

**DHA RESIDENTIAL PROPERTY FUND NO. 1** ARSN 163 921 640  
ANNUAL REPORT  
PERIOD ENDING 30 JUNE 2016

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**DHA**  
Investment  
Management







Dear Investor

On behalf of DHA Investment Management Limited (DHA IML), I present the annual and final report for the year ended 30 June 2016, for the DHA Residential Property Fund No. 1 (Fund).

This report provides a summary of the performance of the Fund for the twelve months from 1 July 2015 to 30 June 2016 and events subsequent to finalise the winding up of the Fund.

At the end of July 2015, notification was received from Centric Capital on behalf of the Centric DHA Residential Property Fund, the sole unitholders in the Fund, of their decision to divest out of the residential property market and to realise their investment in the fund. A Property Sales Committee (PSC) was established with representatives from DHA IML and Centric/Findex to oversee the sale of the 79 properties. All properties were either sold or contracts of sale had been exchanged prior to 30 June 2016.

Taking into account the sale of the portfolio of properties, distributions totalling \$50.625 million have been made to investors in finalising the Fund. All Fund assets have been realised and liabilities settled and the Fund will be formally wound up on 23 September 2016. During the life of the Fund, distributions totalled \$52.999 million, representing a 12.5% return to unitholders relative to the initial capital invested. This equates to an annualised return of approximately 4.2% per annum across the three year life of the Fund.

Thank you for your support and the opportunity to be involved in a managed investment scheme that provided exposure to the residential property market that otherwise would not have been possible.

Yours faithfully



Martin Brady  
Chair  
DHA Investment Management Limited

# Fund particulars

## **DHA Residential Property Fund No. 1**

ARSN: 163 921 640

ABN: 38 256 918 058

### **Responsible Entity**

DHA Investment Management Limited  
26 Brisbane Ave  
Barton ACT 2600  
ACN: 161 662 255  
ABN: 59 161 662 255

### **Custodian**

Perpetual Limited  
Lvl 13, 123 Pitt Street  
Sydney NSW 2000

### **Registered Office**

26 Brisbane Avenue  
Barton ACT 2600  
T. 139 342  
E. [info@dhaim.com.au](mailto:info@dhaim.com.au)  
W. [dhaim.com.au](http://dhaim.com.au)

### **Directors of the Responsible Entity**

Martin Brady (Chair and Non-Executive Director)  
Jan Mason (Executive Director)  
Jon Brocklehurst (Executive Director)

### **Solicitors to Responsible Entity**

Norton Rose Fulbright Australia  
Lvl 18, Grosvenor Place  
225 George Street  
Sydney NSW 2000

### **Compliance Committee**

Penni James (Independent Chair)  
Graeme MacLaren (Independent Member)  
Jon Brocklehurst

### **Auditors to the Fund**

Ernst & Young  
121 Marcus Clarke Street  
Canberra ACT 2601

### **Secretary**

Ross Jordan

### **Unit Registry**

White Outsourcing  
Lvl 3, 99 Bathurst St  
Sydney NSW 2000

# Fund report

- The financial performance of the Fund in 2015-16 resulted in a profit from continuing operations of \$769.634k.
- At the end of July 2015, notification was received from Centric Capital on behalf of the Centric DHA Residential Property Fund, the sole unitholders in the Fund, of their decision to divest out of the residential property market and to realise their investment in the Fund. A Property Sales Committee (PSC) was established with representatives from DHA IML and Centric/Findex to oversee the sale of all the properties. Properties were marketed through appointed real estate agents who were panel members on DHA's mid-lease sales channel. The PSC met weekly to review sales progress, marketing strategies and overall performance consistent with the Centric/Findex objective of having the Fund sell down completed prior to 30 June 2016.
- All 79 properties were either sold or contracts of sale had been exchanged prior to 30 June 2016, enabling a financial close of the Fund as at that date. Total proceeds of \$50.035 million were realised from the sale, \$49.163 million net of selling costs.
- Monthly distributions commenced in March 2016 (as opposed to quarterly) to enable the ongoing distribution of proceeds from the sale of the properties. Distributions during 2015-16 and amounts paid subsequent to 30 June 2016 totalled \$50.625 million, which included \$5.142 million distributed in July 2016 and the final distribution of \$15.597 million paid on 23 August 2016.
- Distributions during the life of the Fund amounted to \$52.999 million, representing a total return of 12.5% on funds invested since the commencement of the fund in 2013 and approximately 4.2% on an annualised basis.
- The Fund was formally wound up on 23 September 2016, with the Australian Securities & Investments Commission duly notified.

# Portfolio summary

The Fund portfolio of 79 properties was divested during the 2015-16 financial year in accordance with the request of the Centric DHA Residential Property Fund, the sole unitholder in the Fund.

Sales prices achieved, as shown in Table 1, highlight the respective market strength and weakness across the States. It further depicts the comparable financial percentage gain and loss on the sale of the properties which resulted in a gross gain of 12.6% or net after expenses of 4.8%.

Included are the accumulative transaction expenses on purchase (stamp duty, building reports and conveyancing) which amounted to \$2.494 million and sale expenses (agent's fees and conveyancing) amounting to \$872.117k. The Fund had been established in 2013 with an intended investment horizon of ten years. The early closure of the Fund has provided a shortened period in which to recover the transactions costs through capital growth and rental returns.

The table demonstrates the strength of the Sydney market has underpinned the performance of the overall portfolio.

**Table 1: Sale Prices Achieved**

State	No. of Properties	Purchase Price	Sale Price	%(Sale to purchase price)
ACT	12	\$ 6,915,000	\$ 7,163,000	3.6%
NSW	23	\$ 15,365,000	\$ 20,201,000	31.5%
NT	5	\$ 3,820,000	\$ 3,385,000	(11.4%)
QLD	14	\$ 6,795,000	\$ 7,231,500	6.4%
SA	5	\$ 1,880,000	\$ 1,902,500	1.2%
VIC	10	\$ 4,770,000	\$ 5,292,500	11.0%
WA	10	\$ 4,880,000	\$ 4,860,000	(0.4%)
<b>Subtotal</b>		<b>\$ 44,425,000</b>	<b>\$ 50,035,500</b>	<b>12.6%</b>
Transaction Costs		\$ 2,494,908	\$ (872,117)	
<b>Total</b>	<b>79</b>	<b>\$ 46,919,908</b>	<b>\$ 49,163,383</b>	<b>4.8%</b>

### **Fund Whole of Life Financial Performance**

As detailed in Table 2 below, during the life of the Fund, \$52.999 million was distributed to investors relative to the initial capital invested of \$47.100 million in 2013, this represents a 12.5% return across the life of the Fund or annualised return of approximately 4.2% per annum.

**Table 2: Total Distributions**

	2013-14	2014-15	2015-16	Total
Distribution Amounts	\$ 791,280	\$ 1,582,560	\$ 50,625,349	\$ 52,999,189

# Unitholder information

Should you have any enquiries regarding your past unitholding, you should contact White Outsourcing on (02) 8262 2800. If you have any questions regarding your past investment in DHA Residential Property Fund No.1 you should speak to your financial advisor in the first instance or contact us on 139 342.

How to contact DHA Investment Management Limited:

26 Brisbane Ave  
Barton ACT 2600  
T. 139 342  
E. [info@dhaim.com.au](mailto:info@dhaim.com.au)  
W. [dhaim.com.au](http://dhaim.com.au)

## Disclaimer

This document was prepared by DHA Investment Management Limited (DHA IML) as the manager of DHA Residential Property Fund No.1. DHA IML is not licensed to provide financial product advice in relation to units in the Fund. Please refer to the product disclosure statement for further information about the DHA Residential Property Fund No.1. This document has been issued on the basis that it is only for the information and exclusive use of the particular person to whom it is provided. Past performance is not indicative of future performance. Any forecasts included are reasonably believed to be reliable on current information but due to our inability to predict future events they cannot be guaranteed. This document is of a general nature only.