value gain on asset held for sale	-	(7,600,583)
Realised gain on sale of asset	(9,426,708)	-
Amortisation of fitout incentives	-	98,648
Straight-line rental income	21,453	17,503
Changes in assets and liabilities:		
Decrease/(increase) in other assets	118,907	(23,508)
(Decrease)/increase in trade and other payables	(3,167,603)	2,468,352
Net cash (used in)/provided by operating activities	(5,843,732)	1,037,452

Notes to the Financial Statements

16. Interest Bearing Liabilities

	9 May 2019 \$	30 June 2018 \$
Current		
Secured loan facility	-	18,150,000
Non-current		
Secured loan facility	-	-

Secured loan facility

Interest was payable on the amount outstanding under the facility at the base rate plus margin, payable every three months.

Assets pledged as security

The loan facility was secured by a registered first mortgage over the investment property, was interest only and non-recourse to investors.

All borrowings of the Fund were on a limited recourse basis. The lender's recourse was limited to the Fund and its assets and did not have recourse to Investors and their personal assets.

Loan facility covenants

The covenants over the Fund's loan facility required an interest cover ratio of 1.85 times and a loan to market value of investment properties ratio ("LVR") of less than 65%. The Fund was in compliance with its covenants throughout the financial period ended 9 May 2019.

In relation to the sale of investment property and subject to the terms of the loan agreement, the borrower paid all of the principal outstanding.

17. Subsequent Events

All units were redeemed on 6 May 2019 and the Fund was wound up on 9 May 2019. There has not been any other matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect the results or the state of affairs of the Fund.

18. Commitments and Contingencies

There were no other contingent assets and liabilities or commitments as at 9 May 2019.

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

1. the financial statements and notes set out on pages 5 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 9 May 2019 and of its performance for the reporting period ended on that date;
2. as outlined in Note 1 to the financial statements, all units were redeemed out of the Fund on 6 May 2019 and the Fund winding up was completed on 9 May 2019; and
3. the notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the directors.



Frank Tearle

Director

21 May 2019



INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF 91 PHILLIP STREET FUND

Opinion

We have audited the financial report, being a general purpose financial report of 91 Phillip Street Fund (the 'Fund'), which comprises the statement of financial position as at 9 May 2019, the statement of comprehensive income, statement of changes in net assets attributable to unit holders and cash flow statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- (a) the financial report of 91 Phillip Street Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Fund for the period ended 9 May 2019 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Going concern basis no longer appropriate

Without qualifying our conclusion, we draw attention to the following matter. As indicated in Note 1 to the financial statements, the Fund has completed its wind up on 9 May 2019. As a result, the financial statements have been prepared on a liquidation basis and not on a going concern basis

Responsibilities of the directors for the financial report

The directors of the responsible entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF 91 PHILLIP STREET FUND

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our auditor's report.

Dated at Sydney on the 21st day of May 2019

ESV

ESV Accounting and Business Advisors

Tim Valtwies
Partner