

DHA RESIDENTIAL PROPERTY FUND NO.1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013



DHA
Investment
Management

**A NEW APPROACH TO
BUYING DHA PROPERTY**

**DHA RESIDENTIAL
PROPERTY FUND NO. 1**



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Important Information

ABOUT THIS PRODUCT DISCLOSURE STATEMENT

This Product Disclosure Statement (**PDS**) relates to the *DHA Residential Property Fund No. 1 (Fund)*. DHA Investment Management Limited (**DHA IML**) is the **Manager** and **Responsible Entity** of the Fund. This PDS was prepared by the Manager and is dated 26 June 2013. The Australian Securities and Investments Commission (**ASIC**) takes no responsibility for the contents of this PDS and expresses no view regarding the merits of the investment set out in this PDS.

Information is provided as at the date of this PDS except where otherwise indicated. Photographs included in this PDS are illustrative of the types of properties included in the Fund.

OFFER ONLY IN AUSTRALIA

This PDS may only be used by **Investors** receiving it (electronically or otherwise) in Australia.

ELIGIBILITY

The offer made in this PDS is available only to those persons receiving this PDS (electronically or otherwise) within Australia. No action has been taken to register **Units** or otherwise permit a public offering of Units in any jurisdiction outside Australia. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of this PDS who are not in Australia should seek advice on and observe any such restrictions in relation to the distribution or possession of this PDS. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Other than as permitted by law, investments in the Fund will only be accepted on receipt of an **Application Form**.

NO INVESTMENT ADVICE

The information contained in this PDS is not financial product advice. The information contained in this PDS is general information only and does not take into account Investors' investment objectives, financial situation and particular needs. It is therefore important that Investors read this PDS in full before deciding whether to invest in the Fund and take into consideration their investment objectives, financial situation and particular needs. If Investors are in any doubt, they should consider consulting their financial adviser, stockbroker or other professional advisor.

NO REPRESENTATIONS OTHER THAN CONTAINED IN THIS PDS

Investors should only rely on the information in this PDS when deciding whether to invest in the Fund. No person is authorised to give any information or to make any representation in connection with the Fund that is not contained in this PDS. Any information or representation not contained in this PDS may not be relied upon as having been authorised by the Manager in connection with the Fund.

NO COOLING OFF PERIOD

As the Fund is not liquid according to the definition in the *Corporations Act 2001* (Corporations Act), no cooling-off period will apply to Investors.

FORWARD LOOKING STATEMENTS

This PDS 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 in such forward looking statements. Past performance is not a reliable indicator of future performance.

PDS UPDATES

The information in this PDS is up-to-date at the time of preparation. However, some information which is not materially adverse may change from time-to-time, and where this occurs, the Manager will make the updated information available on its website at **www.dhaim.com.au**. A printed copy is also available on request. In certain cases, the Manager may also give new Investors a supplementary PDS, which would need to be read together with this PDS.

FINANCIAL REPORTS

The following documents are also available on request from the Manager:

- When available, the Fund's most recent annual financial reports lodged with ASIC and any subsequent half-year financial reports lodged with ASIC; and
- In accordance with ASIC Regulatory Guide 198 *Unlisted disclosing entities: Continuous disclosure obligations*, the Manager will fulfil its continuous disclosure requirements by way of website disclosure which complies with ASIC's good practice guidance. Investors may access material information regarding the Fund from the Manager's website at **www.dhaim.com.au**.

Letter from our Chair

26 June 2013

Dear Investor

I am pleased to offer you the opportunity to invest in the DHA Residential Property Fund No. 1.

The Fund has been established to provide Investors with an opportunity to gain exposure to Australian residential property in geographically diverse locations. It offers exposure to a mixture of properties including freestanding houses, townhouses and apartments.

The Offer seeks to raise \$50 million (minimum investment of \$45 million) from Investors. Once fully subscribed, the Fund will purchase the predetermined property portfolio.

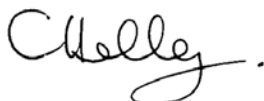
The key attributes of the Offer to Investors include:

- exposure to a geographically diverse portfolio of residential properties in capital cities and some major regional centres around Australia;
- long term leases over all properties to Defence Housing Australia, which will enter into tenancy agreements on these properties with members of the Australian Defence Force;
- DHA responsible for property management, repairs and maintenance, and restoration services at lease end;
- rental increases each year for ten (10) years of at least 4.25%;
- Distributions that are paid quarterly and are forecast to be 86.76% (2014) and 59.06% (2015) Tax Deferred during the forecast period to 30 June 2015; and,
- a targeted investment term of ten (10) years.

DHA Investment Management Limited, a wholly owned subsidiary of Defence Housing Australia, is the Responsible Entity of the Fund. The Trust Company (Australia) Limited has been appointed as Custodian of the Fund and is a well established property custodian for Australian registered managed investment schemes, working alongside some of the larger fund managers in Australia.

This PDS contains information about the Fund and the Offer. I urge you to read it in full, in particular Section 7 which summarises potential risks, and to consult your stockbroker, financial planner, accountant or other professional advisor before making any investment decision.

Yours faithfully



Carol Holley
Chair
DHA Investment Management Limited





OFFER SYNOPSIS

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

FEATURE	DESCRIPTION	FURTHER INFORMATION REFER SECTION
DHA RESIDENTIAL PROPERTY FUND NO.1	The Fund is a closed end unlisted direct property fund, registered with ASIC as a managed investment scheme.	2
ISSUER, MANAGER AND RESPONSIBLE ENTITY	DHA IML is the Responsible Entity, the Manager and the issuer of the Units in the Fund. The Manager is a wholly owned subsidiary of Defence Housing Australia (DHA), a Government Business Enterprise (GBE) that provides housing for members of the Australian Defence Force (ADF) and their families.	4
CUSTODIAN	The Trust Company (Australia) Limited is appointed as the Custodian of the Fund and will hold the assets of the Fund on behalf of the Manager.	14
INVESTMENT OBJECTIVE	The Fund's objective is to provide Investors stable income streams combined with the potential for capital growth over the medium to longer term through exposure to a diverse portfolio of Australian residential property.	2
INVESTMENT STRATEGY	<p>The Fund's investment strategy is to acquire a diverse portfolio of Australian residential property from DHA (Portfolio).</p> <p>Key details of the Portfolio are as follows:</p> <ul style="list-style-type: none"> properties will be predominantly located in capital cities and some major regional centres around Australia and comprise freestanding houses, townhouses and apartments; there will be a maximum allocation to any single property of 2.5% of the total value of the Portfolio at the time of purchase into the Fund; the Fund will lease the Portfolio back to DHA; DHA will enter into tenancy agreements with ADF members who will occupy the properties; the lease term for each property under the Portfolio will range from nine (9) to twelve (12) years, consistent with the targeted term of the Fund. 	2 & 3
AMOUNT TO BE RAISED AND ISSUE PRICE	<p>The Offer under this PDS is to raise \$50 million by issue of 50 million Units at \$1.00 per Unit.</p> <p>The Offer will not proceed and application monies will be returned in full (without interest) if valid applications are received by the Manager for less than \$45 million.</p>	2

FEATURE	DESCRIPTION	FURTHER INFORMATION REFER SECTION
MINIMUM INVESTMENT	The minimum initial investment per Investor will be \$5,000 and thereafter increments of \$1,000.	2
IMPORTANT DATES	<p>The Offer opens on 3 July 2013 (Opening Date).</p> <p>The Offer is expected to close on 17 July 2013 (Closing Date) and Units issued to successful Investors by 24 July 2013 (Allotment Date). However, these dates are set at the sole discretion of the Manager and are subject to change without notice.</p>	2
INCOME RETURN FORECAST	<p>The Manager forecasts an average pre-tax income return on cash equity of 2.92% per annum in respect of the Forecast Period starting from the Allotment Date and ending on 30 June 2015. This represents a pre-tax forecast income return of \$0.03 per Unit per annum over the Forecast Period.</p> <p>The forecast income returns are based on a number of assumptions. These assumptions are subject to risks and there is no guarantee that they will be met.</p>	8
TAX DEFERRED INCOME FORECAST	Tax deferral benefits on part of the income Distributions are forecast to be 86.76% for the year ending 30 June 2014 and 59.06% for the year ending 30 June 2015 ¹ .	8
PROPERTY LEASE	<p>Under the terms of the Lease Agreement, DHA agrees to lease each property for a period of nine (9) to twelve (12) years. At DHA's sole discretion, it may extend the lease by up to four (4) years and/or reduce the term by up to one (1) year.</p> <p>DHA charges a property management service fee of 11% including GST (townhouses/apartments) to 14.3% including GST (freestanding houses) of the rental income per property, to undertake a range of property related services on the Fund's behalf. The fee covers the cost of property management and most non-structural repairs and maintenance.</p> <p>Commencing rents are indexed each year by 4.25%. For the fifth year, rent is amended to the greater of market rent or the indexed rent and is continued to be indexed each year by 4.25% until the tenth year when the rent is amended to the greater of the market rent or the indexed rent. There will be no further indexation subsequent to the Year Ten (10) review point. In periods subsequent to Year Ten (10), the higher of the Year Ten (10) indexed rent or the market rent will apply.</p>	14

¹ Under current taxation law, income Distributions to investors may comprise a combination of any available tax free, tax deferred and tax assessable components. Tax free distributions include the Capital Gains Tax (**CGT**) discount, if applicable, depending on the type of Investor. Tax deferred income will comprise that income which is sheltered by plant and equipment depreciation and by building allowances.

FEATURE	DESCRIPTION	FURTHER INFORMATION REFER SECTION
PROPERTY RESTORATION SERVICE	Included in the Lease Agreement is an obligation on DHA to ensure the property is returned in good order at lease end by providing a restoration service. This service entails each property being professionally cleaned, repainted and re-carpeted ² .	14
NO GEARING	The Manager does not intend to borrow nor enter into any derivative transactions.	8
VALUATION	An initial valuation of the Portfolio has been undertaken by a registered valuer selected and appointed by the Manager to determine the purchase price and initial gross weekly rental amount of the Portfolio.	12
OTHER INVESTMENTS	The Fund will hold monies raised under this Offer in cash and term deposits pending settlement of the acquisition of the Portfolio and for a short period following sale of the properties within the Portfolio towards the end of the term of the Fund, ahead of Distribution to Investors. The Manager may hold up to 3% of the Gross Asset Value of the Fund in cash and term deposits, except during the Fund divestment phase.	2
TERM	<p>The Fund will have a target initial investment term of ten (10) years.</p> <p>Six (6) months prior to the completion of the initial investment term, the Manager will either seek Investor approval by Ordinary Resolution to extend the term of the Fund for one (1) year if it is considered to be in the best interests of Investors, or proceed to terminate the Fund from the end of the initial investment term.</p> <p>The Manager will have the ability to undertake this same process to extend the term of the Fund for a further one (1) year term, should the term of the Fund be renewed after the initial investment term.</p> <p>It is the intention of the Manager to commence divestment of the Portfolio in Year Eight (8) of the Fund, which will coincide with Distributions of return of capital. The Fund Constitution provides discretion to commence divestment at any time, if it is in the best interest of the Unit holders.</p>	2
RISKS	<p>There are various risks typically associated with property based investment funds including:</p> <ul style="list-style-type: none"> • general investment risks; • fund specific risks; • fund manager risk; • investor risk; and, • other risks. <p>Investors should carefully consider all risks before investing.</p>	7

2 Subject to the length of the Lease Agreement and the obligations of any Body Corporate (or similar entity).

FEATURE	DESCRIPTION	FURTHER INFORMATION REFER SECTION
FUND TO BE CONSIDERED ILLIQUID	The Fund will not be liquid (pursuant to the definition of 'liquid' in the Corporations Act 2001). As there is no assured secondary market for Units in the Fund, Investors should consider their investment as long term and illiquid.	5
FEES AND COSTS	The Fund will incur fees and costs such as property management service fees, management fees, performance fees, general property expenses and administration expenses. These costs are ultimately borne by the Investor.	10
HOW TO APPLY	<p>All applications for an investment in the Fund must be made on the relevant Application Form attached to and forming part of this PDS.</p> <p>The completed Application Form and required certified documents together with the Application Amount must be lodged with the Manager before the Closing Date.</p> <p>The Application Amount will be used to purchase the Portfolio at the same time Units are issued to successful Investors.</p> <p>The Manager reserves the right to accept or reject, in whole or in part, any application for Units.</p> <p>To the extent the Manager does not accept an application, the Manager will refund the Application Amount (less taxes and bank charges, if any), without interest, within ten (10) Business Days.</p>	17



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INVESTMENT OVERVIEW

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

2.1 INTRODUCTION

The Fund is a closed end unlisted direct property fund, registered with ASIC as a managed investment scheme. The Manager is seeking to raise \$50 million by issue of 50 million Units to Investors at \$1.00 per Unit. The minimum initial investment per Investor will be \$5,000 and thereafter increments of \$1,000. The Offer will not proceed, and application monies will be returned in full (without interest) if valid applications are received by the Manager for less than \$45 million. The Offer opens on 3 July 2013 (Opening Date). The Offer is expected to close on 17 July 2013 (Closing Date) and Units issued to successful Investors by 24 July 2013 (Allotment Date), however, these dates are set at the sole discretion of the Manager.

2.2. INVESTMENT STRATEGY AND OBJECTIVES OF THE FUND

The Fund's objective is to provide Investors stable income streams combined with the potential for capital growth over the medium to longer term.

The Manager seeks to achieve this by providing Investors with exposure to a Portfolio of Australian residential property acquired from DHA.

The Fund's investment strategy is as follows:

- the Portfolio will be predominantly located in capital cities and some major regional centres around Australia and comprise freestanding houses, townhouses and apartments;
- there will be a maximum allocation to any single property of 2.5% of the total value of the Portfolio at the time of purchase into the Fund;
- the Fund will lease the Portfolio back to DHA;
- DHA will enter into tenancy agreements with ADF members who will occupy the properties; and,
- the lease term to DHA for each property under the Portfolio will range from nine (9) to twelve (12) years, consistent with the targeted term of the Fund. The lease expiry dates will be spread evenly over Years Nine (9), Ten (10), Eleven (11) and Twelve (12).

A description of the Portfolio is set out in Section 3 of this PDS.

2.3 SELECTION OF PROPERTIES

The properties were selected from a listing provided by DHA. When selecting properties a number of factors were taken into consideration, including the:

- gross rental yield;
- location of each property (with a preference for capital cities);
- age of the property;
- inclusion of apartments, consistent with demand for this style of accommodation in the local area; and,
- due diligence undertaken for each property such as title searches and pest and building reports.

The objective was to select a diversified Portfolio of residential properties, both in terms of location as well as type.

2.4 OTHER INVESTMENTS

The Fund may hold surplus monies raised under this Offer in cash and term deposits pending settlement of the acquisition of the Portfolio and during the divestment period. The Manager may hold up to 3% of the Gross Asset Value of the Fund in cash and term deposits, except during the Fund divestment period. Investments may include any deposit at call or for a term with an Australian Authorised Deposit-taking Institution within the meaning of the *Banking Act 1959*.

2.5 TERM OF THE FUND

The Fund will have a target initial investment term of ten (10) years.

Six (6) months prior to the completion of the initial investment term, the Manager will either seek Investor approval by Ordinary Resolution to extend the term of the Fund for one (1) year, if it is considered to be in the best interests of Investors, or proceed to terminate the Fund from the end of the initial investment term.

The Manager will have the ability to undertake this same process to extend the term of the Fund for a further one (1) year term, should the term of the Fund be renewed after the initial investment term.

It is the intention of the Manager to commence divestment of the Portfolio in Year Eight (8) of the Fund, which will coincide with Distributions of return of capital. The Fund Constitution provides discretion to commence divestment at any time, if it is in the best interest of the Unit holders.

2.6 PROPERTY ASSET MANAGEMENT

The Manager will manage the Portfolio during the term of the Fund. The day-to-day management of the individual properties will be undertaken by DHA, in accordance with its obligations under the Lease Agreement.

2.7 SALES STRATEGY

The Manager intends to appoint an **Investment Committee** to review and approve any proposal to sell properties within the Portfolio and to act in the best interests of Investors. The Investment Committee will comprise members with relevant backgrounds, including property industry experience. The Lease Agreement between DHA and the Fund outlines DHA's option to purchase the properties.

In summary:

If at any time the Fund intends to sell a property, then it must grant DHA the first right to purchase. The Fund must give DHA written notice of its intention, the proposed sale price (which must be no less than the current market value, supported by a market valuation) and the terms and conditions for the sale of the property.

Upon notice being given, DHA has one (1) month to accept the right to purchase. If DHA declines, the Fund may sell the property to any other party. The Manager has the option to engage DHA to manage the sale process on the Fund's behalf.

2.8 RESIDENTIAL MARKET COMMENTARY

Characteristics of the Market

The Australian residential property market is made up of approximately 7.76 million dwellings³. Dwellings broadly consist of:

- freestanding houses;
- semi-detached, row or terrace houses and/or townhouses; and,
- flats, units and apartments.

Residential property continues to be one of the major investment assets for the majority of Australians. Almost 30% of all occupied dwellings nationally are rented with a high proportion of these dwellings considered 'investment assets'.

³ Australian Bureau of Statistics (ABS), *Census 2011*.

Table 1 provides a breakdown of the number of occupied dwellings per area listed and nationally, as well as the split between owner occupied and rented. The predominant dwelling type within the Australian residential property market continues to be freestanding separate houses; consistently accounting for approximately 75% of all occupied dwellings since the 1996 Census.

Table 1: Australian Dwellings by Location, Ownership and Type

LOCATION	NUMBER OF DWELLINGS	% OWNER OCCUPIED	% RENTED	% DWELLINGS, SEPARATE HOUSES	% DWELLINGS, 3 AND 4 (OR MORE) BEDROOMS
Adelaide	0.475m	67.9%	28.1%	77.2%	74.1%
Brisbane	0.732m	64.1%	33.0%	79.0%	78.5%
Canberra	0.143m	67.1%	30.8%	72.1%	78.8%
Darwin	0.039m	54.6%	41.9%	64.2%	67.2%
Newcastle/Hunter Valley	0.088m	69.5%	27.2%	87.8%	79.9%
Ipswich	0.095m	62.7%	34.1%	91.2%	85.1%
Melbourne	1.431m	69.5%	27.2%	72.6%	72.8%
Perth	0.627m	69.1%	27.6%	78.6%	81.8%
Sydney	1.521m	65.2%	31.6%	60.9%	65.8%
Townsville	0.077m	60.8%	35.7%	82.5%	75.8%
NATIONAL	7.760m	67.0%	29.6%	75.6%	73.9%

Source: ABS, *Census 2011*

Changes in the Market

The residential property market is impacted by many factors including, but not limited to:

- inflation;
- rental yields;
- interest rates;
- population growth;
- unemployment;
- demand for housing;
- housing supply;
- tax rates and government policy;
- cost of private mortgage debt;
- interstate and overseas migration; and,
- general economic conditions.

At a high level, these factors will combine to have an influence on the level of underlying demand and supply in the residential property market at any one point in time.

Underlying Demand

Underlying demand for new dwellings is largely driven by the formation of new households. This in turn is impacted by factors such as natural population growth, net migration (both overseas and interstate), changing age structures and changes in demographics⁴.

Supply

The supply of new dwellings and the level of building activity are dependent on the underlying demand for new dwellings. However it is important to note that decisions around construction will also be impacted by government policy. Factors such as new land releases, zoning, levies for developers and overall construction costs will all have an impact on new constructions. Even where underlying demand exists, constructions may not be possible due to these factors and in recent years the overall estimated stock deficiency nationally has been in excess of 80,000 dwellings⁵.

4 BIS Shrapnel, *Residential Property Prospects 2014–16*.

5 BIS Shrapnel, *Residential Property Prospects 2014–16*.





PROPERTY PORTFOLIO SUMMARY

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3.1 PROPERTY PORTFOLIO

The following tables and charts provide is a summary of the properties which will comprise the Portfolio at the Allotment Date. This is based upon the assumption that the full amount is raised under the Offer.

Table 2: Portfolio Summary

DESCRIPTION	PORTFOLIO
Total number of properties	83
Total value of properties	\$47,115,000
Average property value	\$567,651
Weighted average gross rental yield	5.08%
Average age (years)	3.6

Chart 1: Value of Properties per State or Territory

Chart 2: Number of Properties per State or Territory

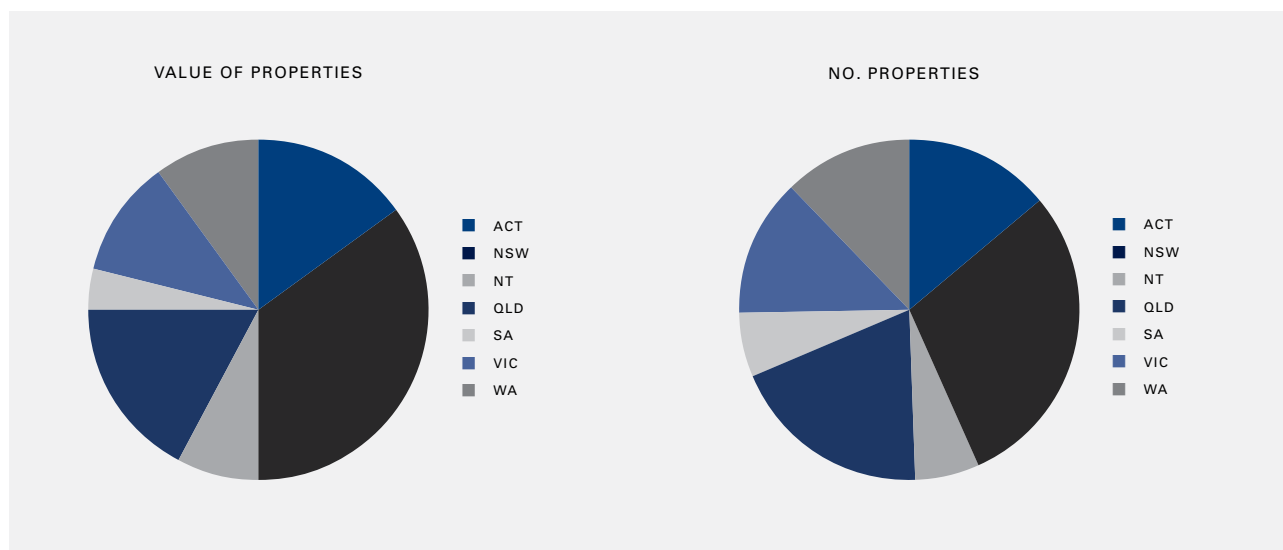


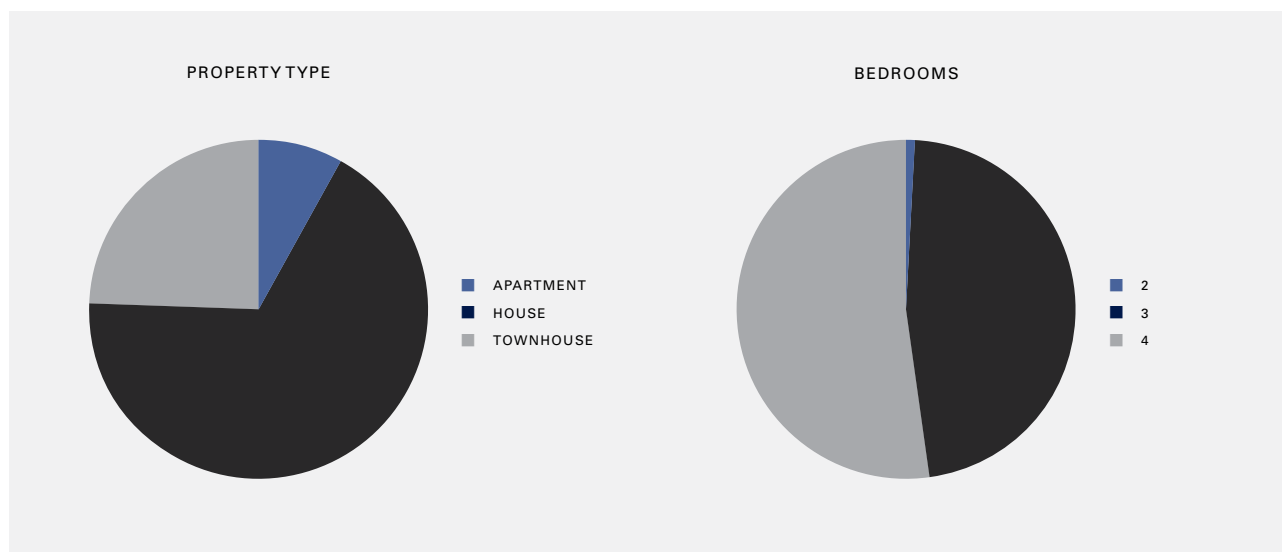
Table 3: Property Breakdown by State or Territory

STATE	VALUE OF PROPERTIES (AS AT ALLOTMENT DATE)	PROPERTY VALUE OF THE PORTFOLIO (%)	PROPERTY AVERAGE AGE (YEARS)	NUMBER OF PROPERTIES	NUMBER OF THE PROPERTIES (%)
ACT^	\$6,915,000	15%	6.9	12	15%
NSW	\$16,515,000	35%	3.8	24	29%
NT	\$3,820,000	8%	0.4	5	6%
QLD	\$7,985,000	17%	2.5	16	19%
SA	\$1,880,000	4%	3.8	5	6%
VIC	\$5,150,000	11%	2.7	11	13%
WA	\$4,850,000	10%	3.4	10	12%
NATIONAL	\$47,115,000	100%	3.6	83	100%

^ ACT includes Jerrabomberra and Queanbeyan properties that border the ACT but are actually located in NSW.

Chart 3: Property Type

Chart 4: Number of Bedrooms



3.2 BUILDING DESIGN SPECIFICATIONS FOR DHA HOUSES

Most of DHA's portfolio comprises three (3) or four (4) bedroom, two (2) bathroom, two (2) garage freestanding houses, however increasing numbers of townhouses, apartments and units are being constructed and acquired.

When DHA commissions a new dwelling to be built, all design and construction complies with (but is not limited to) the requirements of:

- Building Code of Australia (BCA) and the Deemed-to-Satisfy provisions;
- Australian Standards (AS and ASNZ) relevant to the work;
- State or Territory, Local Authority and Statutory Requirements;
- House Building Certification Fund, Owners and Contractors contributions;
- National Code of Practice for the Construction Industry;
- *Building and Construction Industry Improvement Act 2005* (where applicable);
- utility companies – power, water, gas, telecommunications; and
- specific estate design guidelines, encumbrances and covenants.

DHA intends to construct efficient and livable housing solutions and, as such, since 1 July 2010 it has required all new housing to meet a minimum six (6) star energy efficiency rating. Where possible, it also requires new housing to comply with the Australian Government's *Livable Housing Design Guidelines – Silver Level*.

DHA focuses on five (5) key sustainability areas: energy consumption, water consumption, effective waste management, human wellbeing and the biodiversity of local flora and fauna. These principles are in accordance with the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth).










DHA houses comprise quality fixtures and fittings. In terms of amenity, they generally include the following:

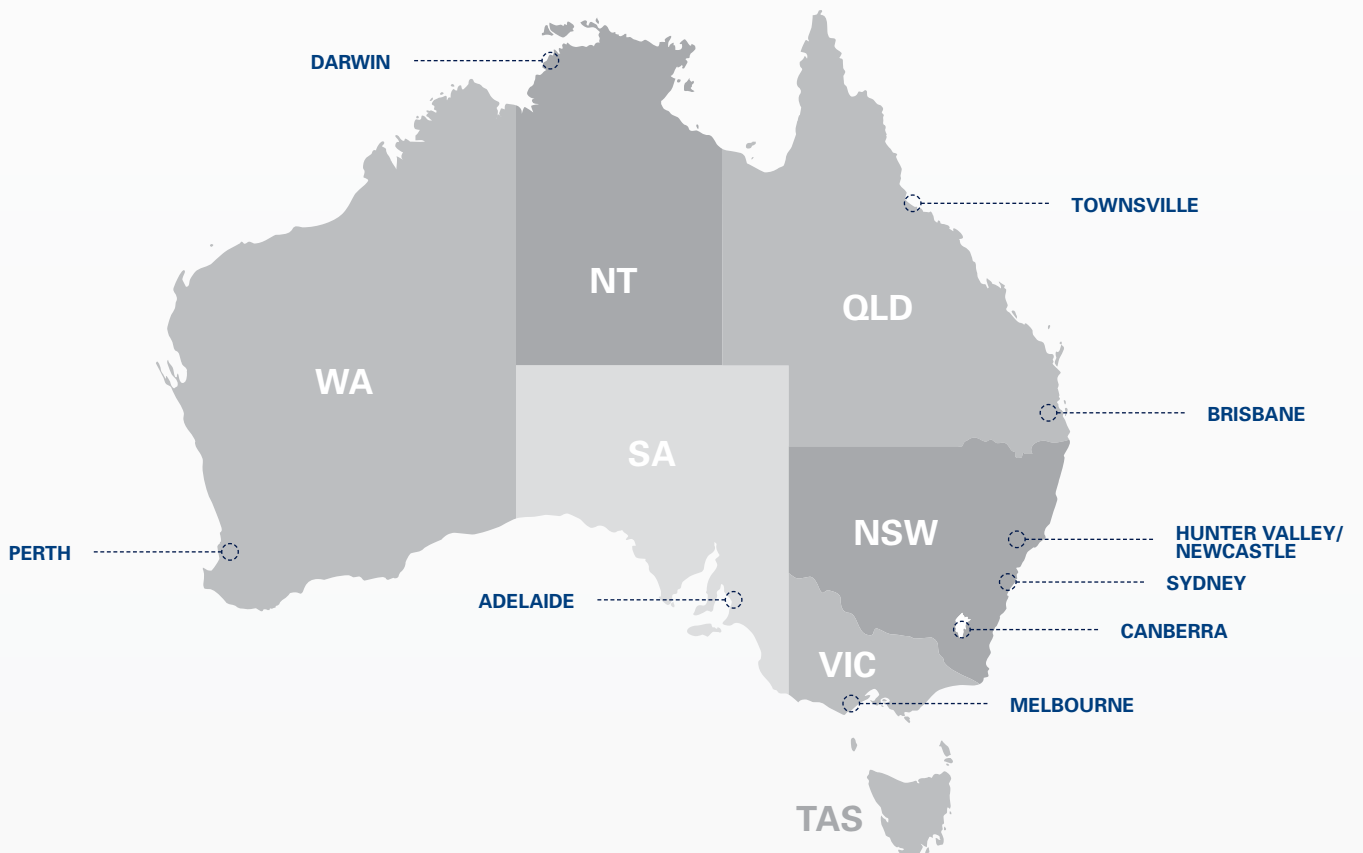
- three or four bedrooms, the main with ensuite;
- lounge room and separate dining or meals area;
- main bathroom with bath and separate shower recess, and vanity unit;
- separate toilet;
- separate laundry;
- double garage;
- covered outdoor entertaining area;
- heating and/or air-conditioning; and
- landscaping (to complement the area).

Large DHA houses generally also include the following:

- family or rumpus room;
- study; and
- additional bedrooms.

3.3 GEOGRAPHIC DIVERSIFICATION

								
DARWIN	TOWNSVILLE	BRISBANE	NEWCASTLE	PERTH	SYDNEY	CANBERRA	MELBOURNE	ADELAIDE
5	2	14	2	10	22	12	11	5



Adelaide

The Portfolio includes five (5) properties in Adelaide. All are in close proximity to Defence establishments and are well located in relation to amenities and points of interest. Clearview, Munno Para and Munno Para West are a short drive to major shopping centres, schools and amenities. Greenwith is hilly with numerous park areas, most with children’s playgrounds and several with lakes, creeks or scenic walking trails. Nairne is a popular historic township nestled in the Adelaide Hills, which is only 30 minutes from the Central Business District (CBD).

Table 4: Adelaide Properties

SUBURB	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
CLEARVIEW	1	\$435,000	\$390	4.66%	2km	11km
GREENWITH	1	\$410,000	\$410	5.20%	15km	25km
MUNNO PARA	1	\$330,000	\$310	4.88%	12km	33km
MUNNO PARA WEST	1	\$325,000	\$330	5.28%	9km	40km
NAIRNE	1	\$380,000	\$360	4.93%	9km	39km

Brisbane

The fourteen (14) Brisbane properties are all well located in relation to Defence bases and amenities. Carseldine is well serviced by public transport and in close proximity to the large Chermside Westfield Shopping Centre. Doolandella is an established suburb with numerous child care centres, schools and sporting facilities close by. Located right next to Enoggera Barracks and close to the city, the established suburbs of Enoggera, Everton Park and Gaythorne are well located with various shopping and medical facilities and good transport links, including the Enoggera rail-bus interchange and good access to arterial roads. Ferny Grove is nestled alongside the natural beauty of Brisbane Forest Park and within close proximity to various amenities. Upper Kedron is suited to families with parks providing numerous walkways and bikeways. The suburb’s schools and shopping facilities are primarily located in neighbouring suburbs.

Table 5: Brisbane Properties

SUBURB	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
CARSELDINE	3	\$391,667	\$392	5.20%	13km	18km
DOOLANDELLA	1	\$425,000	\$430	5.26%	28km	19km
ENOGERA	2	\$650,000	\$640	5.12%	2km	8km
EVERTON PARK	4	\$558,750	\$550	5.14%	4km	10km
FERNY GROVE	2	\$542,500	\$520	4.98%	8km	16km
GAYTHORNE	1	\$450,000	\$460	5.32%	2km	9km
UPPER KEDRON	1	\$490,000	\$500	5.31%	8km	15km

Canberra

The new suburbs of Crace and Harrison in Canberra's north are both in close proximity to large shopping centres and amenities at Gungahlin and Belconnen. Located close to Canberra's border with NSW, Jerrabomberra and Queanbeyan are well located near HMAS Harmon and Headquarters Joint Operations Command (HQJOC). Local shopping and medical facilities as well as schools feature prominently. The inner city location of Turner is highly sought-after by professional couples. Over 50% of the suburb is rented accommodation.

Table 6: Canberra Region Properties

SUBURBS	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
CRACE	4	\$522,500	\$549	5.47%	16km	16km
HARRISON	1	\$600,000	\$590	5.11%	14km	13km
JERRABOMBERRA	4	\$610,000	\$609	5.20%	8km	15km
QUEANBEYAN	1	\$565,000	\$590	5.43%	4km	12km
QUEANBEYAN EAST	1	\$530,000	\$530	5.20%	2km	14km
TURNER	1	\$690,000	\$700	5.28%	8km	6km

Darwin

The suburbs of Lyons and Muirhead were developed by DHA in partnership with CIC Australia and Investa respectively. Located in Darwin's north, both are well planned, attractive neighbourhoods that provide residents convenient access to daily needs while respecting Darwin's tropical climate. Leafy streetscapes and landscaped parklands, drawing their essential character from the coastal landscape of Lee Point, provide the setting for relaxation and play.

Table 7: Darwin Properties

SUBURBS	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
LYONS	1	\$780,000	\$825	5.50%	11km	15km
MUIRHEAD	4	\$760,000	\$780	5.34%	12km	16km

Newcastle

Anna Bay is an idyllic location, close to Port Stephens the CBD and right on the beach with easy access to surfing, fishing and golf. Fern Bay is a short drive to both Williamstown Airbase and Newcastle, with easy access to Nelson Bay and Stockton Beach.

Table 8: Hunter Valley/Newcastle Properties

SUBURBS	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
ANNA BAY	1	\$335,000	\$360	5.59%	29km	12km^
FERN BAY	1	\$420,000	\$500	6.19%	14km	16km

^ Distance to Port Stephens

Melbourne

The eleven (11) properties in Melbourne are well located to Defence bases and all have access to good local amenities and easy access to freeways. Doreen, Epping and Mernda offer the benefits of suburban life in close proximity to a rural setting. Close to the beach and with its own town centre, Hastings offers amenity and lifestyle. A major growth region in Melbourne's west, Point Cook is home to the RAAF Base Williams and the RAAF Museum. Waterways has extensive parklands and walking paths.

Table 9: Melbourne Properties

SUBURBS	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
BLACKBURN	1	\$640,000	\$475	3.86%	18km	19km
DOREEN	3	\$413,333	\$380	4.78%	17km	33km
EPPING	1	\$465,000	\$360	4.03%	13km	23km
HASTINGS	1	\$415,000	\$380	4.76%	7km	70km
MELBOURNE	1	\$500,000	\$525	5.46%	3km	0km
MERNDA	1	\$380,000	\$355	4.86%	18km	30km
POINT COOK	2	\$470,000	\$385	4.26%	2km	28km
WATERWAYS	1	\$570,000	\$550	5.02%	14km	34km

Perth

Baldivis, Beeliar, and Secret Harbour service HMAS Stirling, Garden Island. They are closer to the beachside city of Rockingham which is located approximately 50 kilometres from the Perth CBD. Banksia Grove features lush open spaces, walking and cycling trails. Rivervale is in close proximity to Burswood Entertainment Complex, the Swan River and the Perth CBD.

Table 10: Perth Properties

SUBURBS	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
BALDIVIS	3	\$408,333	\$433	5.52%	20km	12km [^]
BANKSIA GROVE	1	\$440,000	\$445	5.50%	25km	34km
BEELIAR	1	\$520,000	\$535	5.35%	29km	21km [^]
RIVERVALE	2	\$625,000	\$575	4.78%	13km	7km
ROCKINGHAM	1	\$480,000	\$480	5.20%	9km	0km [^]
SECRET HARBOUR	2	\$467,500	\$495	5.51%	25km	17km [^]

[^] Distance to Rockingham

Sydney

Beaconsfield is located 5 kilometres south of the Sydney CBD and is part of the local government area of the City of Sydney. Botany and Mascot are near Sydney Airport and the CBD. Caringbah is located in the Sutherland Shire and close to popular Cronulla beach. Carlingford, Dundas, Eastwood and Ermington are all close to Parramatta with easy access to the M2 motorway. Concord West and Newington are in close proximity to Sydney Olympic Park and Sydney Markets. Kellyville Ridge and The Ponds have easy access to the M7 motorway and are close to Rouse Hill Town centre with 200 retail outlets. Killara is an upper north shore suburb with good amenities and is close to Lane Cove National Park. Little Bay is close to Maroubra and Coojee beaches. Marsfield and North Ryde are in close proximity to Macquarie University. Located close to the RAAF Base Richmond, North Richmond is in a semi-rural area.

Table 11: Sydney Properties

SUBURB	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
BEACONSFIELD	1	\$700,000	\$680	5.05%	5km	6km
BOTANY	1	\$650,000	\$650	5.20%	7km	9km
CARINGBAH	3	\$630,000	\$610	5.04%	24km	24km
CARLINGFORD	1	\$600,000	\$640	5.55%	33km	22km
CONCORD WEST	2	\$720,000	\$690	4.98%	14km	15km
DUNDAS	2	\$645,000	\$615	4.96%	21km	22km
EASTWOOD	1	\$775,000	\$725	4.86%	17km	18km
ERMINGTON	1	\$630,000	\$610	5.03%	18km	19km
KELLYVILLE RIDGE	1	\$600,000	\$610	5.29%	18km	40km
KILLARA	1	\$950,000	\$850	4.65%	13km	15km
LITTLE BAY	2	\$1,150,000	\$950	4.30%	6km	15km
MARSHFIELD	1	\$675,000	\$700	5.39%	14km	17km
MASCOT	1	\$690,000	\$720	5.43%	5km	8km
NEWINGTON	1	\$840,000	\$800	4.95%	9km	20km
NORTH RICHMOND	1	\$590,000	\$520	4.58%	9km	65km
NORTH RYDE	1	\$680,000	\$610	4.66%	12km	15km
THE PONDS	1	\$460,000	\$530	5.99%	19km	42km

Townsville

Bushland Beach is close to a beautiful stretch of beach where fishing, swimming and water activities are permitted. Located on the Ross River, Douglas has parks, gardens and walkways. Both suburbs are well located within minutes of schools, amenities, Townsville General Hospital and Lavarack Barracks.

Table 12: Townsville Properties

SUBURBS	NO.	AVERAGE CAPITAL VALUE (\$)	AVERAGE WEEKLY RENT (\$)	AVG. GROSS RENTAL YIELD	DISTANCE TO NEAREST DEFENCE BASE	DISTANCE TO CBD
BUSHLAND BEACH	1	\$375,000	\$390	5.41%	20km	23km
DOUGLAS	1	\$450,000	\$450	5.20%	9km	11km

4

THE MANAGER – DHA INVESTMENT MANAGEMENT LIMITED

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

4.1 RESPONSIBLE ENTITY

DHA IML is the Manager and the issuer of the Units in the Fund. The Manager is a wholly owned subsidiary of DHA. The Manager is responsible for the operation and management of the Fund and must perform in accordance with its duties as the Responsible Entity of the Fund under the Corporations Act, the Fund's **Constitution** and the Fund's **Compliance Plan**. Among other duties, the Manager must act honestly, with care and diligence and in the best interests of Investors.

As at the date of this PDS, the Directors of the Manager are:

- Carol Holley (Chair);
- Peter Howman; and,
- Michael Del Gigante.

Ms Holley and Mr Howman are also Directors of DHA. The Directors have been appointed for an initial term of twelve (12) months.

DIRECTORS OF THE MANAGER

MS CAROL HOLLEY BA FCA FAICD



Ms Holley was appointed as Chairperson and Non-Executive Director of the Manager on 12 December 2012. She has also held a position on the DHA Board since 23 November 2009 and was appointed to the DHA Board Property Committee in July 2011.

Ms Holley's current board appointments include Non-Executive Director and Chair of the Audit Committee of Australian Pharmaceutical Industries Limited and Independent Member of the Audit Committee of Sinclair Knight Merz.

In addition, Ms Holley is the Independent Chair of the Risk Management and Audit Committees of the NSW Police Force, the NSW Department of Planning and Infrastructure, Land and Housing Corporation, and the National Health Funding Body.

Ms Holley was a Partner of Hill Rogers, Chartered Accountants, for twenty five (25) years, and holds a Bachelor of Arts from the University of Sydney. She is also a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

In the course of her career Ms Holley has participated in two (2) initial public offerings and several capital raisings. Ms Holley's previous board appointments include nine (9) years as Non-Executive Director of Cochlear Limited and three (3) years as non-executive Chair of Resource Pacific Limited.

MR PETER HOWMAN
MBA GDIPCOMPSC GDIPBUS

Mr Howman was appointed as an Executive Director of the Manager on 12 December 2012. He was appointed Managing Director of DHA in February 2013.

Mr Howman joined DHA in October 2007 as Chief Operating Officer. In this role he was responsible for operational management of DHA, and worked closely with the then Managing Director in setting the strategic direction and management of the organisation.

Before joining DHA, Mr Howman was the General Manager Commercial Systems at Thales and was responsible for order capture and project delivery of commercial information and communications technology solutions in the security, transport and infrastructure enterprise domains. He has also held senior executive positions with major global companies including the Boeing Company, Hewlett Packard, Lockheed Martin, Siemens Plessey and Rockwell Collins.

Mr Howman has a wealth of firsthand experience with Defence through his twenty one (21) years of service with the Royal Australian Air Force.

MR MICHAEL DEL GIGANTE
BCOM (HONS), MCOM, MBA,
FCPA, FICD

Mr Michael Del Gigante was appointed Director of the Manager on 12 December 2012.

He is also a Director of Adelphi Consulting, the Italian Chamber of Commerce and Industry and a member of the Advisory Board of the Royal Australian Mint.

In the previous eight (8) years he was Managing Director of DHA. Prior to this role, he was Chief Financial Officer of ActewAGL, a large electricity, water and gas utility company in Canberra.

Mr Del Gigante has also held senior positions with the World Bank, the Inter-American Investment Corporation in Washington, DC; the Banco Di Santo Spirito, Italy; and Verizon (previously GTE), a large US telecommunications company, both in Europe and the United States.

He is a Fellow of the Australian Institute of Company Directors and has studied at Harvard Business School, Boston University, University of NSW and ENI Business School Milan.

A **Compliance Committee** has been appointed by the Manager to monitor compliance in line with the Compliance Plan, the Constitution and the Corporations Act. The members of the Compliance Committee include two independent members, being Penni James (Chair) and Graeme MacLaren, and Jon Brocklehurst (DHA Chief Financial Officer and DHA IML Responsible Manager).

4.2 OVERVIEW OF DEFENCE HOUSING AUSTRALIA (DHA)

DHA was formed under the *Defence Housing Australia Act 1987* (Cth) with the main function of providing housing and related services to members of the ADF and their families. DHA provides housing for both married and single members of the ADF.

DHA is a GBE which operates under the provisions of the *Commonwealth Authorities and Companies Act 1997*. In addition to meeting its contractual obligations with the Department of Defence it must maintain a strong balance sheet and meet shareholder return obligations under the provisions of this Act. It has a Standard & Poors long term credit rating of AA+.

DHA is active in the Australian residential property market as a developer, creating sustainable communities of ADF members, private owners and tenants. Its current portfolio of developments includes projects with a total value in excess of \$1 billion in Darwin, Townsville, Brisbane, Sydney, Canberra and Adelaide. DHA also constructs, purchases and leases freestanding houses, townhouses and apartments.

DHA is a large property manager. It allocates housing to ADF members and manages the resulting tenancies. DHA also allocates on-base living-in accommodation to mostly single ADF members of all three services.

DHA's total portfolio comprises approximately 19,000 properties Australia-wide, worth around \$10 billion. A proportion of properties are owned by DHA, some are owned by the Department of Defence (for example, on-base properties) and more than 12,000 properties are owned by private investors.

Although 100% Government owned, DHA is not funded from the Federal Budget. Its main source of funding is the sale of properties through its Sale and Leaseback program. It also raises capital through the sale of land lots from its major developments and from the disposal of properties that are surplus to Department of Defence requirements.

4.3 DHA'S INVOLVEMENT WITH THE FUND

DHA is undertaking key roles in connection with the Fund including:

- selling a portfolio of properties to the Fund;
- leasing the properties from the Fund;
- managing the tenancies of ADF members occupying the properties;
- managing the Portfolio and organising any required maintenance;
- holding rights to purchase the property within the Portfolio and/or be appointed to facilitate the sale of a property, where being disposed; and,
- supporting the operations of the Manager.

The Manager is of the opinion that the various roles of DHA in relation to the Offer are a positive feature. DHA is considered a leader in the property industry and has over twenty five (25) years' experience in managing Defence housing and in the roles required to successfully undertake this task.

The fees payable to DHA in connection with these roles are detailed in Section 10 of this PDS. The returns forecast in this PDS are calculated after taking into account all fees to be paid to DHA during the Forecast Period.



INVESTMENT IN THE FUND

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

5.1 THE FUND

The Fund is an unlisted closed end direct property fund, registered with ASIC as a managed investment scheme. The Manager has appointed the Custodian to hold the assets of the Fund. Investors are offered the opportunity to subscribe for Units in the Fund.

The Fund will not be liquid (pursuant to the definition of 'liquid' in the Corporations Act). As there is no assured secondary market for Units in the Fund, Investors should consider their investment long term and illiquid.

5.2 PARTICIPATION IN THE FUND

A person may participate in the Fund only by applying for and acquiring Units in the Fund. Each person who is allotted Units, or who acquires Units by transfer from another Investor, is bound by the terms of the Constitution.

Persons may be jointly registered as the holder of Units and will hold those interests as joint tenants and not as tenants in common unless the Manager otherwise agrees.

5.3 INCOME AND DISTRIBUTION

Income of the Fund is calculated on an accruals basis in accordance with generally accepted accounting principles and commercial practice.

Any income available for Distribution to Investors will be distributed at quarterly intervals. The Manager must distribute the distributable income of the Fund no later than two (2) months after the end of the relevant accounting period.

Each Investor receives its proportion of the distributable income of the Fund calculated on the ratio of the number of Units in the Fund held by the Investor to the total number of Units on issue in the Fund at the relevant time.

Distributions from the Fund will be paid directly into an Australian bank account or other account with a financial institution where there is a branch in Australia. The Manager will not pay by cheque.

Please note, where an Investor is investing through a master fund or Investor-Directed Portfolio Service (**IDPS**), the operator may pay income at different times and via different methods than stated above. More information is provided in this Section 5.

5.4 TRANSFER OR SALE OF UNITS

An Investor may transfer Units in the Fund if a buyer has been arranged to purchase the Units:

- Only if the transfer does not result in either the Investor, as transferor, or the transferee, holding a number of Units in the Fund that is less than any required minimum holding; and
- In accordance with and subject to any limitations as to transfer provided in this PDS or the Fund's Constitution.

The Manager may refuse a transfer without giving any reason and provides no guarantee that Investors will be able to dispose of their Units by way of sale to existing or new Investors.

The imposition of transaction costs incurred in connection with any transfer, or proposed transfer, of Units on Investors, such as registry and payment costs, will be at the discretion of the Manager. Any stamp duty resulting from the transactions is the responsibility of either the buyer or seller of the Units.

5.5 REDEMPTION OR REPURCHASE OF UNITS

Investors have no right to withdraw their investment in the Fund. Under the Fund's Constitution, the Manager does not have any obligation to buy back, redeem or repurchase any Units from an Investor.

5.6 MASTER TRUSTS AND WRAP ACCOUNTS

Indirect Investors investing through an IDPS or IDPS-like scheme (often referred to as master trusts, wrap accounts, nominee or custody services) do not complete the Application Form in this PDS and do not become Investors in the Fund.

As such they do not acquire the rights of an Investor in the Fund. The operator of the IDPS scheme acquires such rights and can exercise, or may decline to exercise, them on behalf of Indirect Investors.

Indirect Investors do not receive income or reports directly from the Manager nor are they entitled to attend Investor meetings or participate in the winding up of the Fund.

Application and redemption amounts and processing times will depend on the internal administrative procedures of the IDPS or IDPS-like scheme. The amount and timing of Distributions an Indirect Investor receives may also differ from those received by direct Investors and from those referred to in this PDS.

Indirect Investors should refer to the documentation relating to their IDPS or IDPS-like scheme for further information, including details of any additional fees and charges that may apply.



6

DISCLOSURE PRINCIPLES AND BENCHMARK INFORMATION

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

6.1 INTRODUCING THE DISCLOSURE PRINCIPLES AND BENCHMARKS

ASIC has developed eight (8) disclosure principles and six (6) benchmarks for unlisted property schemes to assist investors in understanding the risks and deciding whether the investment is suitable for them.

These benchmarks and disclosure principles are set out in *ASIC Regulatory Guide 46 Unlisted property schemes – Improving disclosure for retail investors*, which is available on ASIC’s website at www.asic.gov.au.

Tables 13 and 14 summarise the disclosure principles and benchmark information in this PDS and refers Investors to sections where this information is dealt with in more detail. The information in this table is current as at the date of this PDS.

Updates to the disclosure principles and benchmark information are undertaken every six (6) months and will be available to Investors at www.dhaim.com.au or on request. If there is a material change to the benchmark or disclosure principles information, the Manager will notify Investors by sending a **Significant Event Notice** (refer to Section 13 of this PDS). If a change is materially adverse, a supplementary PDS will be provided to Investors.

Table 13: Disclosure Principles

DISCLOSURE PRINCIPLE 1 GEARING RATIO	FURTHER INFORMATION
<i>The gearing ratio gives an indication of the potential risks a managed property fund faces in terms of its level of borrowings due to, for example, an increase in interest rates or a reduction in property values. A higher gearing ratio means a higher reliance on external liabilities to fund assets.</i>	
The Manager does not intend to borrow.	Section 8
DISCLOSURE PRINCIPLE 2 INTEREST COVER RATIO	FURTHER INFORMATION
<i>Interest cover refers to the ability of a fund to service interest expense on debt from earnings. The higher the ratio, the more easily the fund can meet its interest payments.</i>	
The Manager does not intend to borrow.	Section 8
DISCLOSURE PRINCIPLE 3 SCHEME BORROWING	FURTHER INFORMATION
<i>Borrowing maturities and credit facility expiry profiles are important information where a fund borrows to invest.</i>	
The Manager does not intend to borrow.	Section 8
DISCLOSURE PRINCIPLE 4 PORTFOLIO DIVERSIFICATION	FURTHER INFORMATION
<i>Generally, the more diversified a portfolio, the lower the risk that an adverse event affecting one property or one lease will have on the overall portfolio.</i>	
A diverse mix of properties has been selected across major capital cities and selected major regional centres with no single property representing more than 2.5% of the total Portfolio value at the time of purchase into the Fund. All the Portfolio properties are leased to a single tenant, being DHA.	Section 3 Section 12 Section 14

DISCLOSURE PRINCIPLE 5 RELATED PARTY TRANSACTIONS	FURTHER INFORMATION
<p><i>Related party transactions carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. A significant number or value of related party transactions increases the risk of potential conflicts of interest.</i></p>	
<p>The Manager's Conflicts of Interest and Related Party Transactions Policy provides a framework for the review of the terms of all related party transactions and agreements. The policy details the circumstances, terms and conditions as to when related party transactions will be appropriate. The basic principles are that related party transactions should be in the best interests of Investors and on arm's length terms. This policy is reviewed by the Compliance Committee at least on an annual basis. The Responsible Entity will:</p> <ul style="list-style-type: none"> • purchase the Portfolio properties from DHA; and • enter into Leases Agreements with DHA which includes property management. <p>The Responsible Entity may sell properties or investments to DHA (pursuant to a first right of purchase) or to another fund managed by the Manager but for no less than the price provided in the most recent market valuation obtained for that property.</p> <p>There may be common Directors on the Board of the Manager and DHA.</p> <p>All transactions in which the Manager may have, or may be perceived to have, a conflict of interest will be conducted in accordance with the Manager's Conflicts of Interest and Related Party Transactions Policy. Under this policy, the Manager is required to identify and manage conflicts of interest (e.g. disclose conflicts of interests to Investors in a manner that is timely, prominent, specific and meaningful).</p>	Section 4
DISCLOSURE PRINCIPLE 6 DISTRIBUTION PRACTICES	FURTHER INFORMATION
<p><i>Some property funds make distributions partly or wholly from unrealised revaluation gains and/or capital rather than solely from realised income. This may not be commercially sustainable over the longer term, particularly where property values are not increasing.</i></p>	
<p>Distributions are paid quarterly and will be sourced from cash from operations, which includes net income and net sale proceeds derived from residential property. The Manager's Distribution Policy is aligned to the ongoing earning capacity of the Fund. The Manager considers that the forecast income Distribution is sustainable over the next twelve (12) months.</p>	Section 8
DISCLOSURE PRINCIPLE 7 WITHDRAWAL ARRANGEMENTS	FURTHER INFORMATION
<p><i>Unlisted property funds often have limited or no withdrawal rights. This means they are usually difficult to exit.</i></p>	
<p>The Manager does not intend to offer withdrawal arrangements. However, a transfer or sale of Units may be possible where a willing buyer has been identified.</p>	Section 5

DISCLOSURE PRINCIPLE 8 NET TANGIBLE ASSETS (NTA)	FURTHER INFORMATION
<p><i>A NTA calculation helps investors understand the value of assets upon which the value of their unit is determined.</i></p>	
<p>The Manager has calculated the (Net Tangible Asset) on a per Unit basis as follows:</p> <p><u>Net assets – intangible assets +/- any adjustments</u> Number of Units in the scheme on issue</p> <p>The estimated NTA value for each Unit will be approximately \$0.94 on the Allotment Date, based on the valuation in Section 12 of this PDS (\$47,115,000) and assuming the Offer is fully subscribed.</p> <p>The Fund's net assets consist of the Portfolio properties measured at fair value at Allotment Date, cash held and accrued liabilities incurred at Allotment Date for acquisition costs. No other adjustments are used in the calculation. The NTA calculation assists Investors in understanding the value of the assets upon which their Unit holding value is based and identifying Fund risks.</p>	Section 8

Table 14: Benchmark Information

BENCHMARK 1 GEARING POLICY	IS THE BENCHMARK MET?
<i>The responsible entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.</i>	Yes – The Manager does not intend to borrow.
BENCHMARK 2 INTEREST COVER POLICY	IS THE BENCHMARK MET?
<i>The responsible entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level</i>	Yes – The Manager does not intend to borrow.
BENCHMARK 3 INTEREST CAPITALISATION	IS THE BENCHMARK MET?
<i>The interest expense of the scheme is not capitalised</i>	Yes – The Manager does not intend to borrow.

**BENCHMARK 4
VALUATION POLICY**

The responsible entity maintains and complies with a written valuation policy that requires:

(a) a valuer to:

(i) be registered or licensed in the relevant state, territory or overseas jurisdiction in which the property is located (where a registration or licensing regime exists), or otherwise be a member of an appropriate professional body in that jurisdiction; and

(ii) be independent;

(b) procedures to be followed for dealing with any conflicts of interest;

(c) rotation and diversity of valuers;

(d) valuations to be obtained in accordance with a set timetable; and

(e) for each property, an independent valuation to be obtained:

(i) before the property is purchased:

(A) for a development property, on an 'as is' and 'as if complete' basis; and

(B) for all other property, on an 'as is' basis; and

(ii) within two months after the directors form a view that there is a likelihood that there has been a material change in the value of the property.

IS THE BENCHMARK MET?

No - Although paragraphs (a)(i) and (b) to (e) are met.

In relation to paragraph (a)(ii), the valuer will be appointed from a national panel of registered qualified valuers expert in their state, territory or local area.

It is possible that some of the valuers on the panel will comprise firms that have previously provided valuations to DHA.

Valuations are based on market value and are on an 'as is' basis.

Valuations have been undertaken by qualified registered valuers prior to the properties being purchased to determine the purchase price and will be undertaken on an annual basis.

Each valuer will not perform more than two (2) consecutive valuations on a property.

Refer to Section 12 of this PDS for more information.

**BENCHMARK 5
RELATED PARTY TRANSACTIONS**

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.

IS THE BENCHMARK MET?

Yes – A register will be maintained with all related party transactions duly approved by the Manager consistent with the Conflicts of Interest and Related Party Transactions Policy.

**BENCHMARK 6
DISTRIBUTION PRACTICES**

The scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution.

IS THE BENCHMARK MET?

Yes.



7

SIGNIFICANT RISKS

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

7.1 RISKS OF INVESTING IN THE FUND

As with most investments, the performance of the Fund and the value of the Units may be influenced by a number of risk factors, many of which are outside of the control of the Manager.

The value of an investment in the Fund, and income received by Investors, may rise or fall and, consequently, Investors may suffer losses.

Before investing, Investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, and particular needs and circumstances. Investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature, and their investment time horizon. Investors should seek professional advice in setting their investment objectives and strategies.

Some of the significant investment risks for the Fund are set out in the following categories:

- General investment risks;
- Fund specific risks;
- Manager risk;
- Investor risk; and,
- Other risks.

The risks disclosed in this Section 7 are not exhaustive. Investors should carefully consider all risks before investing.

7.2 GENERAL INVESTMENT RISKS

The returns from investments in property trusts are affected by a range of economic factors, including changes in interest rates, exchange rates, inflation, general share market conditions, government policy (including monetary and taxation policy and other laws), fluctuations in general market prices for property, shares, bonds and other tradeable investments, and the general state of the domestic and world economies.

The value of Units can fall as well as rise due to circumstances affecting the economy generally, or to other factors which may affect the value of the properties in which the Fund may invest.

There may be increases in supply or falls in demand in any property market sector or geographic region. Therefore, there is no guarantee that the Fund will experience capital gains on the disposal of properties or that fluctuations in Distributions will not occur.

7.3 FUND SPECIFIC RISKS

Risk Associated with Financial Forecasts

There is a risk that actual performance of the Fund will fall below the Financial Forecasts set out in this PDS. The achievement of forecasts is neither promised nor guaranteed. This may occur if the assumptions are inaccurate.

Default of Rental Payments

This risk is greater where a single tenant provides a substantial proportion of the income for a fund.

DHA has net assets of approximately \$1.4 billion and has a long term credit rating from Standard and Poors of AA+⁶. DHA has a long term Services Agreement in place with the Department of Defence which, with options, expires in July 2033. This includes terms, conditions and payment arrangements between DHA and the Department of Defence for the provision of housing throughout Australia to ADF members. Individual tenancy agreements are entered into between DHA and the ADF member when they take up residence in DHA provided housing. The Department of Defence pays DHA a lump sum monthly payment representing rent on behalf of ADF members occupying DHA provided housing.

Tenant Renewals

There is a tenant renewal risk on some properties where there will be a nine (9) year Lease Agreement in place. If these properties are intended to be held by the Fund for more than nine (9) years and the extension option is not exercised by DHA, alternative tenants may be required for the remaining period of ownership by the Fund prior to disposal of that property.

Property Risk

There may be external influences from time-to-time, including unforeseen items of expenditure which have not been budgeted for and loss of revenue, which adversely affect the income of the Fund. These may result in a reduction of Distributions.

As part of the Lease Agreement, DHA is responsible for organising and covering the cost of most non-structural repairs and maintenance. Items not covered by DHA as part of the Lease Agreement include replacement of retaining walls and fences.

Capital Expenditure Risk

There may be a need for unforeseen capital expenditure on any of the properties during the time they are owned by the Fund. Depending on the value of any unforeseen expenditure, it may have an adverse impact on the returns to Investors. The Fund may need to bear the cost of repairs to the properties that go beyond the lessee's (DHA) property restoration obligation under the Lease Agreement.

Insurance Risk

Various factors, such as claims history or changing risk profile within the locality where the property is situated, can influence both the cost of maintaining insurance over each of the properties in the Fund and the extent of cover available. Increased insurance costs, or limits on cover, may have a negative impact on the performance of the Fund which in turn will impact on Distributions and returns.

6 DHA, *Annual Report 2011-12*

Performance and Portfolio Risks

These risks relate to the performance of the Fund's Portfolio of property assets and may include:

- vacancy levels which can have a direct impact on the value of each property at the time that any property may be sold;
- inability to sell a property due to a depressed property market, or at the time of disposal, the sale price is less than the original purchase price;
- damage to a building as a result of fire, tempest, malicious damage, earthquake, etc. (however, these risks will be insured against);
- Financial Forecasts not being achieved, resulting in lower Distributions and/or lower capital values of property assets; and,
- risk that the Fund will be involved in disputes or litigation.

Changes in Law or Government Policy

Changes in income tax, indirect tax or stamp duty legislation or policy may affect the Fund's returns. Such changes can result in the Distribution Policy of the Fund having to change. State or Federal planning based changes to law may result in unforeseen capital expenditure requirements.

Valuation Risk

All properties have been individually valued by a registered qualified valuer to determine a **Market Value** as a basis for the purchase price and initial gross weekly rental amount. While the valuer was acting under instructions from the Manager, it is acknowledged that they may act from time-to-time for DHA as a member of DHA's national valuers panel.

Each year valuations of all properties in the Fund will be undertaken to enable the preparation of the financial statements as well as deriving Unit values. Underpinning the process is a Valuations Policy which provides, amongst other things, that the same valuer cannot be used for more than two (2) consecutive valuations. As DHA has an extensive range of valuers on its panel, it is possible that any valuer engaged by the Manager for the Fund's Portfolio will be a member of DHA's national valuers panel.

7.4 MANAGER RISK

The Manager may elect to retire or may be replaced as the Responsible Entity of the Fund, or the services of key personnel of the Manager may become unavailable for any reason.

There is always a risk that the Manager may fail to identify and adequately manage the investment and property management risks in the Fund's portfolio and thus affect the ability to pay Distributions or reduce the value of the Units.

Operational risks of the Manager include the possibility of systems failure, regulatory requirements, documentation risk, fraud, legal risk and other unforeseen circumstances.

7.5 INVESTOR RISK

There are a variety of risks that an Investor may face by indirectly investing in property through a fund, as distinct from directly investing in property on their own account. These risks include, but are not limited to, those specified below.

Liquidity Risk

Direct property assets are illiquid assets.

With respect to this Fund, Investors should be aware that:

- there is no assured secondary market for Investors to sell their Units;
- the Manager is under no obligation to redeem or buy back any Unit should an Investor wish to withdraw from the Fund; and,
- the Manager does not intend to make a withdrawal offer.

Tax Risk

There are risks that the tax consequences for an individual Investor, or for the Fund with regard to income tax (including CGT), stamp duty and other taxes may differ from the tax consequences described in Section 11 of this PDS.

No Government Guarantee

There is no Australian Government guarantee implied or otherwise in relation to the performance of this Fund.

Other Investor Risks

Other limitations of an investment in the Fund may include:

- Investment in the Fund is a longer term investment and is not suitable for Investors contemplating selling their investment in the Fund or taking capital gains in the short term;
- Investors are entitled to participate in Distributions from time-to-time, but the amount of future Distributions or whether a Distribution will be made in any given period is not guaranteed by the Manager; and,
- An investment in the Fund may cease to meet an Investor's own objectives, financial situation or needs.

7.6 OTHER RISKS

It is important to note that not all risks can be foreseen. It is therefore not possible for the Manager to protect the value of the Fund's investment from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

The Manager does not guarantee the repayment of capital or the performance of the Fund.





FINANCIAL INFORMATION

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

8.1 INTRODUCTION

The financial information included in this Section 8 should be read in conjunction with the representations made in this PDS. This Section 8 consists of **Financial Forecasts** for the Fund, accounting policies adopted, key financial assumptions in the forecast and a sensitivity analysis.

8.2 FINANCIAL FORECASTS

The Financial Forecasts have been adopted by the Directors of the Manager and represent the most likely outcomes of the Fund.

Investors should note that actual cash returns to Investors will be a combination of income and capital Distributions. Capital gains have not been forecasted in this PDS. Returns on investment are not guaranteed.

Although due care and attention has been taken in preparing the Financial Forecasts, many factors which affect the results are outside the control of the Manager or are not capable of being foreseen or accurately predicted. For further information on these factors, please see the risks outlined in Section 7 of this PDS.

8.3 PRO FORMA BALANCE SHEET

The Manager intends to invest the issued capital into a residential property Portfolio acquired at an assessed market value of \$47.1 million on the Allotment Date.

The transaction on Allotment Date also reflects the associated costs on acquiring the Portfolio of residential properties such as stamp duty, conveyancing fees and disbursements.

Set out to the right is the pro forma balance sheet for the Fund as at Allotment Date and assuming \$50 million is raised from Investors.

	At Allotment Date
	\$'000
Current assets	
Cash	2,818
Other assets	0
Total current assets	2,818
Non-current assets	
Investment properties ¹	47,115
Total non-current assets	47,115
Total assets	49,933
Current liabilities	
Accruals ²	2,834
Total current liabilities	2,834
Non-current liabilities	
Accruals	0
Total non-current liabilities	0
Total liabilities	2,834
Net assets	47,099
Equity	
Issued capital	50,000
Current year profit/(loss) ³	(2,901)
Accumulated profit/(loss)	0
Total equity	47,099
<i>Number of Units on issue ('000)</i>	50,000
<i>NTA per Unit (cents)</i>	0.94

Notes:

- Investment properties are recognised at Fair Value on acquisition.
- Stamp duty is payable within 90 days from exchange of contract.
- The current year loss recognises the write down of investment properties to Fair Value and reflects the negative impact of acquisition costs being stamp duty, conveyancing fees and disbursements.

8.4 SOURCES AND APPLICATIONS OF FUNDS

Set out below are the forecast sources and applications of funds in respect of the Offer and the acquisition of the assets, based on the financial information as at the Allotment Date and assuming \$50 million is raised from Investors.

	<i>At Allotment Date</i>
	\$'000
Sources of funds	
Units issued to Investors	50,000
Total sources of funds	50,000
Application of funds	
Investment in properties	47,115
Investment properties' acquisition costs ¹	2,885
Manager's fees	-
Offer costs	-
Total application of funds	50,000

Notes:

1. Acquisition costs include stamp duty, conveyancing fees and disbursements. Stamp duty is payable within 90 days from exchange of contract.

8.5 FORECAST INCOME STATEMENTS

Set out below are the forecast income statements for the period from the Allotment Date to 30 June 2014 and for the year ending 30 June 2015.

	Allotment Date to 30 June 2014 \$'000	Year Ending 30 June 2015 \$'000
<i>Revenue</i>		
Rental revenue	2,393	2,495
Interest revenue	33	13
Total Revenue	2,426	2,508
<i>Expenses</i>		
General property expenses ¹	444	455
Property management service fees ²	310	324
Finance costs ³	-	-
Fund management fees	149	156
Administration expenses ⁴	101	74
Net change in Fair Value/Market Value of investments ⁵	2,901	-
Total Expenses	3,905	1,009
Net (loss)/profit before Distributions to Investors	(1,479)	1,499

Notes:

1. General property expenses include rates, insurance, strata and land tax costs.
2. Property management service fees are the fees charged by DHA under the Lease Agreement.
3. Finance costs are nil as the Manager does not intend to borrow nor enter into any derivative transactions.
4. Administration expenses include Custodian, registry, accounting fees, valuation fees, audit fees, annual report and taxation return costs.
5. Write-down of investment properties to Fair Value on acquisition to reflect the negative impact of acquisition costs being stamp duty, conveyancing fees and disbursements.

The above are Financial Forecasts only. The Manager does not guarantee the Fund will perform in accordance with these Financial Forecasts. Performance of the Fund may differ from forecasts due to inaccurate assumptions or the effect of inherent risks and uncertainties as set out in Section 7 of this PDS.

8.6 FORECAST STATEMENTS OF DISTRIBUTIONS TO INVESTORS

Set out below are the forecast statements of Distributions to Investors for the period from the Allotment Date to 30 June 2014 and for the year ending 30 June 2015.

	Allotment Date to 30 June 2014 \$'000	Year Ending 30 June 2015 \$'000
Net (loss)/profit attributable to Investors	(1,479)	1,499
Add back: net change in Fair Value/Market Value of investments ¹	2,901	-
Additional return of capital ²	-	-
Net forecast Distributions	1,422	1,499
Units on issue	50,000	50,000
Pre-tax return³	2.84%	3.00%
Tax Deferred amount	1,234	886
Tax Deferred component of Distribution	86.76%	59.06%

Notes:

1. Write-down of investment properties to Fair Value on acquisition to reflect the negative impact of acquisition costs being stamp duty, conveyancing fees and disbursements.
2. The forecast Distributions are based on cash available from operations.
3. Returns do not include any forecast growth in property values.

8.7 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial information in this Section 8 of this PDS has been prepared in an abbreviated form, in accordance with the Fund's Constitution, Australian Accounting Standards and the Corporations Act. This information does not comply with the full disclosures required in an annual statutory set of financial statements that are required under Australian **Accounting Standards**. Key terms are set out below.

(a) Investment properties/Fair Value

Investment properties comprise of residential land and buildings held for the purpose of producing residential rental income. Investment properties are initially measured at cost, being the purchase consideration at settlement plus expenditure which is directly attributable to the acquisition of the property such as stamp duty, conveyancing and disbursements.

At the end of each reporting date investment properties are measured at their Fair Value. Any changes in Fair Value are then reflected in the income statement in the period in which they occur.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method as set out in the Accounting Standards, taking into account the interest rates applicable to the financial assets.

(c) Rental income

Rental income is recognised on a straight line basis over the term of each of the relevant operating Lease Agreements.

(d) Depreciation

Investment properties are not depreciated for accounting purposes. The properties are subject to revaluation on an annual basis as set out in Section 14.8 of this PDS.

(e) Income tax

The Manager intends to distribute all the income of the Fund, in accordance with the Fund's Constitution, to Investors and all Investors will be presently entitled to 100% of the income of the Fund. The Fund is not expected to pay income tax.

(f) GST

Revenues, expenses and assets are recognised net of the amount of GST:

- a. where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- b. receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the ATO, is included as part of receivables or payables.

8.8 KEY FINANCIAL FORECAST ASSUMPTIONS

Due care and attention has been given to the preparation of the assumptions and represent the Manager's best estimate of anticipated future transactions and events. While the Manager considers these assumptions to be appropriate and reasonable at the time of preparing this PDS, Investors should appreciate that many factors which may affect results are outside the control of the Manager and its Directors. Accordingly, actual results may vary from the forecasts. Investors are advised to review the Financial Forecasts and assumptions, and make their own independent assessment of the future performance and prospects of the Fund.

The Financial Forecasts have been reviewed by Moore Stephens which has prepared the Independent Accountant's Report set out in Section 9 of this PDS. The future performance of the Fund is not guaranteed.

The Manager has prepared the Financial Forecasts for the Portfolio based on expert reports and its knowledge of the Portfolio and the industry. The key assumptions underlying the Financial Forecasts are set out below.

(a) Equity raising

The Fund is a closed end fund and no additional equity will be raised after the Allotment Date. The Manager has the initial equity raised to cover the acquisition of properties and administration expenses.

(b) Gearing ratio

It has been assumed there will be no debt in the Forecast Period.

(c) Property acquisitions

The Financial Forecasts relate only to the Portfolio properties (as described in Section 3 of this PDS). The Fund will not acquire any additional properties over the term of the Fund.

(d) Acquisition costs

It is estimated that the total cost of acquisition of properties for the Portfolio will be \$50,015,830 including stamp duty, conveyancing fees and disbursements.

(e) Rental income

Rental income is calculated based on the lease terms for each individual property. Rental income has been recognised on a straight line basis over the lease term in accordance with Australian Accounting Standards. DHA has agreed to an annual rental growth of 4.25% with a review in Year Five (5) of the Fund term, at which time the higher of market rent and the indexed rent will be paid on the properties. Under the Lease Agreement, a property management service fee will be deducted from the gross rent, payable to DHA, to perform property related services during the term of the lease.

(f) Vacancies

A vacancy rate has not been accounted for, as rent will be paid by DHA on the properties over the term of the Lease Agreements irrespective of whether the property is occupied.

(g) Property outgoings

Prior period expenditure has been used to estimate property outgoings for rates, insurance and strata. This expenditure has been escalated on an annual basis using the Consumer Price Index (CPI) assumed to be 2.5% (as per the Reserve Bank of Australia's (RBA's) Statement on Monetary Policy, February 2013) over the Forecast Period.

(h) Property value

It is difficult to reliably forecast the movement in Fair Value of the properties over the Forecast Period. For the purposes of the **Financial Forecasts**, it has been assumed that there will be no movement in the Fair Value of the properties during the Forecast Period.

(i) Interest income

It has been assumed that interest income will be earned on the Fund's cash balances at the rate of 3.2% per annum (based on the average cash rate for the past year from the RBA) compounding monthly over the Forecast Period.

(j) Property management service fee

Under the Lease Agreement, DHA will receive a monthly property management service fee of 11% including GST (townhouses/apartments) to 14.3% including GST (freestanding houses) of the rental income per property to undertake a range of property related services on the Fund's behalf. The fee covers property management, tenant management, most non-structural repair and maintenance, and a restoration of the property at lease end (subject to the length of the Lease Agreement and the obligations of a Body Corporate or similar entity).

(k) Fund management fees

The Manager will not receive an establishment fee upon **Allotment**. The Manager will receive a fund management fee of 0.33% (including GST) per annum of the Gross Asset Value of the Fund. An increase in the fund management fee has been assumed for the Forecast Period. The fund management fee will be invoiced monthly.

(l) Fund expenses

The Fund will incur operating expense such as audit fees, Custodian fees, registry fees, valuation fees and annual reporting costs. These amounts have been forecast by taking into account factors likely to influence the level of these fees, charges and costs including the Fund's gross assets, property valuations and general inflationary expectations which are based on CPI increases of 2.5% per annum during the Forecast Period.

(m) Capital expenditure

The properties acquired are relatively new in age and are not expected to incur capital expenditure during the Forecast Period. Non-capital property maintenance costs are covered by DHA under the Lease Agreement (refer to Section 14 of this PDS).

(n) Annual income return

The income Distribution from the Fund in each year is divided by the number of Units on issue.

(o) GST

It has been assumed that no GST is payable in respect of Distributions paid by the Fund. All forecasts including income, fees, charges and acquisition costs, are shown inclusive of GST less any reduced input tax credits.

(p) Taxation

Given the nature of the Fund's proposed investment activities, the Fund will be subject to trust taxation 'flow through' provisions under Australian tax legislation. Accordingly, by distributing all of its income to its Investors, the Fund does not incur a tax liability. Information on tax consequences is provided in Section 11 of this PDS.

(q) Accounting Standards

It has been assumed there will be no changes in applicable Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on the Financial Forecasts.

(r) Other assumptions

Other assumptions that are implicit in the Financial Forecasts are that:

- there will be no material changes in Australian taxation or other relevant legislation that may have a material impact on the Fund;
- there are no financial impacts arising from the risk factors outlined in the statement of risk factors in Section 7 of this PDS; and,
- the Lease Agreements are enforceable and perform in accordance with their relevant terms.

8.9 SENSITIVITY ANALYSIS

Investors should note that:

- The sensitivities are not indicative of the low or high points that are likely to be experienced;
- Each assumption will also show a similar opposite result if the movement is in the opposite direction;
- Each sensitivity assumes all other assumptions in this Section 8, other than where noted below, are held constant; and,
- The sensitivity assessments are intended to provide a guide only due to the complexity of the analysis and do not forecast the combined effect of the sensitivity movements.

The Manager has sought to minimise the number of elements that could vary and impact returns to Investors. Specifically, the Manager does not intend to borrow, rent is paid by DHA over the term of the Lease Agreements, property maintenance costs are covered by the fixed percentage property management service fee and the fund management fee is set at a fixed percentage.

The following sensitivity analysis shows the return to Investors and the **Tax Deferred** component of forecast Distributions in each of the periods to 30 June 2014 and 30 June 2015, based on a rise in general property costs, being rates, land tax, insurance and, where applicable, strata fees, but excluding repairs and maintenance (which are covered by DHA under the Lease Agreement) and increase in the fund management fee paid to the Manager due to increases in property valuations.

a. General property costs (excluding property managements fees and repair and maintenance)

The Manager has estimated the property cost based on actual prior period costs increased by CPI of 2.5%. The impact of these costs increasing at a rate greater than CPI is shown below.

Impact of General Property Costs (Increase by 5%)

	Allotment Date to 30 June 2014	Year ending 30 June 2015
	\$	\$
Change in Distribution	(22,207)	(22,762)
Distribution	1,400,092	1,476,672
Tax Deferred component	86.55%	58.43%

Impact of General Property Costs (Increase by 10%)

	Allotment Date to 30 June 2014	Year ending 30 June 2015
	\$	\$
Change in Distribution	(44,414)	(45,525)
Distribution	1,377,885	1,453,910
Tax Deferred component	86.33%	57.78%

b. Fund management fee

The fund management fee is calculated as a percentage (0.33% per annum) of the market value of the Portfolio. Therefore, any increases in property values will have a corresponding impact on the fund management fee, which in turn will have an impact on Distributions. The impacts of these costs are shown below.

Impact of Gross Asset Value Increase by 5%

	Allotment Date to 30 June 2014 \$	Year ending 30 June 2015 \$
Change in Distribution	(7,449)	(7,820)
Distribution	1,414,850	1,491,614
Tax Deferred component	86.69%	58.85%

Impact of Gross Asset Value Increase by 10%

	Allotment Date to 30 June 2014 \$	Year ending 30 June 2015 \$
Change in Distribution	(14,898)	(15,641)
Distribution	1,407,401	1,483,794
Tax Deferred component	86.62%	58.63%





INDEPENDENT ACCOUNTANT'S REPORT

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

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27 June 2013

The Directors
DHA Investment Management Limited
As Responsible Entity for DHA Residential Property Fund No.1
26 Brisbane Avenue
Barton ACT 2600

Dear Directors

PART 1: INDEPENDENT ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION AND FORECAST FINANCIAL INFORMATION

9.1 INTRODUCTION

The directors of DHA Investment Management Limited ("*DHA IML*" or "*Responsible Entity*") have engaged Moore Stephens Sydney Corporate Finance Pty Limited ("*Moore Stephens*") to report on pro forma financial information and forecast financial information (collectively "*Financial Information*") of DHA Residential Property Fund No.1 (*the "Fund"*), an unlisted direct property trust.

We have prepared this Independent Accountant's Report ("*Report*") on the Financial Information to be included in a Product Disclosure Statement ("*PDS*") dated on or about 28 June 2013 and relating to the offer to raise \$50 million by issuing 50 million units at \$1.00 per unit in the Fund (*the "Offer"*).

Unless stated otherwise, expressions defined in the PDS have the same meaning in this Report, and references to sections relate to the sections of the PDS.

9.2 SCOPE

The Report relates to the following Financial Information as set out in Section 8 of the PDS:

Pro Forma Financial Information

The pro forma Balance Sheet of the Fund, set out in Section 8.3 has been prepared to illustrate the financial position of the Fund on completion of the issue, and;

- assumes completion of the Offer, acquisition of the Portfolio and accrual of acquisition and capital raising costs (the "*Pro Forma Transactions*");
- has been prepared on the basis of the Pro Forma Transactions and notes set out in Section 8.3, and significant accounting policies set out in Section 8.7.

This is collectively referred to as the "*Pro Forma Financial Information*".

Forecast Financial Information

The forecast financial information set out in Sections 8.4 to 8.9 comprises:

- the summary forecast sources and applications of funds in respect of the Offer, up to Allotment date;
- the summary forecast financial performance of the Fund for the years ending 30 June 2014 and 2015, which comprises the Forecast Income Statements, and Forecast Statements of Distributions to Investors;
- the Directors best estimate assumptions set out in Section 8.8 and the accounting policies to be adopted by the Fund set out in Section 8.7, upon which the Forecasts are based; and
- the sensitivity analysis set out in Section 8.9.

These are collectively referred to as the “Forecast Financial Information”.

The Forecast Financial Information is based on best estimate assumptions of the Directors, outlined in Section 8.8.

The Pro Forma Financial Information and Forecast Financial information (collectively referred to as the “Financial Information”) is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

This Report has been prepared for inclusion in the PDS. All references to the PDS in this Report are to the final PDS dated on or about 28 June 2013.

9.3 DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the Financial Information, including selecting the Pro Forma Transactions, the best estimate assumptions and the applicable Accounting Policies to be adopted by the Fund upon which the Financial Information is based. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the Financial Information so that it is free from material misstatement, whether due to fraud or error.

9.4 OUR RESPONSIBILITIES

Pro Forma Financial Information

Our responsibility is to express a conclusion on the Pro Forma Financial Information based on our review.

We have conducted an independent review of the Pro Forma Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- (a) the Pro Forma Transactions do not form a reasonable basis for the preparation of the Pro Forma Balance Sheet;
- (b) the Pro Forma Balance Sheet has not been properly prepared on the basis of the Pro Forma Transactions; and
- (c) the Pro Forma Balance Sheet, in all material respects, does not present fairly in accordance with the recognition and measurement requirements (but not all of the disclosure requirements) of applicable Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Accounting Policies, as if the Pro Forma Transactions set out in Section 8.3 had occurred at Allotment date.

Our independent review of the Pro Forma Financial Information was conducted in accordance with Australian Auditing and Assurance Standard ASRE 2405: Review of Historical Financial Information Other than a Financial Report (“ASRE 2405”). Our procedures consisted primarily of enquiry, comparison and other analytical review procedures we considered necessary. These procedures included discussions with the directors and management of the Responsible Entity and review of selected significant legal and financial documents in relation to the Offer and Pro Forma Transactions. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards. A review does not enable us to obtain the level of assurance that we have identified all significant matters that would be afforded in an audit engagement. Accordingly, we do not express an audit opinion on the Pro Forma Financial Information.

Forecast Financial Information

Our responsibility is to express a conclusion on the Forecast Financial Information based on our review.

We have conducted an independent review of the Forecast Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- (a) the Directors' best estimate assumptions, when taken as a whole, do not provide a reasonable basis for the preparation of the Forecast Financial Information;
- (b) the Forecast Financial Information was not properly prepared on the basis of the best estimate assumptions;
- (c) the Forecast Financial Information does not present fairly the summary forecast financial performance of the Fund for the years ending 30 June 2014 and 2015, which comprises:
 - the Forecast Income Statements;
 - the Forecast Statements of Distributions to Investors;
 - in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting standards and other mandatory professional reporting requirements and the Accounting Policies; and
- (d) the Forecast Financial Information is unreasonable.

The Forecast Financial Information has been prepared by the Directors to provide investors with a guide to the Fund's potential future financial performance based upon the achievement of certain economic, operating and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecast Financial Information. Actual results may vary materially from this Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out in Section 7 of the PDS and Sensitivity Analysis set out in Section 8.9 of the PDS.

Our review has been conducted as a limited assurance engagement in accordance with the Australian Standard on Assurance Engagements *ASAE 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ASAE 3000").

Our procedures consisted primarily of enquiries, comparison and other such analytical review procedures, as we, in our professional judgement, considered reasonable in the circumstances, including:

- review of the proposed Fund to obtain an understanding of the proposed business operations of the Fund;
- review of work papers, accounting records and other documents pertaining to the Forecast Financial Information;
- enquiry of certain directors and management of the Responsible Entity, as well as advisors, as to the process used in preparing the Forecast Financial Information, including data supporting the best estimate assumptions used in the Forecast Financial Information and discussing the results;
- review of the reasonableness of the best estimate assumptions as a basis for compiling the Forecast Financial Information;
- review of key forecast economic and property market and industry features including the outlook for the property industry generally;
- review of selected significant contracts, legal documentation, financial documents and transactions information in relation to the lease terms, management agreement, acquisition of the Portfolio, and other matters;
- testing the methodology used in building the forecast model;
- a limited examination (on a test basis) of the clerical accuracy of the forecast model;
- test checking on a limited basis that the best estimate assumptions and certain transactions are included in the forecast model producing the Forecast Financial Information, including reviewing for large and unusual items;
- review the reasonability of the forecast returns as set out in Section 8.5 of the PDS;
- review of the sensitivity analysis as set out in Section 8.9 of the PDS;
- review of the key Accounting Policies adopted by the Fund to ensure that they are compliant with Australian Accounting Standards; and
- review whether or not the Forecast Financial Information is presented fairly in accordance with the recognition and measurement requirements (but not all of the disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements and the Accounting Policies.

We have also reviewed the PDS as a whole to ensure that Financial Information contained elsewhere in the PDS is consistent with our understanding of the Fund's operations.

Our review of the Forecasts, which is based on best estimate assumptions, is substantially less in scope than a reasonable assurance engagement conducted in accordance with ASAE 3000 or an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than a reasonable assurance engagement or an audit. We have not performed a reasonable assurance engagement or an audit and accordingly, we do not express a positive assurance statement or an audit opinion on the Forecasts.

ASRE 2405 and ASAE 3000 require us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

9.5 CONCLUSION

Review Conclusion on the Pro Forma Financial Statements

Based on our review, which is not an audit, of the Pro Forma Financial Statements, nothing has come to our attention which causes us to believe that:

- (a) the Pro Forma Transactions do not form a reasonable basis for the preparation of the Pro Forma Balance Sheet;
- (b) the Pro Forma Balance Sheet has not been properly prepared on the basis of the Pro Forma Transactions; and
- (c) the Pro Forma Balance Sheet, in all material respects, is not presented fairly in accordance with the recognition and measurement requirements (but not all of the disclosure requirements) of applicable Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Accounting Policies, as if the Pro Forma Transactions set out in Section 8.3 of the PDS had occurred at Allotment date.

Review Conclusion on the Forecasts

Based on our review of the Forecasts, which is not a reasonable assurance engagement or an audit, nothing has come to our attention which causes us to believe that:

- (a) the Directors' best estimate assumptions, when taken as a whole, do not provide a reasonable basis for the preparation of the Forecast Financial Information;
- (b) the Forecast Financial Information was not properly prepared on the basis of the best estimate assumptions set out in Section 8.8 of the PDS;
- (c) the Forecast Financial Information does not present fairly the summary forecast financial performance of the Fund for the years ending 30 June 2014 and 2015, which comprises:
 - the Forecast Income Statements;
 - the Forecast Statements of Distributions to Investors;
 - in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements and the Accounting Policies of the Fund disclosed in Section 8.7 of the PDS; and
- (d) the Forecast Financial Information is unreasonable.

The Directors' best estimate assumptions, set out in Section 8.8 of the PDS, are subject to significant uncertainties and contingencies, often outside the control of the Directors. If events do not occur as forecast, actual results achieved and distributions provided by the Fund may vary significantly from the Forecast Financial Information. Accordingly, Moore Stephens does not confirm or guarantee the achievement of the Forecast Financial Information, as future events, by their very nature, are not capable of independent substantiation.

Investors should consider the statement of investment risks and the sensitivity analysis set out in Sections 7 and 8.9 of the PDS, respectively.

We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which they were prepared. This Report should be read in conjunction with the PDS.

9.6 LEGAL PROCEEDINGS

To the best of our knowledge and belief, there are no material legal proceedings outstanding or currently being undertaken, not otherwise disclosed in this Report, which would cause the information included in the report to be misleading.

9.7 SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Responsible Entity or the Fund have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

9.8 SOURCES OF INFORMATION

We have made enquiries of the directors and management of the Responsible Entity and other parties as considered necessary during the course of our analysis. We have also referred to the PDS and material documents which relate to the proposed operations of the Fund.

We have no reason to believe the information supplied is not reliable.

9.9 INDEPENDENCE OR DISCLOSURE OF INTEREST

Moore Stephens has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

9.10 LIABILITY

Moore Stephens has consented to the inclusion of this Report in the PDS in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Moore Stephens is limited to the inclusion of this Report in the PDS. Moore Stephens has not authorised the issue of the PDS. Accordingly, Moore Stephens makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the PDS.

9.11 FINANCIAL SERVICES GUIDE

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

MOORE STEPHENS SYDNEY CORPORATE FINANCE PTY LTD



S.M Whiddett

Director

PART 2 - FINANCIAL SERVICES GUIDE**27 JUNE 2013****1. Moore Stephens Sydney Corporate Finance Pty Ltd**

Moore Stephens Sydney Corporate Finance Pty Ltd ("**Moore Stephens**") is an authorised representative of Moore Stephens Sydney Wealth Management Pty Ltd ("**Licence Holder**") in relation to Australian Financial Services Licence No. 336950.

Moore Stephens may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "**Authorised Financial Products**"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Moore Stephens to provide this Financial Services Guide ("**FSG**") in connection with its provision of an Independent Accountant's Report ("**Report**") which is included in the PDS provided by DHA Investment Management Limited as Responsible Entity for DHA Residential Property Fund No.1 (the "**Entity**").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("**AFSL**") to assist you in this assessment.

4. Remuneration

Moore Stephens' client is the Entity to which it provides the Report. Moore Stephens receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Moore Stephens nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Moore Stephens or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Moore Stephens is required to be independent of the Entity. The following information in relation to the independence of Moore Stephens is stated in our Report.

Neither Moore Stephens, Moore Stephens Sydney Wealth Management Pty Limited, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$48,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

6. Complaints Resolution

Moore Stephens is only responsible for its Report and this FSG. Complaints or questions about the PDS should not be directed to Moore Stephens which is not responsible for that document.

Both Moore Stephens and the Licence Holder may be contacted as follows:

- By phone: (02) 8236 7700
- By fax: (02) 9233 4636
- By mail: GPO Box 473
SYDNEY NSW 2001

If you have a complaint about Moore Stephens' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 8236 7700 or send a written complaint to the Licence Holder at Level 15, 135 King Street, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Moore Stephens to distribute this FSG.



1 FORBES ST
UNITS 10-11

10

FEES AND OTHER COSTS

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

10.1 CONSUMER ADVISORY WARNING

The following warning is required by law:



DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on long term returns.

For example, total annual fees and costs of 2% of your Fund 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 the Fund or your financial advisor.

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 \(ASIC\)](http://www.fido.asic.gov.au) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

10.2 FEES AND OTHER COSTS

Table 15 shows the fees and costs that may be charged. These fees and costs may be deducted from Investors' monies, from the returns of their investment or from the Fund assets as a whole. The fees below are inclusive of GST and net of refundable input tax credits. For information on taxation refer to Section 11 of this PDS. Investors should read all the information on fees and costs, as it is important to understand their impact on investment in the Fund.

Table 15: Fees and Costs

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when money moves in or out of the Fund		
<i>Establishment fee</i> The fee to open investment in the Fund	Nil	Not applicable
<i>Contribution fee¹</i> The fee on each amount contributed to the Fund	Nil	Not applicable
<i>Withdrawal fee</i> The fee on each amount taken out of the Fund	Nil	Not applicable
<i>Termination fee</i> The fee to close investment in the Fund	Nil	Not applicable

Table 15: Fees and Costs

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees and costs for managing investment in the Fund		
<i>Fund management fee</i>	A fund management fee of up to 0.33% per annum of the Gross Asset Value ² of the Fund. For a \$10,000 investment in the Fund the fee borne by an Investor would be \$31.10 per annum.	Payable to the Manager out of the Fund's assets on the last day of each month.
<i>Property management service fee</i>	A property management service fee comprising of: <ul style="list-style-type: none"> • 14.3% (including GST) per annum of the gross rental income; based on the annualised commencement rents for the Portfolio of freestanding houses in the Fund. This equates to approximately 0.43% per annum of the Gross Asset Value. • For a \$10,000 investment in the Fund the fee borne by an Investor would be \$40.41 per annum; and • 11% (including GST) per annum of the gross rental income based on the annualised commencement rents for the portfolio of townhouses/apartments in the Fund. This equates to approximately 0.23% per annum of the Gross Asset Value. • For a \$10,000 investment in the Fund the fee borne by an Investor would be \$21.57 per annum. 	Deducted by and paid to DHA from the gross rental income paid monthly.
<i>Performance fee</i>	The Manager's performance fee will be 22% (including GST) of the amount by which the total return to Investors exceeds 8% per annum. Refer to Section 10.4 for a summary of the calculation methodology on the performance fee.	Payable to the Manager out of the Fund's assets upon divestment and/or completion of the sale of the Portfolio and wind-up of the Fund. Also payable out of the Fund if the Manager is removed as Responsible Entity of the Fund, calculated on an accrued basis (based on the value of the Portfolio at the relevant time).
<i>General property expenses</i>	The estimated general property expenses are 0.94% per annum of the gross asset value of the Fund. For a \$10,000 investment in the Fund the fee borne by an Investor would be \$88.83 per annum.	Some of these expenses are incurred directly by the Fund and some are deducted from the gross rent collected by DHA under the Lease Agreement.

1. Investors may elect to pay their advisor an upfront fee. For more detail refer to Section 10.4.
2. The above dollar examples are based on the Gross Asset Value amount which does not include stamp duty and other transaction costs. In particular, assuming \$50 million is raised under this Offer, it is estimated the Gross Asset Value of the Fund will be approximately \$47 million immediately following the Allotment Date.

Table 15: Fees and Costs

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees and costs for managing investment in the Fund		
<i>Administration expenses</i>	The estimated administration expenses are 0.21% per annum of the gross asset value of the Fund For a \$10,000 investment in the Fund the fee borne by an Investor would be \$20.23 per annum.	Expenses are deducted from the Fund's assets as and when they are incurred.
<i>Investment switching fee</i>	Nil	Not applicable

10.3 EXAMPLE OF ANNUAL FEES AND COSTS

Table 16 gives an example of how the fees and costs of the Fund can affect an Investor's investment over a one (1) year period. Investors should use this table to compare an investment in the Fund with other managed investment products.

Table 16: Example of Fees and Costs and How They May Affect Investment

		INITIAL INVESTMENT OF \$50,000
<i>Contribution fee</i>	Nil	Nil
<i>Total management costs</i>	2.13% per annum of the gross asset value of the Funds.	For the \$50,000 investment in the Fund, an Investor will be charged \$1,004.17 per annum.

1. This is an explanation of fees and costs only as estimated for the first year. The Manager does not intend to permit further investments in the Fund following allotment of Units under this PDS.
See the above note in respect of the calculation of gross asset value for these purposes.
2. Additional fees and costs may apply in a given year including a performance fee. For further details refer to Section 10.4.

10.4 ADDITIONAL EXPLANATION OF FEES AND COSTS

Fund management fee

The Manager is entitled to an annual fund management fee of 0.33% per annum of the Gross Asset Value of the Fund. If the Manager waives or defers payment of all or part of its Fund management fee for any period, the fees will accrue until paid.

Property management service fee

DHA is entitled to a property management service fee of 14.3% (including GST) per annum on the gross rental income for freestanding houses and 11% (including GST) per annum on the gross rental income for townhouses/apartments. If DHA waives or defers payment of all or part of its property management service fee for any period, the fees will accrue until paid.

Performance Fee

Set out below is a summary of the calculation of the potential performance fee. Details of the performance fee formula are set out in the Fund's Constitution.

The Manager is entitled to a performance fee payable in cash upon divestment of properties in the Portfolio and/or wind-up of the Fund, provided the total return (including capital) received by Investors over the life of the Fund has exceeded 8% per annum. The Manager's performance fee will be 22% (including GST) of the amount by which the total return to Investors exceeds 8%.

For example, in the event the Fund generated a return to Investors of \$45.7 million over the life of the Fund, of which \$45.2 million represents an 8% per annum return, then of the \$500,000 difference the Manager is entitled to a performance fee of \$110,000 being 22% of the derived amount of \$500,000.

The performance fee accrued may be paid prior to the end of the life of the Fund in proportion to the value of the properties sold at the time of the initial investment. For example, if 50% (by value) of the Portfolio properties are sold by the end of Year Eight (8), and:

- the aggregate of:
 - rental income received on all Portfolio properties (less fees, costs and expenses);
 - sale proceeds of those Portfolio properties sold; and
 - the value of those Portfolio properties not sold,
- up to the end of Year Eight (8), is \$89,100,000; and
- the aggregate value of all the Portfolio properties at the 8% compounding rate is \$87,206,576,

The interim performance fee would be the amount of (\$89,100,000 minus \$87,206,576) multiplied by 50% (being the proportion of Portfolio properties sold, by value) and then multiplied by 22%.

Accordingly, the interim performance fee payable to the Manager would be \$208,277 less any previous interim performance fees.

The performance fee is subject to a clawback. Accordingly, any performance fee paid will have to be repaid to the extent the total return on investment does not exceed 8% when applied over the life of the Fund.

The examples are provided for information purposes only and should not be considered a forecast of the Fund's performance.

The Manager will also be entitled to the performance fee if it is removed as Responsible Entity of the Fund, on an accrued basis (that is, based on the value of the Portfolio at the relevant time, using that value to work out what the total return to Investors would be if the Portfolio were disposed of for that value).

General property expenses

Property expenses can be incurred by the Fund through the property manager (DHA), who will deduct any expenses from gross rent, or directly invoice these expenses to the Manager. The Manager is entitled to be paid or reimbursed for any expenses associated with the property Portfolio. Ongoing other general property expenses would include rates, strata fees, insurance premiums, annual pest inspections and land tax. These expenses are expected to be 0.94% per annum of the Gross Asset Value of the Fund.

Administrative expenses

The Manager is entitled to be paid or reimbursed for expenses associated with the operation of the Fund such as the costs associated with the administration or Distribution of income, and other expenses properly incurred in connection with performing its duties and obligations in the day-to-day operation of the Fund. Ongoing costs will include the fees payable to the Custodian and registry provider for the Fund and accounting services including audit and tax preparation fees. These expense recoveries are paid as they are incurred by the Fund, and are expected to be 0.21% per annum of the Gross Asset Value of the Fund.

The Manager is also entitled to be reimbursed for other abnormal expenses.

Taxation

If the Manager is liable or becomes liable to pay GST on fees described in this PDS, the Manager is entitled to be reimbursed from the Fund for the GST liability. Further information on the tax implications associated with an investment in the Fund can be found in Section 11 of this PDS.

Wholesale clients

The Manager may negotiate with 'wholesale clients' within the meaning of the Corporations Act on an individual basis, in relation to rebates on its fees in circumstances permitted by the Corporations Act or applicable relief granted by ASIC. In the event rebates are offered, they will be paid by the Manager and therefore will not affect the fees paid by, or any Distributions, to other Investors.

In general terms, a different fee may be charged to operators of master trust and wrap accounts, and individuals, trusts, companies or other applicants who meet the 'wholesale client' criteria.

Fee waivers and variations

The Manager reserves the right to waive, rebate or refund at any time any entitlement it may have to any fee.

The Fund management fee may be varied within the maximum range allowable in the Fund's Constitution (up to 1%). The Manager will only do so on giving not less than thirty (30) days' notice to Investors.

11

TAXATION

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013



IMPORTANT NOTE

The taxation information provided in this PDS is of a general nature and should not be relied upon as specific taxation advice. The Manager is not an expert in taxation and Investors are advised to consult their own professional advisors as to the tax consequences of investing in the Fund and in relation to any changes in taxation law and practice which may occur subsequent to the date of this PDS. The following summary is intended for Australian resident Investors and generally applies to Investors who hold their investment on capital account for tax purposes. It is based on the Manager's interpretation of the current law as at the date of this document.

11.1 INCOME TAX STATUS OF THE FUND

The Fund, being a unit trust, will generally not be liable to pay income tax. This is due to the Fund being a 'flow through' entity for income tax purposes. The Investors of the Fund will have a present entitlement to all of the income of the Fund and consequently will be taxed on the taxable income of the Fund. Under current taxation law, income Distributions to **Unit holders** may comprise a combination of any available tax free, tax deferred and tax assessable components. Tax free Distributions include the CGT discount, if applicable, depending on the type of Investor. Tax deferred income will comprise that income which is sheltered by plant and equipment **Depreciation** and by building allowances.

11.2 INCOME TAX POSITION OF INVESTORS

The Fund will be required to calculate its income and taxable income each year. The income will be distributed to Investors, and Investors are taxed on their share of the taxable income. An Investor's share of the Fund's taxable income will be determined by their proportional entitlement (percentage of Units owned) to the income of the Fund. An Investor will be liable to pay income tax on their share at their applicable marginal rates.

An Investor will be assessed on their share of the taxable income of the Fund in the same financial year in which the Fund derives the income. This includes Distributions that Investors may not receive until after year-end but have become entitled to prior to year-end.

The actual Distribution from the Fund to Investors can vary from the Fund's taxable income. Adjustments are made to the Distribution for any tax deferred components and return of capital components. These components exceed the share of the Fund's taxable income and should not be subject to income tax in the Investors' hands. However, certain adjustments will be required to the Investor's cost base in the Units of the Fund for CGT purposes.

Investors who borrow money to fund the acquisition of Units will need to consider the deductibility of interest incurred by them in servicing the loan. Whether an Investor is entitled to income tax deductions in respect of any interest incurred in servicing such a loan, either wholly or partly, will depend upon whether the Investor can demonstrate an intention to derive assessable income in the future via taxable trust distributions (excluding capital gains).

The case for interest deductibility will be stronger where the Investors' objective is to hold Units in the Fund for the long term, with the view to generating taxable income via Distributions. Where the interest on loans is determined to be an allowable deduction it will be deductible for income tax purposes in the year in which it was incurred. If this purpose cannot be clearly demonstrated there is a risk that all or part of the interest expense will not be deductible. In this case the interest expense will form part of the cost base of the Units for CGT purposes.

It is recommended that Investors obtain their own independent advice in relation to the acquisition of Units in the Fund, and how the acquisition is funded.

11.3 CAPITAL GAINS TAX

Reduction of cost base of Units for CGT purposes – Tax Deferred Distributions

Section 8 of this PDS indicates that the Fund will be making tax deferred Distributions during the Forecast Period. These Distributions will arise where the amount distributed by the Fund exceeds the taxable income of the Fund in the relevant year (other than as a consequence of CGT discount amounts). For property investments tax deferred amounts are often attributable to building allowances, depreciation and other tax deductions. Although tax deferred Distributions are not assessable to Investors, for CGT purposes, such Distributions will reduce the cost base of the Investor's Units in the Fund. If the CGT cost base of the Units is reduced to nil, the Investor will make a capital gain on any further tax deferred amounts received. Any such capital gain may be eligible for discount CGT treatment, depending on the Investor's circumstances.

The Manager notes that the CGT cost base of the Investor's Units should not be affected by the receipt of discount capital gains from the Fund (refer to Disposal of Properties below).

Disposal of properties

The Manager will hold the properties on capital account. Accordingly, if these properties are disposed, Investors may receive Distributions that are a capital gain. In that instance, Investors will be treated as having derived a capital gain equal to their proportional share of the capital gain that is included in the taxable income of the Fund. Where the property has been held for at least twelve (12) months, Investors may be entitled to access the discount capital gain concession in respect of the capital gain.

If the capital gain qualifies for the discount capital gain concession, only 50% of the gain will be included in the assessable income of Investors who are individuals (66.7% for superannuation funds). Special rules apply to preserve the benefit of the CGT discount on capital gains distributed through trusts. Investors who are companies do not qualify for the discount capital gain concession. Any current year capital losses or carry forward net capital losses of the Investor must be offset against the capital gain before applying the CGT discount. The resulting amount is referred to as a net capital gain and should be included in the Investor's assessable income for the relevant year.

Disposal of Units in the Fund

As the Fund will be a closed end unlisted direct property fund, the ability of Investors to dispose of Units in the Fund will be limited. The disposal of Units in the Fund will have CGT implications for the Investor, which will differ according to individual circumstances. It is therefore recommended that the Investor seek specific advice from a professional tax advisor prior to disposing of the Units.

Generally, a capital gain will arise to the Investor where the capital proceeds received from the disposal of the Units is greater than the Investor's cost base for CGT purposes. A capital loss should arise if the capital proceeds on disposal are less than the Investor's reduced cost base for CGT purposes. As noted above, the cost base of the Units may be reduced as a consequence of the Investor receiving tax deferred and return of capital Distributions.

Discount capital gains treatment may be available to reduce the capital gain realised by the Investor on the disposal of the Units. If the Investor is an individual who has held the Units for at least twelve (12) months prior to disposal, they should be entitled to discount the capital gain arising from the disposal of those Units, after offsetting any capital losses by 50% (66.7% for superannuation funds).

Any capital gain or capital loss derived or incurred by the Investor on the disposal of their Units should be aggregated with any other capital gains or capital losses that the Investor may have in that year to determine the Investor's net capital gain or net capital loss. A net capital gain is included in the Investor's assessable income. Capital losses may be carried forward and offset against future taxable capital gains (subject to loss recoupment rules for Investors who are companies).

11.4 OTHER TAX ISSUES

Tax losses

The Fund may have tax losses in the first financial year of operation. Tax losses incurred by the Fund are not able to be Distributed to Investors. These losses will be carried forward by the Fund and offset against future assessable income subject to satisfying loss recoupment rules. Any capital losses made by the Fund can be carried forward and offset against future capital gains.

Tax File Number

An Investor need not quote a Tax File Number (**TFN**) when applying for Units in the Fund. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, tax is required to be withheld from any income Distribution entitlement. The withholding rate is the highest marginal rate plus the Medicare levy (currently 46.5%).

GST

The acquisition and disposal of Units in the Fund by Investors should not be subject to Goods & Services Tax (GST). Similarly, the Distributions paid by the Fund to Investors should not be subject to GST.

It is expected that most of the properties purchased by the Fund will not be subject to GST. In the circumstance where the property may be subject to GST, the Fund will not be entitled to recover the GST on these properties as the properties will provide input taxed supplies. All disposals of property by the Fund will not be subject to GST.

The Fund will not be entitled to recover GST on expenses which relate to the leasing of properties as the costs are in relation to an input taxed supply. The GST recovery on other expenses may be recovered at a reduced rate.

Product ruling

A product ruling has neither been sought by the Manager nor issued by the ATO in respect of the Offer of Units in the Fund pursuant to this PDS.

Managed investment trust capital account election

The Manager will make the managed investment trust capital election on behalf of the Fund. The election will allow the Fund to recognise the sale of investment assets on capital account which enables Investors to access the discounting provisions (if eligible) in the CGT legislation, thereby reducing their tax liabilities.

Application of Division 250 of the *Income Tax Assessment Act 1997*

The application of Division 250 results in the denial or reduction of capital allowance deductions in relation to an asset which has been put to a tax preferred use via a financing arrangement. Division 250 applies when a lease arrangement is established with a tax preferred entity. A government entity would qualify as a tax preferred entity if it was exempt from income tax. DHA is a GBE and under the provisions contained in the *Defence Housing Australia Act 1987*, DHA is a full income tax payer and therefore would not be considered a tax preferred entity. The regulations of Division 250 will not apply to the Fund.

Public trading trust rules

The Manager has determined the Fund is not a public trading trust. As a consequence, the net income of the Fund is intended to be taxed in the hands of the Investor as opposed to being taxed within the Fund.

Landholder duty

The Manager has assessed the Investors' obligations to remit landholder duty on the initial acquisition of Units in the Fund. It is not anticipated that a liability for landholder duty will be incurred by the Investor.

Current trust tax reforms

The Australian Government is in the process of developing new trust tax reforms. The main focus of the trust tax reforms are:

- A new tax system for managed investment trusts;
- Definition of fixed trusts; and,
- Taxation of trust income.

The proposed changes are not expected to have a significant impact to the Fund. However, if the proposed changes do have a significant impact, Investors will be advised by the Manager.



12

VALUATION ANALYSIS

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

12.1 VALUATION APPROACH

The approach to valuing the Portfolio aims to ensure that the valuation method is consistent and that the properties were valued using information from external experts.

The valuer, Herron Todd White, is a registered member of the Australian Property Institute in each state and territory where the properties are located. The valuer used certified practicing valuers who are experienced in the valuation of residential real estate in the subject localities. The valuer, while appointed by and acting on behalf of the Manager, is also a member of the DHA panel of valuers. A market valuation for each individual property in the Portfolio was prepared in accordance with the standard valuation framework of the Australian Property Institute.

12.2 VALUATION GUIDELINES

The valuer assessed the open market value of the properties having regard to the following:

- Each property was valued on an 'as is' basis and the direct comparison method was utilised. This method required the valuer to examine sales and rentals of properties which are similar to the subject, and, after making the appropriate adjustments, place a value on the subject property, based upon the evidence of value as demonstrated by the sales and/or achieved rents.
- Only comparable properties where a sale and/or lease agreement had been reached between a willing buyer/lessee and a willing seller/lessor in an arm's length transaction were included. That is, where the parties each acted knowledgeably, prudently and without compulsion having regard to the usual market terms and conditions sales/leases of similar premises.
- A minimum of five (5) comparable sales and five (5) comparable rentals as evidence were used. Evidence was less than six (6) months old and drawn from properties located in the same suburb that are comparable in terms of amenity and age. In the event of limited comparable data, the valuer may have included comparable neighbouring suburbs and evidence that has transacted within a twelve (12) month period.
- Each property was individually valued after undertaking a full internal inspection.
- Full consideration was to be given to:
 - The impact of fixtures, fittings, furnishing, landscaping and other such items;
 - Presentation of the property and locational factors; and
 - Exclude any higher purchase price or rent which might be paid by a buyer or tenant with a special interest, or any lower purchase price or rent which might be acceptable to a seller/landlord with a special interest.

INDEPENDENT PROPERTY ADVISORS



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Reply To: Canberra
Our Ref: DJ

5 June 2013

The Directors
DHA Investment Management Limited
26 Brisbane Avenue
BARTON ACT 2600

Dear Directors

Market Update
DHA Residential Property Fund No. 1

For the portfolio of 83 residential properties in seven Australian States and Territories as at 31 March 2013 we confirm since that time there has been no material movement in any of the markets to warrant an amendment of values. Accordingly, the valuations are valid till 31 July 2013.

If we can be of any further assistance please do not hesitate to contact the undersigned.

Yours faithfully
Herron Todd White



David James
DIRECTOR

Certification and Qualifications:

Improvements

We advise that the valuations assume that all improvements have been constructed in accordance with the appropriate planning and building regulations in force at the time of construction, and that all appropriate approvals have been obtained from the relevant authorities.

The valuation inspection and report does not constitute a structural survey and is not intended as such. The valuer has carried out an inspection only of the exposed and readily accessible areas of the improvements. The valuer is not a construction nor a structural engineering expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries.

This valuation has been based on the known and assumed condition of the structural improvements and the property in general as at the inspection date, and if the property has to be sold in circumstances where its condition has deteriorated and/or essential fixtures/fittings removed there is likely to be a significant write down in the asset value when compared to the current assessment. Under these circumstances the valuer will be not be responsible for any reduction in value.

Should any adverse improvement concerns become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Land Dimensions / Area

We advise that we have not searched or been provided with a copy of the Registered Plans and that any dimensions or land areas quoted in this report have been obtained from third party information sources and whilst endeavours have been made to verify such information we accept no responsibility for inaccuracy of any information provided and relied upon.

Site Survey / Encroachments

We advise that a survey report has not been sighted and our inspection has revealed that there do not appear to be any encroachments upon or by the property. Survey pegs were not located and this valuation assumes correct boundary alignment. This valuation is made on the assumption that there are no encroachments by or upon the property and that this should be confirmed by a current survey report and/or advice from a registered surveyor. We are not surveyors. Should any encroachments or other affectations be noted by the survey report, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Easements and Encumbrances

We advise that this valuation is based on the assumption that there are no easements or encumbrances or other title defects which would have any adverse effect on the value or marketability of the property. We recommend that a full title search be carried out and that until such time as that search is undertaken and considered by the valuer, no reliance should be placed on the valuation report. Should any such easement or encumbrance or other like affectation on title become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Town Planning, Building and Other Searches

We advise that a search with the appropriate Council or other relevant authorities has not been carried out or has not been obtained and therefore this valuation has been undertaken on the assumption that all necessary and appropriate town planning and/or building, consents, approvals and certifications have been issued for the use and occupation of the improvements as more fully described in this report. It is recommended that all appropriate consents, approvals and/or certifications as referred to above be obtained. Should any affectations become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Pest & Termite Infestation

We advise that the inspection of the subject property did not reveal any obvious visible pest or termite infestation within reasonably accessible areas to the valuer. The client acknowledges and recognises that the valuer is not a pest inspector / pest expert. The absence of pests, including termites, can only be confirmed by a suitably qualified expert after a comprehensive inspection and the use of specialist equipment. Should any pest or termite infestation concerns become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Asbestos

We advise that the inspection of the subject property did not reveal any obvious visible asbestos materials to the valuer. The client acknowledges and recognises that the valuer is not qualified to conclusively determine the existence of asbestos and will not be held liable nor responsible for his/her failure to identify any asbestos materials and the impact which any asbestos material has on the property and its value. Should any asbestos concerns become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Utility Services

We advise that the valuer has not tested any of the services. Should any utility service concerns become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Flood Search

We advise that we have not undertaken a formal search to confirm whether or not the property is subject to flooding or other impediments caused by excess water saturation. Should any flooding or other impediments caused by excess water saturation concerns become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Environmental / Contamination

We advise that the inspection of the subject property did not reveal any obvious visible environmental or contamination concerns to the valuer. The client acknowledges and recognises that the valuer is not an expert in identifying environmental or contamination hazards and compliance requirements affecting properties. The valuer will not be held liable nor responsible for his/her failure to identify all such matters of environmental or contamination concern and the impact which any environmental or contamination related issue has on the property and its value including loss arising from site contamination; or the non-compliance with environmental laws; or costs associated with the clean up of the property to which an environmental hazard has been recognised, including action by the Environmental Protection Agency to recover clean up costs pursuant to the relevant Environmental Protection Act. Should any environmental or contamination concerns become apparent, the valuer should be consulted and reserves the right to reassess any affect on the value stated in this report.

Reliance and Disclosure

The report has been prepared for the private and confidential use by the party to whom it is addressed. This valuation is for the use of and may be relied upon only by the party/parties to whom it is addressed. No other parties are entitled to use or rely upon it and Herron Todd White does not assume any liability or responsibility to any other party who does so rely upon the valuation without the express written authority of Herron Todd White. Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without the written approval from Herron Todd White including the form and context in which it may appear.

Market Movement & Report Expiry

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

We note inspections of all properties occurred in the month prior to the date of valuation, being 31 March 2013 and for the purposes of this valuation have assumed no change in the property or market during that time.

Comparative Sales & Rental Evidence

The comparative sales used in this valuation report are considered the most relevant sales based on our research, both in terms of physical comparability to the subject property and allowing for market changes between comparable sales and valuation date. In many cases, we have not physically inspected the interior of the sales evidence quoted and have relied on sales evidence as recorded in available property sales databases. We therefore cannot guarantee the accuracy of the information provided.

Full Disclosure & Reasonably Available Information

The instructing party acknowledges its responsibility for full disclosure of relevant information and undertakes to provide all documents in its possession that may have an affect on the service to be provided. This valuation is based upon information reasonably available to the valuer as at the date of issue in accordance with usual valuation practices.

GST

Our valuation is on the basis the property is input taxed and free of GST. We are not privy to the financial circumstances of the current owner(s) nor previous transactions upon the property which may impact upon the status of the property in relation to GST. Should the property not qualify as GST free, our assessment is inclusive of GST.

Definition of Market Value

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Definition of Market Rental

The estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate terms in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Service-Providing Entity

The entity which has provided this valuation is solely the entity named on this report (with its associated ACN/ABN). No other entity forming part of or associated with the Herron Todd White Group is liable. From time to time, the associated invoice for services may be issued by another Herron Todd White entity other than the service-providing entity named on this report. If this occurs, no professional liability is extended to the entity named on the invoice.

Conflict of Interest

Neither the valuer, nor to the best of their knowledge, any member of this firm, has any conflict of interest, or direct, indirect or financial interest in relation to this property that is not disclosed herein.

Liability Limited by a Scheme

Liability limited by a scheme approved under Professional Standards Legislation. The scheme does not apply within Tasmania.



13

INVESTOR REPORTING

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

13.1 OVERVIEW

Table 17 sets out the documents the Manager will make available to Investors before and after investment in the Fund.

Table 17: Investor Reporting

TIME	DOCUMENT
BEFORE INVESTMENT	<p>This PDS.</p> <ul style="list-style-type: none"> Any updates will be available on the Manager’s website. <p>The following documents are also available on request, without charge:</p> <ul style="list-style-type: none"> Unit Pricing Policy; Conflicts of Interest and Related Party Transactions Policy; and, Constitution of the Fund.
ON INVESTMENT OR WITHDRAWAL OF INVESTMENT	<p>Confirmation of the investment or withdrawal will be sent to the Investor (generally within twenty one (21) Business Days).</p>
EVERY THREE (3) MONTHS	<p>The following document will be sent to the Investor:</p> <ul style="list-style-type: none"> Distribution statement.
EVERY SIX (6) MONTHS	<p>The following documents will be available on the Manager’s website or on request, without charge:</p> <ul style="list-style-type: none"> ASIC Regulatory Guide 46 <i>Benchmarks and Disclosure Principles Information Update</i>; and, Half-yearly Investor reports.
EVERY TWELVE (12) MONTHS	<p>The following documents will be sent to the Investor:</p> <ul style="list-style-type: none"> Annual financial statements; and, Tax statement for the financial year.
IF THERE IS A MATERIAL CHANGE TO A MATTER, OR A SIGNIFICANT EVENT THAT AFFECTS A MATTER, COVERED IN THIS PDS.	<p>A Significant Event Notice will be sent to the Investor.</p> <p>This may be included in another document (such as an annual statement) which is sent to the Investor.</p>

13.2 INVESTORS’ RIGHT TO INFORMATION

The Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Investors have a right to obtain a copy of the following documents:

- the annual financial report for the Fund most recently lodged with ASIC;
- any half-year investor report for the Fund; and
- any continuous disclosure notices for the Fund in accordance with ASIC Regulatory Guide 198 *Unlisted disclosing entities: Continuous disclosure obligations*. The Manager will fulfil its continuous disclosure requirements by way of website disclosure which complies with ASIC’s good practice guidance. Investors may access material information regarding the Fund from the Fund’s website at www.dhaim.com.au.

14

OTHER INFORMATION

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

14.1 CONSTITUTION OF THE FUND

The rights and obligations of the Manager and each Investor for the operation of the Fund are contained in the Constitution. The Fund is a registered managed investment scheme under the Corporations Act.

The Constitution governs the powers and duties of the Manager and confers rights on Investors. The Constitution is a legally binding document between the Manager and each Investor, and between each Investor and each other Investor. The Constitution is available for inspection at the registered office of the Manager during normal business hours. The Manager will provide a copy of the Constitution to Investors upon written request.

The main provisions of the Constitution that deal with the rights and obligations of Investors are:

- **Distributions:** Each Investor is entitled to a Distribution based on their income entitlement immediately prior to the end of the last day of each Distribution period. Payment must be made within sixty one (61) days after the Distribution calculation date. It is expected that Distributions will be calculated quarterly.
- **Units:** The Fund is divided into Units. A Unit is not an entitlement to any particular asset or part of an asset, but rather an undivided beneficial interest in the assets of the Fund as a whole.
- **Meetings:** Convening meetings, the rights of Unit holders, notice of meetings and right to vote and appoint a proxy are all legislated and driven by the Corporations Act. The Constitution specifies the quorum that is necessary for a meeting to proceed, which is two (2) or more Investors holding at least 40% of all Units in the Fund.
- **Transfer:** Investors may transfer Units in any form approved by the Manager.
- **Withdrawal:** Requests must be made in writing to the Manager. All requests will be considered on merit, but are not guaranteed to be agreed upon.
- **Winding up:** Upon termination, the Fund will convert the assets into cash, payout and make provision for the liabilities and pay the balance as a Distribution to Investors in line with their Unit holding.
- **Liability:** The Investor is liable for any loss or liability incurred as a result of their individual act or omission. The Constitution states that each Investor's liability is limited to any amount which remains unpaid in relation to their subscription for Units.

The Constitution also deals with the Manager's powers, duties and liability:

- **Powers:** The Manager has broad ranging powers to invest in and dispose of assets, incur obligations and liabilities and the power to enter into and execute agreements, deeds and other arrangements on behalf of the Fund. It has the power to delegate its duties, but not its responsibilities, and has the right to rely on advice of experts sought. It has the power to seek information from Investors at any time to fulfil its duties as Manager of the Fund. It may also appointment an Investment Committee.
- **Duties:** The Manager has a fiduciary duty and obligation to comply with the various statutory duties to Investors as prescribed by the Corporations Act; these include to act in a fair and equitable manner and in the best interests of Investors.
- **Fees:** The Constitution prescribes that a management fee and performance fee are payable by the Fund to the Manager. These fees are detailed further in Section 10 of this PDS:
 - Management fee; and,
 - Performance fee

- **Expenses:** All costs and disbursements incurred by the Manager in the proper performance of its duties are payable out of the assets of the Fund. These include, but are not limited to, acquisition and disposal of assets and related costs, compliance costs, all taxes relating to the Fund and costs associated with the ownership of the assets of the Fund.
- **Liability:** The Manager is not liable in contract, tort, or otherwise to any Investor or other person for any loss suffered in any way relating to the Fund, except to the extent that the Corporations Act imposes such liability. Liability is limited to the Manager's ability to be indemnified from the assets of the Fund.

The Manager can amend the Fund's Constitutions without Investor approval provided that the Manager reasonably considers the change will not adversely affect Investors' rights. The Constitution can also be amended by **Special Resolution** passed by Investors.

Compliance Plan

The Manager, as Responsible Entity of the Fund, has adopted a Compliance Plan to ensure compliance with the Corporations Act in so far as it relates to registered managed investment schemes. The Compliance Plan documents compliance risks and their monitoring process, provides a basis on which compliance adherence is able to be audited and allocates responsibility for compliance monitoring within the Manager.

14.2 UNIT PRICING AND POLICY

The Manager maintains a Unit Pricing Policy which provides guidance on the calculation of the Application Price and the Withdrawal Price of Units. This policy sets out the Unit pricing requirements of the Constitution and the circumstances in which the Manager's discretion is exercised in calculating Unit prices.

14.3 IRREVOCABLE OFFER TO SELL

Pursuant to a deed poll dated 26 June 2013 (Deed), DHA has made an offer to the Manager (in its capacity as the Responsible Entity of the Fund) to sell the Portfolio properties to the Manager on the terms and conditions set out in the Deed. The offer remains open for acceptance by the Manager until 22 September 2013. The purchase price payable for the Portfolio properties is set out in the Deed and, in general, corresponds with the values ascribed by the valuer as set out in Section 12 of this PDS. If the Manager accepts the offer, it will instruct the Custodian to acquire the Portfolio properties as custodian and agent of the Manager.

14.4 LEASE AGREEMENT SUMMARY

The Lease Agreement will be signed between DHA and the Custodian on behalf of the Fund, relating to the Portfolio properties that are to be acquired by the Fund. This Lease Agreement includes the right for DHA to sublet the property on the private rental market where not required for ADF members. A summary of the terms of the lease are set out in Table 18.

Table 18: Lease Agreement Summary

TERM	DESCRIPTION
INITIAL LEASE TERM	9 to 12 years as determined by DHA.
VARIATION OF LEASE TERM	DHA may exercise each of the following rights once: <ul style="list-style-type: none"> • Extend the term by a period up to four (4) years; or • Reduce the term by a period up to twelve (12) months.
DHA PROPERTY MANAGEMENT SERVICE FEE	DHA's property management service fee is calculated as a percentage of the rent and is deducted from the monthly rental; payment. These fees are outlined in Section 10 of this PDS.
PROPERTY MANAGEMENT	DHA is responsible for tenant management, carrying out periodic inspections and reporting, itemising monthly rent receipts and paying outgoings and expenses as authorised.
INITIAL RENT	Market rent has been ascertained by the valuer.
PAYMENT OF RENT	Rent is calculated from the date of settlement. DHA pays rent monthly in advance on the first day of each calendar month (except for the first and last month). Rent may be abated in limited circumstances.
RENT REVIEW	DHA will adjust the rent throughout the lease term as follows: <ul style="list-style-type: none"> • At the first, second, third and fourth review date, rent will be indexed to 4.25%. • At the fifth review date, the greater of market rent or the indexed Year Five (5) rent will apply. • At the sixth, seventh, eighth and ninth review date, rent will be indexed by 4.25%. • At the tenth review date and any subsequent years of the lease, the higher of market rent or the indexed Year Ten (10) rent will apply.
PROPERTY EXPENSES	Expenses relating to the properties managed by DHA as the property manager will be deducted from gross rent. All other property expenses will be paid/reimbursed out of the Fund.
REPAIR AND MAINTENANCE SERVICE	DHA is responsible for organising and covering the cost of most non-structural repair and maintenance (fair wear and tear excepted), including replacement of fixed appliances as needed. The Fund retains some responsibilities and obligations.
EMERGENCY REPAIR SERVICE	Upon notification, DHA will (at the cost of the Fund unless it is of a kind in the previous item above) immediately arrange any repair needed to preserve the dwelling and protect human health, safety and security.
RESTORATION SERVICE	DHA ensures the property is returned in good order at lease end by providing a restoration service. DHA's obligations are determined by the duration of the lease term and the responsibilities of any Body Corporate (or similar entity). In general, where the lease term is nine (9) years or more, the property is professionally cleaned, repainted and re-carpeted, at the cost of DHA.

Table 18: Lease Agreement Summary

TERM	DESCRIPTION
PROPERTY SALE	<p>If at any time the Fund intends to sell a property, then it must grant DHA the first right to purchase. The Fund must give DHA written notice of its intention, the proposed sale price (which must be no less than the current market value, supported by a market valuation) and the terms and conditions for the sale of the property.</p> <p>Upon notice being given, DHA has one (1) month to agree to the purchase of the property. If DHA declines, the Fund may sell the property to any other party. The Manager has the option to engage DHA to manage the sale process on the Fund's behalf and DHA may receive a fee from the Fund (determined on an arm's length basis) for managing the sale process.</p>
LIMITATION OF LIABILITY	As it relates to the Manager, as trustee of the Fund, and the Custodian, any liability relating to the Lease Agreement is limited to the assets of the Fund, except in the case of fraud, negligence or breach of contract.

The Manager intends to instruct the Custodian to enter into the Lease Agreement following the Allotment Date if the minimum amount sought under the Offer is raised.

14.5 SUMMARY OF OTHER CONTRACTS AND APPOINTMENTS

A number of other contracts or agreements have been entered into on behalf of the Fund. A summary of each of these appointments, contracts or agreements is set out in Table 19.

Table 19: Summary of Other Contracts and Appointments

NAME OF DOCUMENT	PARTIES	SUMMARY OF PURPOSE OF DOCUMENT
REGISTRY AGREEMENT	<ul style="list-style-type: none"> Manager White Outsourcing Pty Ltd 	Enables registry services to be provided by the registrar for the Unit holder of the Fund.
CUSTODY DEED	<ul style="list-style-type: none"> Manager Custodian 	<p>The Custodian has been appointed to act as custodian to receive and hold any assets of the Fund. The responsibilities of the Custodian are, on the Manager's behalf to:</p> <ul style="list-style-type: none"> enter into contracts or effect transactions in relation to assets; hold assets in a manner enabling identification as assets of the Fund; open and maintain bank accounts to hold monies of the Fund; and, act on the direction of the Manager from time-to-time. <p>The Custodian is under obligation to follow the instructions of the Manager and is not liable for the consequences of following these instructions.</p>

Table 19: Summary of Other Contracts and Appointments

NAME OF DOCUMENT	PARTIES	SUMMARY OF PURPOSE OF DOCUMENT
ACCOUNTING FUNCTION AGREEMENT	<ul style="list-style-type: none"> • Manager • White Outsourcing Pty Ltd 	<p>Enables accounting services to be provided by the accounting provider.</p> <p>These services include quarterly reconciliations and preparation of financial statements for the purposes of Unit pricing calculations, Distributions and audit requirements.</p>
PROMOTIONAL AGREEMENT AND DISTRIBUTION ARRANGEMENTS DEED	<ul style="list-style-type: none"> • Defence Housing Australia • Centric Wealth Limited/ Specialised Private Capital Limited (SPC) 	<p>DHA has partnered with Centric who will establish their own fund as the beneficial owner of the Units in the Fund and then distribute units in their fund to investors. Key terms of the agreements include:</p> <ul style="list-style-type: none"> • undertaking by Centric to subscribe for, or procure subscribers in Australia; • promotional payment payable to SPC by DHA; and, • exclusive distribution to Centric.
RESPONSIBLE MANAGER SERVICES DEED	<ul style="list-style-type: none"> • Defence Housing Australia • Specialised Private Capital Limited 	<p>Enables DHA to access certain support services for the Manager and the Fund. Any fees and expenses are not costs of the Fund.</p>
SERVICES AGREEMENT	<ul style="list-style-type: none"> • Manager • Defence Housing Australia 	<p>DHA agrees to provide to the Manager the services to assist in the running of the business.</p> <p>Fees and expenses payable to DHA are borne by the Manager (and not by the Fund).</p>
COMPLIANCE PLAN AUDITOR	<ul style="list-style-type: none"> • Manager • Ernst & Young 	<p>Ernst & Young is required to undertake an annual audit of the Fund's Compliance Plan.</p>
FINANCIAL STATEMENTS AUDITOR	<ul style="list-style-type: none"> • Manager • Ernst & Young 	<p>Ernst & Young is required to undertake an annual audit of the financial statements of the Fund. A half yearly audit is not required.</p> <p>The financial statements are required to be prepared in accordance with the Corporations Act and generally must comply with Australian Accounting Standards.</p> <p>The financial statements together with the auditor's report are required to be lodged with ASIC within three (3) months of the end of financial year (30 June).</p>

14.6 CORPORATE GOVERNANCE

Compliance Committee

A Compliance Committee has been appointed by the Manager to monitor compliance with the Compliance Plan, Constitution and Corporations Act. The members of the Compliance Committee include two (2) independent members, Penni James (Chair) and Graeme MacLaren, and Jon Brocklehurst (DHA Chief Financial Officer and DHA IML Responsible Manager). The Compliance Committee will be responsible to:

- monitor to what extent the company complies with the Compliance Plan and to report on its findings to the Manager's Board;
- report to the Manager's Board any breach of the Corporations Act involving the Fund and any breach of the provisions included in the Fund's Constitution in accordance with section 601GA of the Corporations Act of which the Committee become aware or that it suspects;

- report to ASIC if the Committee is of the view that the Manager has not taken, or does not propose to take, appropriate action to deal with a matter reported;
- assess at regular intervals whether the Compliance Plan is adequate, to report to the Manager on the assessment and to make recommendations to DHA IML about any changes that it considers should be made to the Compliance Plan; and,
- any other functions or responsibilities that the Corporations Act may require or the Board may delegate to it from time-to-time.

Compliance Plan

The Manager, as Responsible Entity of the Fund, has adopted a Compliance Plan to ensure compliance with the Corporations Act in so far as it relates to registered managed investment schemes. The Compliance Plan documents compliance risks and their monitoring process, provides a basis on which compliance adherence is able to be audited and allocates responsibility for compliance monitoring within the Manager.

14.7 INVESTOR PRIVACY

By applying to invest in the Fund, the Investor consents to personal information about them being used for the purposes for which it was provided, the provision of financial services to them. Without this information the Manager cannot provide a potential Investor with Units in the Fund. Some personal information must be collected for the purpose of compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. The Manager may provide personal information to its service providers, such as for account administration and the production and mailing of communications to Investors. The Investor may have access to their personal information by contacting the Manager.

The Manager is committed to respecting the privacy of Investors' personal information. It complies with the provisions of the *Privacy Act 1988*. That law regulates, among other matters, the way in which organisations collect, use, disclose, keep secure and give people access to their personal information. The Manager's privacy statement broadly outlines what information is collected, how it is stored, used, and disclosed, and how it manages personal information. Investors may obtain a copy of the statement from the Manager.

14.8 SUMMARY OF VALUATION POLICY

The Manager's Valuation Policy is to have the properties valued each financial year by a registered valuation firm chosen by the Manager.

Property valuations are undertaken by a certified practicing valuer registered with the Australian Property Institute and are based on market value.

It is also the policy of the Manager to ensure that no more than two (2) consecutive valuations are undertaken by any one (1) valuation firm to further ensure transparency. This Valuation Policy underpins the preparation of financial statements along with valuations for Unit pricing purposes. It is the policy of the Fund to undertake valuations of assets in June each year.

14.9 DISPUTE RESOLUTION

The Constitution contains provisions governing the procedures for dealing with complaints by Investors. The Manager has policies and procedures in place to properly consider and deal with any complaints received from Investors.

The Manager takes complaints seriously and aims to resolve them as quickly as possible. If an Investor would like to make a complaint they can contact the Manager via the following:

The Secretary

DHA Investment Management Limited
26 Brisbane Avenue
Barton ACT 2600

Phone: 139 DHA (139 342)
Website: www.dhaim.com.au
Email: info@dhaim.com.au

The Manager will promptly acknowledge the complaint as soon as practicable and in any event within five (5) business days. It will then investigate it and determine within thirty (30) days (or longer depending on the nature of the complaint and information provided) what, if any, action needs to be taken. The Manager will notify the complainant of its decision within forty five (45) days after receipt of the complaint, together with any remedies that are available, or other avenues of appeal against the decision.

If the complainant is then not satisfied with the handling of the complaint, they may contact:

Financial Ombudsman Service

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Phone: 1300 78 08 08
Fax: (03) 9613 6399
Website: www.fos.org.au
Email: info@fos.org.au

This service operates as an independent body for the financial services industry of which the Manager participates, to determine unresolved complaints. There is no cost to Investors for using this service.

14.10 ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

The Manager does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments.

14.11 THE CUSTODIAN

The Trust Company (Australia) Limited is the independent Custodian of the Fund's assets. The Custodian acts in accordance with a Custody Deed which sets out service standards and requires the Custodian to comply with all instructions from the Manager; subject to certain agreed criteria.

The Custodian's role is limited to holding assets of the Fund (including bank accounts and the properties) as the agent of the Manager. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting the interests of Investors. The Custodian has no liability or responsibility to any Investor for any act done or omission made in accordance with the terms of the Custody Agreement.

14.12 CONSENTS

Norton Rose Fulbright Australia's role has been limited to providing legal input on certain matters concerning the form of this PDS. Norton Rose Fulbright Australia does not guarantee the return of any investment or the performance of the Fund. Norton Rose Fulbright Australia's assistance does not constitute an endorsement of the Offer under this PDS. Norton Rose Fulbright Australia has given consent to be referred to as the solicitor to the Offer under this PDS.

Moore Stephens Sydney Corporate Finance Pty Ltd has given and has not withdrawn its consent to the inclusion of its Independent Accountant Report in Section 9 of this PDS in the form and context in which it is included.

Heron Todd White has given and has not withdrawn its consent to the inclusion of its Valuation Report in Section 12 of this PDS in the form and context in which it is included.

The Trust Company (Australia) Limited has given and has not withdrawn its consent to be named as the Custodian of the Fund.

Centric Wealth Limited has given and has not withdrawn its consent to be named as the counterparty to the Promotional Agreement.

Specialised Private Capital Limited has given and has not withdrawn its consent to be named as the counterparty to the Distribution Arrangements Deed.

White Outsourcing Pty Ltd has given and not withdrawn its consent to be named as the Registry and accounting service provider of the Fund.

Ernst & Young has given and not withdrawn its consent to be named as the Compliance Plan and Financial Statements auditor of the Fund.

BIS Shrapnel has given and not withdrawn its consent to be named as allowing its intellectual property to be used in this PDS.

No amount has been paid or agreed to be paid to any expert for services provided by them or by their firm in connection with the formation of the Fund or the Offer of Units or to the Manager to procure Units or for services provided under the Constitution of the Fund, except as follows:

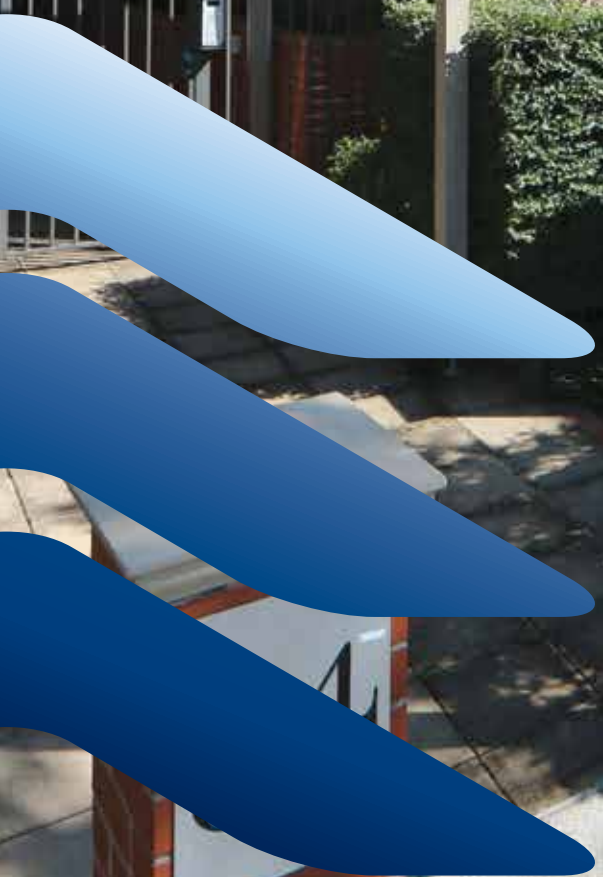
- Norton Rose Fulbright Australia will receive professional fees in providing legal input on certain matters concerning the form of this PDS;
- Moore Stephens Sydney Corporate Finance Pty Ltd will receive professional fees in furnishing the Independent Accountant Report in this PDS;
- Heron Todd White will receive professional fees in furnishing the Valuation Report in this PDS;
- The Trust Company (Australia) Limited will receive professional fees on an ongoing basis to act as Custodian of the Fund;
- Specialised Private Capital Limited will receive a promotional payment paid by DHA;
- White Outsourcing will receive professional fees on an ongoing basis to act as Registry and perform the accounting function of the Fund;
- Ernst & Young will receive professional fees on an ongoing basis to perform the audit on the Compliance Plan and Financial Statements of the Fund; and,
- BIS Shrapnel has not received payment to be referenced in this PDS.

14.13 ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING

Australian anti-money laundering and counter-terrorism financing legislation (**AML/CTF Law**), requires due diligence to be conducted on any prospective Investor before Units in the Fund may be issued to that Investor. The due diligence includes verifying a prospective Investor's identity. Verification must be based on reliable and independent documentation, reliable or independent electronic data, or both. AML/CTF Law also requires due diligence to be conducted for the period in which an Investor holds Units in the Fund.

It may also be necessary for an Investor to provide information so as to comply with anti-money laundering and counter-terrorism financing requirements, which although imposed by other jurisdictions, are applicable to the Fund.

Investors must provide any information requested by the Manager for these purposes. This may affect processing times for some transactions. The Manager will not be liable if it delays or refuses any transaction or request by an Investor due to any AML/CTF Law requirement or any anti-money laundering and counter terrorism financing requirements imposed by another jurisdiction which is applicable to the Fund.



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GLOSSARY

ABN

Australian Business Number; a unique identifying number issued by the ATO to ensure adequate identification of companies when transacting business.

ABS

Australian Bureau of Statistics; Australia's national statistics agency.

ACCOUNTING STANDARDS

Accounting Standards applied in Australia as set by the Australian Accounting Standards Board.

ACN

Australian Company Number; a unique identifying number issued by ASIC to ensure adequate identification of companies when transacting business.

ADF

Australian Defence Force; the military organisation responsible for the defence of Australia.

AEST

A measure of time covering the eastern states of Queensland, New South Wales (with the exception of the town of Broken Hill), Victoria, Tasmania and the Australian Capital Territory.

AEST is equal to Coordinated Universal Time plus 10 hours (UTC +10).

AFSL

Australian Financial Service Licence; issued by ASIC under the Corporations Act 2001 to companies which manage or otherwise deal in financial products, act as the Responsible Entity of a managed investment scheme, or provide other financial services as varied from time-to-time by ASIC.

ALLOTMENT DATE

The day on which Units are issued to Investors in respect of the Offer.

ALLOTMENT

Has a corresponding meaning to Allotment Date.

AML/CTF LAW

Anti-Money Laundering and Counter-Terrorism Financing Law; as prescribed in the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

APPLICATION AMOUNT

The monies payable by an Investor to purchase Units in the Fund.

APPLICATION PRICE

The price at which a Unit in the Fund is issued at a point in time.

APPLICATION FORM

The form Investors need to complete and send to the Manager, along with the specified certified documentation and the Application Amount, to apply to purchase Units in the Fund.

ARBN

Australian Registered Body Number; a unique identifying number issued by ASIC to ensure adequate identification of companies when transacting business.

ARSN

Australian Registered Scheme Number; a unique identifying number issued by ASIC to ensure adequate identification of managed investment schemes.

ASIC

Australian Securities and Investments Commission; Australia's corporate, markets and financial services regulator.

ATO

Australian Taxation Office; the Australian Government's principle revenue collection agency.

BUSINESS DAY(S)

A trading day in Sydney (AEST), commencing 8:30am and finishing 5:30pm.

CBD

Central Business District; the commercial and often geographic heart of a city.

CGT

Capital Gains Tax; the tax payable on the realisation of certain capital assets.

CLOSING DATE

The day on which the Offer is expected to close and the date by which Investors must submit Application Forms and pay the Application Amount to the Manager.

COMPLIANCE COMMITTEE

The Committee appointed to monitor the Fund's compliance with its Compliance Plan, its Constitution and Corporations Act 2001, as described in this PDS.

COMPLIANCE PLAN

The document setting out the Fund's compliance risks and processes for monitoring these risks, as described in this PDS.

CONSTITUTION

The Fund's Constitution dated 22 May 2013, as amended from time-to-time.

CPI

Consumer Price Index (All Groups); published by the ABS.

CUSTODIAN

A company that holds assets of a fund on behalf of the Manager. In terms of the Offer and this PDS, the Custodian is The Trust Company (Australia) Limited.

DEPRECIATION

The allocation of the cost of an asset over its useful life.

DHA

Defence Housing Australia; a GBE formed under the Defence Housing Australia Act 1987 (Cth) and whose main function is to provide housing and related services to members of the ADF and their families.

DHA IML

DHA Investment Management Limited; a wholly owned subsidiary of DHA and the Manager and Responsible Entity of the Fund (ACN 161 662 255 and AFSL 432370).

DISTRIBUTION(S)

The amount paid to Investors from the operations of the Fund.

FINANCIAL FORECASTS

The estimated future financial outcomes of the Fund.

FORECAST PERIOD

The period starting from the Allotment Date and ending on 30 June 2015.

FAIR VALUE

The price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

FUND

DHA Residential Property Fund No.1 (ARNSN 163 921 640), as described in this PDS.

GBE

Government Business Enterprise; a Commonwealth authority or Commonwealth company as defined by the Commonwealth Authorities and Companies Act 1997 (Cth) and prescribed as a GBE under the Commonwealth Authorities and Companies Regulations 1997 (Cth).

GROSS ASSET VALUE

The fair value of the portfolio of the Fund.

GST

Goods and Services Tax; defined in A New Tax System (Goods and Services) Tax 1999 Act (Cth).

IDPS

Investor-directed Portfolio Service; for example master trusts, wrap accounts or custody services.

INDIRECT INVESTOR(S)

Those Investors investing through an IDPS or an IDPS-like scheme.

INVESTMENT COMMITTEE

A Committee that may be appointed by the Manager to review and approve any proposal to sell properties within the Portfolio and to act in the best interests of Investors.

INVESTOR(S)

A holder or potential holder of Units in the Fund.

LEASE AGREEMENT(S)

The Lease Agreement to be entered into between DHA and the Custodian on behalf of the Fund relating to the Portfolio that is to be acquired by the Fund.

MANAGER OR RESPONSIBLE ENTITY

The Manager/Responsible Entity of a registered managed investment scheme is the company so named in ASIC's records. In terms of the Offer and this PDS, the Manager/Responsible Entity of the Fund is DHA IML (ACN 161 662 255, AFSL 432370).

MARKET VALUE

The price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

NAV

Net Asset Value equals the total assets less total liabilities.

NTA

Net Tangible Asset equals the NAV minus any intangible assets such as goodwill.

OFFER

The Offer of Units as outlined in this PDS.

OPENING DATE

The day on which the Offer is expected to open and the date from which Investors may submit Application Forms and pay the Application Amount to the Manager.

ORDINARY RESOLUTION

A resolution that has been passed by at least 50% of the total votes cast by Investors present at the meeting either in person or by proxy.

PDS

Product Disclosure Statement; within the meaning of Part 7.9 of the Corporations Act 2001 (Cth).

PORTFOLIO

The residential properties to be acquired from DHA by the Fund at the Allotment Date.

SIGNIFICANT EVENT NOTICE

Whereby the Manager notifies Investors of a material change to a matter or a significant event that affects a matter covered in this PDS.

SPECIAL RESOLUTION

A resolution that has been passed by at least 75% of the total votes cast by Investors present at the meeting either in person or by proxy. Generally, a Special Resolution is only required in certain specific situations such as changes to the Constitution.

TAX DEFERRED

The part of any Distribution that is not taxable in the year of receipt.

TFN

Tax File Number; a unique nine (9) digit number issued by the ATO to individuals and organisations to help them administer tax and other Australian Government systems.

UXNIT(S) OR UNIT HOLDING

Includes initial Units and additional Units representing an interest in the Fund.

UNIT HOLDER(S)

The Investor registered as the holder of a Unit in the Fund.

WITHDRAWAL PRICE

The price at which a Unit in the Fund is redeemed at a point in time.



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DIRECTORY

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

DHA RESIDENTIAL PROPERTY FUND NO.1

ARSN 163 921 640

MANAGER AND RESPONSIBLE ENTITY

DHA Investment Management Limited
ACN 161 662 255

REGISTERED OFFICE OF THE MANAGER

26 Brisbane Avenue, Barton ACT 2600
Telephone: 139 DHA (139 342)
Email: info@dhaim.com.au
Website: www.dhaim.com.au

AUDITORS OF THE FUND

Ernst & Young

INDEPENDENT ACCOUNTANT

Moore Stephens Sydney Corporate Finance Pty Ltd

CUSTODIAN OF THE FUND

The Trust Company (Australia) Limited

LAWYERS FOR THE MANAGER

Norton Rose Fulbright Australia

17

GUIDE TO COMPLETING THE APPLICATION FORM

17.1 NEW INVESTORS

Please complete all sections of the relevant application form and then sign the declaration. Refer to the Application Form Checklist for required certified documentation which must be attached to the Application Form for the application to be properly processed.

The Application Amount will be placed in an interest bearing trust account until Units are issued to successful Investors. The interest accrued in the trust account will revert to the Fund. The Manager reserves the right to accept or reject, in whole or in part, any application for Units. To the extent the Manager does not accept an application, the Manager will refund the Application Amount (less taxes and bank charges), without interest.

17.2 HOW TO COMPLETE THE APPLICATION FORM

When filling out the application form, please use BLOCK LETTERS and a black biro pen. Queries can be directed to the Manager or the Investors' financial advisor.

17.3 REQUESTS FOR ANNUAL REPORTS

The annual report for the Fund will be available each year either by way of email or a posted printed copy. While the Manager encourages Investors to elect to receive a copy by email, as this saves on paper and expenses for the Fund, Investors may elect to receive a printed copy of the annual report by post at no cost.

17.4 TAX FILE NUMBERS

Investors are not obliged to provide their Tax File Number (TFN). However, if a TFN is not provided, and no appropriate TFN exemption information is provided, the Manager is required to deduct tax from the Investor's Distributions of income at the highest marginal rate, plus the Medicare levy. If Investors hold their Units in the course or furtherance of an enterprise, they may quote their ABN instead of their TFN.

If Investors are claiming an exemption, please write the full name of the benefit received (e.g. age pension, service pension, special benefit pension) or the Exemption Code.

17.5 IDENTIFICATION DOCUMENTATION

To comply with the Manager's obligations under anti-money laundering and counter-terrorism financing legislation, all Investors must attach a certified copy of the specified documents.

If signing under power of attorney, please supply a certified copy of the power of attorney and appropriate photo identification for the attorney.

Individual / Joint Investors / Sole Trader

Individual, Joint Investors or Sole Traders must provide either primary or secondary identification documentation and the additional identification documentation.

Primary Identification Documentation

Any of the following three (3) documents below can be provided with the Application:

1. Certified copy of a current Australian or foreign passport that shows your photograph, date of birth and signature. For Australian passports only, the Manager will accept a passport that expired within the two (2) years prior to submitting the Application Form; **or**
2. Certified copy of a current Australian driver's licence (must contain your photograph, date of birth and signature); **or**
3. Certified copy of a current card issued by an Australian State or Territory for the purpose of proving a person's age (must contain your photograph, date of birth and signature).

Secondary Identification Documentation

If Investors do not have any of the primary documents, the Manager will accept certain Australian or foreign documentation.

Australian documentation

Any of the following three (3) documents below can be provided with the Application:

1. Certified copy of an Australian birth certificate; **or**
2. Certified copy of an Australian citizenship certificate; **or**
3. Certified copy of a pension or health card issued by Centrelink.

Foreign documentation

Please provide the following:

1. Certified copy of a national identity card issued by a foreign government, the United Nations (UN) or an agency of the UN (must contain your photograph, date of birth and signature); **and**
2. Certified copy of a foreign driver's licence (must contain your photograph, date of birth and signature).

Additional Identification Documentation

Please provide one (1) document from the following:

1. An original notice, or certified copy, showing your name and residential address, issued in the preceding twelve (12) months by the ATO or any Australian Commonwealth, State or Territory government body; **or**
2. An original notice, or a certified copy (e.g. rates notice or electricity bill), showing your name and residential address, issued in the preceding three months by a local government body or a utilities provider.

Sole Trader

Please provide the following:

1. Current or certified copy of a business name search; **and**
2. Primary or secondary documentation and additional documentation as required for an individual or joint investors (above).

Company

Please provide one (1) document from the following:

1. Certified copy of a certificate of registration or incorporation issued by ASIC (or other official document) which confirms the company's name, identification number (e.g. ACN) and whether the company is a public or proprietary (private) company; **or**
2. Screen print of Company search from ASIC database.

Trust / Superannuation Fund

Category A and B

A screen print from the relevant regulator's website showing the full name of the trust, and that the trust is a registered scheme, regulated trust or government superannuation fund.

Category C

Please provide one (1) document from any of the following:

1. Certified copy or certified extract of the trust deed; **or**
2. Notice (such as assessment notice) issued to the trust by the ATO within the preceding twelve (12) months; **or**
3. Letter from a solicitor or qualified accountant verifying the name of the trust.

Copies can be certified by one (1) of the following:

- Lawyers;
- Justices of the Peace;
- Australian Police Officers;
- Notaries Public;
- Certified practising or chartered accountants with two (2) or more years continuous membership;
- Officers of Australian Financial Services Licence (AFSL) holders with two (2) or more years' experience. For example, this may include your financial advisor;
- Australia Post permanent employees with two (2) or more years' experience;
- Judges and Magistrates; or
- Australian Consular or Diplomatic Officers.

The eligible certifier must include the following information:

- their full name;
- address;
- telephone number;
- the date of certifying;
- capacity in which they are eligible to certify; and
- an official stamp/seal if applicable.

The certified copy must include the statement, "I certify this is a true copy of the original document" (or words to that effect). For photographic documents, the certified copy must include the statement, "I certify this is a true copy of the original document and the photograph is a true likeness" (or words to that effect).

LODGEMENT OF APPLICATIONS

Return completed Application Form with cheque(s) attached to:

DHA Residential Property Fund No 1 Offer
GPO Box 5482
NSW Sydney NSW 2001

Application Forms must be received at the above address no later than 5:00pm (ADST) on the Closing Date unless the Offer is extended by the Manager.

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APPLICATION FORMS

DHA RESIDENTIAL PROPERTY FUND NO. 1 ARSN 163 921 640
PRODUCT DISCLOSURE STATEMENT

26 JUNE 2013

18. APPLICATION FORM FOR AN INDIVIDUAL

THIS APPLICATION FORM MUST BE COMPLETED IN FULL BY **INDIVIDUAL INVESTORS, JOINT INVESTORS OR SOLE TRADERS**.
 PLEASE COMPLETE USING BLOCK LETTERS AND BLACK BIRO.

INVESTOR 1

PERSONAL DETAILS

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

OCCUPATION

DATE OF BIRTH (DD/MM/YYYY)

TAX FILE NUMBER (OR EXEMPTION CODE)

COUNTRY OF RESIDENCE

/ /

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

CONTACT DETAILS

HOME (INC. AREA CODE)

BUSINESS (INC. AREA CODE)

FACSIMILE (INC. AREA CODE)

()

()

()

MOBILE

EMAIL ADDRESS (USE UPPER & LOWER CASE WHERE NECESSARY)

POSTAL ADDRESS (IF DIFFERENT FROM ABOVE)

UNIT NO./FLOOR/PO BOX NO.

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

INVESTOR 2 (JOINT INVESTOR)

PERSONAL DETAILS

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

OCCUPATION

DATE OF BIRTH (DD/MM/YYYY)

TAX FILE NUMBER (OR EXEMPTION CODE)

COUNTRY OF RESIDENCE

/ /

INVESTOR 2 (JOINT INVESTOR CONTINUED)**RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)**

UNIT NO./FLOOR STREET NO. STREET NAME

SUBURB/TOWN STATE POSTCODE COUNTRY (IF OTHER THAN AUSTRALIA)

CONTACT DETAILSHOME (INC. AREA CODE) BUSINESS (INC. AREA CODE) FACSIMILE (INC. AREA CODE)
() () ()

MOBILE EMAIL (USE UPPER & LOWER CASE WHERE NECESSARY)

POSTAL ADDRESS (IF DIFFERENT FROM ABOVE)

UNIT NO./FLOOR/PO BOX NO. STREET NO. STREET NAME

SUBURB/TOWN STATE POSTCODE COUNTRY (IF OTHER THAN AUSTRALIA)

JOINT INVESTORS ONLY (PLEASE TICK ONE OPTION)PLEASE INDICATE WHO WILL SIGN TO AUTHORISE TRANSACTIONS ON YOUR INVESTMENT ACCOUNT.
IF NO SELECTION IS MADE, BOTH SIGNATURES WILL BE REQUIRED FOR ALL TRANSACTIONS. BOTH TO SIGN EITHER TO SIGN**SOLE TRADER**

FULL BUSINESS NAME ABN / ARBC / ACN

PRINCIPAL PLACE OF BUSINESS (IF ANY) (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR STREET NO. STREET NAME

SUBURB/TOWN STATE POSTCODE COUNTRY (IF OTHER THAN AUSTRALIA)

INVESTMENT DETAILS

PLEASE INDICATE THE AMOUNT YOU WISH TO INVEST

APPLICATION AMOUNT \$
(MINIMUM \$5,000)**APPLICATION AMOUNT PAYMENT**

PAYMENTS CAN BE MADE EITHER BY CHEQUE OR ELECTRONIC FUNDS TRANSFER (EFT)

CHEQUE

ALL CHEQUES ARE MADE PAYABLE TO:

DHA RESIDENTIAL PROPERTY FUND NO. 1 OFFER
GPO BOX 5482
SYDNEY NSW 2001**ELECTRONIC FUNDS TRANSFER (EFT)**

PLEASE USE THE SURNAME OF INVESTOR 1 (AS IT APPEARS ON THIS APPLICATION FORM) AS A REFERENCE WHEN COMPLETING THE TRANSFER.

ACCOUNT NAME: **THE TRUST COMPANY (AUSTRALIA) LIMITED AS CUSTODIANS FOR DHA RESIDENTIAL PROPERTY FUND NO 1.**
BSB NUMBER: **032-024**
ACCOUNT NUMBER: **027036**

DISTRIBUTION PAYMENTS

NOMINATED BANK ACCOUNT

PLEASE PROVIDE DIRECT DEPOSIT DETAILS OF YOUR NOMINATED BANK ACCOUNT FOR DISTRIBUTION PAYMENTS

ACCOUNT NAME

BSB NUMBER

ACCOUNT NUMBER

NAME OF FINANCIAL INSTITUTION

BRANCH SUBURB/TOWN

ANNUAL REPORT DELIVERY (PLEASE TICK ONE OPTION)

- I WOULD LIKE TO RECEIVE A COPY OF THE ANNUAL REPORT BY EMAIL
 I WOULD LIKE TO RECEIVE A PRINTED COPY OF THE ANNUAL REPORT BY POST

IF NEITHER OPTION IS INDICATED, YOU WILL RECEIVE A PRINTED COPY OF THE ANNUAL REPORT BY POST. THE ELECTION THAT YOU MAKE IN THIS APPLICATION FORM IS A STANDING ELECTION. YOU MAY CHANGE YOUR ELECTION AT ANY TIME, BY CONTACTING THE MANAGER.

ADVISOR DETAILS

IF YOU ARE INVESTING THROUGH A FINANCIAL ADVISOR, PLEASE HAVE THEM COMPLETE AND SIGN THIS SECTION AND STAMP THE APPLICATION FORM.

- TICK THIS BOX IF YOU WOULD LIKE YOUR ADVISOR TO RECEIVE A COPY OF ALL CORRESPONDENCE

TITLE

ADVISOR FULL GIVEN NAME/S

ADVISOR SURNAME

ADVISOR COMPANY (IF APPLICABLE)

LICENSED DEALER

AFS LICENCE NUMBER

POSTAL ADDRESS

EMAIL ADDRESS (USE UPPER AND LOWER CASE WHERE NECESSARY)

CONTACT TELEPHONE NUMBER

AML/CTF REQUIREMENTS (ADVISORS ONLY)

- I CONFIRM I HAVE COMPLETED AML/CTF IDENTIFICATION REQUIREMENTS FOR THIS INVESTOR; OR
 I HAVE INCLUDED THE INVESTOR'S IDENTIFICATION DOCUMENTS FOR YOUR VERIFICATION

ADVISOR SIGNATURE

NAME

DATE

DECLARATION**I/WE:**

- Wish to apply for units in the Fund;
- Received the PDS at the same time and by the same means as I/we received this Application Form;
- Agree to be bound by the PDS and the terms of the Fund's Constitution (as amended from time-to-time);
- Agree to personal information being collected, used and disclosed in accordance with the Privacy Statement contained in the PDS;
- Acknowledge that joint Investors or signatories who allow one or the other to give instructions in relation to an investment in the Fund will bind the other Investor or signatory for all transactions in connection with the investment including changes to account details;
- Agree to the anti-money laundering and counter-terrorism financing statement contained in the PDS;
- Acknowledge that investments in the Fund are not deposits or liabilities of any company in DHA;
- Acknowledge that the Fund is subject to investment risks which could include delays in repayment and loss of income and capital invested and that no member of DHA guarantees the performance of the Fund or any particular rate of return;
- Declare and agree that any information and documents that will be used for the purposes of this application (whether or not provided on or with this application) are complete and correct, and if they concern another person, have been provided with that person's consent;
- Understand that the Manager may request or require additional personal or company information in order to fulfil legislative obligations;
- Acknowledge that it is a criminal offence to knowingly provide false or misleading information or documentation in connection with this application;
- Declare that if the Application Form is signed under power of attorney, I/We have no knowledge of the revocation of that power of attorney;
- Agree that payment of any return on investment will be by direct bank deposit to a nominated bank account I/We have specified; and
- If this is a joint application, all correspondence will be sent to the address provided in the Application Form for Investor 1 and, unless otherwise directed, no separate written confirmation will be made.

INVESTOR SIGNATURES

EACH SIGNATORY BELOW CONFIRMS THAT THEY HAVE BEEN DULY AUTHORISED TO EXECUTE THIS APPLICATION ON BEHALF OF THE INVESTOR/S AND THAT THE SIGNING AUTHORITIES SPECIFIED ABOVE HAVE ALSO BEEN DULY AUTHORISED.

SIGNATORY 1**SIGNATORY 2 (IF APPLICABLE)**

 SIGNATURE

 SIGNATURE

 NAME

 NAME

 DATE

 DATE
APPLICATION FORM CHECKLIST

INCOMPLETE INFORMATION CAN DELAY THE PROCESSING OF APPLICATIONS. PLEASE USE THE CHECKLIST BELOW TO CONFIRM YOU HAVE PROVIDED THE REQUIRED INFORMATION AND DOCUMENTS WITH YOUR APPLICATION. FURTHER DETAILS ARE PROVIDED IN SECTION 17.

INDIVIDUALS/JOINT INVESTORS/SOLE TRADERS

- PRIMARY IDENTIFICATION DOCUMENTATION, DULY CERTIFIED; **OR**
- SECONDARY IDENTIFICATION DOCUMENTATION DULY CERTIFIED; **AND**
- ADDITIONAL IDENTIFICATION DOCUMENTATION; **AND**
- COMPLETED AND SIGNED APPLICATION FORM.

SOLE TRADERS ONLY (ADDITIONAL INFORMATION REQUIRED)

- A CURRENT OR CERTIFIED COPY OF A BUSINESS NAME SEARCH

19. APPLICATION FORM FOR A COMPANY

THIS APPLICATION FORM MUST BE COMPLETED IN FULL ON BEHALF OF A **COMPANY** PROVIDING DETAILS ABOUT A COMPANY TRUSTEE.
PLEASE COMPLETE USING BLOCK LETTERS AND BLACK BIRO.

COMPANY DETAILS

FULL COMPANY NAME (AS REGISTERED WITH ASIC)

ABN/ARBN/ACN

CONTACT PERSON

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

BUSINESS (INC. AREA CODE)

()

FACSIMILE (INC. AREA CODE)

()

MOBILE

()

EMAIL ADDRESS (USE UPPER & LOWER CASE WHERE NECESSARY)

COMPANY TYPE (PLEASE TICK ONE OPTION)

PUBLIC

PROPRIETARY

REGISTERED OFFICE ADDRESS IN AUSTRALIA (PO BOX IS NOT ACCEPTABLE)

STREET ADDRESS

SUBURB/TOWN

STATE

POSTCODE

POSTAL ADDRESS (IF DIFFERENT FROM ABOVE)

UNIT NO./FLOOR/PO BOX NO.

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

PRINCIPAL PLACE OF BUSINESS (PLEASE TICK ONE OPTION)

SAME AS REGISTERED OFFICE ABOVE

OTHER – PLEASE PROVIDE ADDRESS (PO BOX IS NOT ACCEPTABLE)

STREET ADDRESS

SUBURB/TOWN

STATE

POSTCODE

MAJOR SHAREHOLDERS

FOR ANY PROPRIETARY OR PRIVATE COMPANY WHICH IS NOT A REGULATED COMPANY, PLEASE PROVIDE DETAILS BELOW FOR EACH SHAREHOLDER WHO OWNS, THROUGH ONE OR MORE SHAREHOLDINGS, MORE THAN 25% OF THE COMPANY'S ISSUED CAPITAL.

ALL OTHER COMPANIES GO TO THE REGISTERED PROPRIETARY OR PRIVATE COMPANY ONLY SECTION (OVER PAGE).

IF THERE ARE MORE THAN FOUR (4) SHAREHOLDERS, PROVIDE DETAILS ON A SEPARATE SHEET AND ATTACH TO THIS APPLICATION FORM.

MAJOR SHAREHOLDER 1

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

MAJOR SHAREHOLDER 2

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

MAJOR SHAREHOLDER 3

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

MAJOR SHAREHOLDER 4

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

REGISTERED PROPRIETARY OR PRIVATE COMPANY ONLY

TO BE COMPLETED FOR COMPANIES REGISTERED AS PROPRIETARY OR PRIVATE COMPANIES

NUMBER OF DIRECTORS

IF THERE ARE MORE THAN FOUR (4) DIRECTORS, PLEASE WRITE THEIR FULL NAMES ON A SEPARATE PAGE AND ATTACH TO THIS APPLICATION FORM. PLEASE PROVIDE BELOW, FULL NAMES OF ALL DIRECTORS.

DIRECTOR 1

DIRECTOR 2

DIRECTOR 3

DIRECTOR 4

INVESTMENT DETAILS

PLEASE INDICATE THE AMOUNT YOU WISH TO INVEST:

APPLICATION AMOUNT \$
(MINIMUM \$5,000)

APPLICATION AMOUNT PAYMENT

PAYMENTS CAN BE MADE EITHER BY CHEQUE OR ELECTRONIC FUNDS TRANSFER (EFT)

CHEQUE

ALL CHEQUES ARE MADE PAYABLE TO:

**DHA RESIDENTIAL PROPERTY FUND NO. 1 OFFER
GPO BOX 5482
SYDNEY NSW 2001**

ELECTRONIC FUNDS TRANSFER (EFT)

PLEASE USE THE SURNAME OF INVESTOR 1 (AS IT APPEARS ON THIS APPLICATION FORM) AS A REFERENCE WHEN COMPLETING THE TRANSFER.

ACCOUNT NAME: **THE TRUST COMPANY (AUSTRALIA) LIMITED AS CUSTODIANS FOR DHA RESIDENTIAL PROPERTY FUND NO 1.**
BSB NUMBER: **032-024**
ACCOUNT NUMBER: **027036**

DISTRIBUTION PAYMENTS

NOMINATED BANK ACCOUNT

PLEASE PROVIDE DIRECT DEPOSIT DETAILS OF YOUR NOMINATED BANK ACCOUNT FOR DISTRIBUTION PAYMENTS

ACCOUNT NAME

BSB NUMBER

ACCOUNT NUMBER

NAME OF FINANCIAL INSTITUTION

BRANCH SUBURB/TOWN

ANNUAL REPORT OPTIONS (PLEASE TICK ONE OPTION)

- I WOULD LIKE TO RECEIVE A COPY OF THE ANNUAL REPORT BY EMAIL
- I WOULD LIKE TO RECEIVE A PRINTED COPY OF THE ANNUAL REPORT BY POST

IF NEITHER OPTION IS INDICATED, YOU WILL RECEIVE A PRINTED COPY OF THE ANNUAL REPORT BY POST. THE ELECTION THAT YOU MAKE IN THIS APPLICATION FORM IS A STANDING ELECTION. YOU MAY CHANGE YOUR ELECTION AT ANY TIME, BY CONTACTING THE MANAGER.

ADVISOR DETAILS

IF YOU ARE INVESTING THROUGH A FINANCIAL ADVISOR, PLEASE HAVE THEM COMPLETE AND SIGN THIS SECTION AND STAMP THE APPLICATION FORM.

- TICK THIS BOX IF YOU WOULD LIKE YOUR ADVISOR TO RECEIVE A COPY OF ALL CORRESPONDENCE

 TITLE

ADVISOR FULL GIVEN NAME/S

 ADVISOR SURNAME

 ADVISOR COMPANY (IF APPLICABLE)

LICENSED DEALER

 AFS LICENCE NUMBER

 POSTAL ADDRESS

 EMAIL ADDRESS (USE UPPER AND LOWER CASE WHERE NECESSARY)

 CONTACT TELEPHONE NUMBER

AML/CTF REQUIREMENTS

- I CONFIRM I HAVE COMPLETED AML/CTF IDENTIFICATION REQUIREMENTS FOR THIS INVESTOR; OR
- I HAVE INCLUDED THE INVESTOR'S IDENTIFICATION DOCUMENTS FOR YOUR VERIFICATION

 ADVISOR SIGNATURE

 NAME

 DATE

DECLARATION

I/WE:

- Wish to apply for units in the Fund;
- Received the PDS at the same time and by the same means as I/we received this Application Form;
- Agree to be bound by the PDS and the terms of the Fund’s Constitution (as amended from time-to-time);
- Agree to personal information being collected, used and disclosed in accordance with the Privacy Statement contained in the PDS;
- Acknowledge that joint Investors or signatories who allow one or the other to give instructions in relation to an investment in the Fund will bind the other investors or signatories for all transactions in connection with the investment including changes to account details;
- Agree to the anti-money laundering and counter-terrorism financing statement contained in the PDS;
- Acknowledge that investments in the Fund are not deposits or liabilities of any company in DHA;
- Acknowledge that the Fund is subject to investment risks which could include delays in repayment and loss of income and capital invested and that no member of DHA guarantees the performance of the Fund or any particular rate of return;
- Declare and agree that any information and documents that will be used for the purposes of this application (whether or not provided on or with this application) are complete and correct, and if they concern another person, have been provided with that person’s consent;
- Understand that the Manager may request or require additional personal or company information in order to fulfil legislative obligations;
- Acknowledge that it is a criminal offence to knowingly provide false or misleading information or documentation in connection with this application;
- Declare that if the Application Form is signed under power of attorney, I/We have no knowledge of the revocation of that power of attorney;
- Agree that payment of any return on investment will be by direct bank deposit to a nominated bank account I/We have specified; and
- If this is a joint application ,all correspondence will be sent to the address provided in the Application Form for Investor 1 and, unless otherwise directed, no separate written confirmation will be made.

INVESTOR SIGNATURES

EACH SIGNATORY BELOW CONFIRMS THAT THEY HAVE BEEN DULY AUTHORISED TO EXECUTE THIS APPLICATION ON BEHALF OF THE INVESTOR/S AND THAT THE SIGNING AUTHORITIES SPECIFIED ABOVE HAVE ALSO BEEN DULY AUTHORISED.

SIGNATORY 1

SIGNATORY 2 (IF APPLICABLE)

SIGNATURE

SIGNATURE

NAME

NAME

DATE

DATE

APPLICATION FORM CHECKLIST

INCOMPLETE INFORMATION CAN DELAY THE PROCESSING OF APPLICATIONS. PLEASE USE THE CHECKLIST BELOW TO CONFIRM YOU HAVE PROVIDED THE REQUIRED INFORMATION AND DOCUMENTS WITH YOUR APPLICATION. FURTHER DETAILS ARE PROVIDED IN SECTION 17.

- CERTIFIED COPY OF A CERTIFICATE OF REGISTRATION OR INCORPORATION ISSUED BY ASIC (OR OTHER OFFICIAL DOCUMENT) WHICH CONFIRMS THE COMPANY’S NAME, IDENTIFICATION NUMBER (E.G. ACN) AND WHETHER THE COMPANY IS A PUBLIC OR PROPRIETARY (PRIVATE) COMPANY; **OR**
- EVIDENCE (E.G. SCREEN SHOT) OF COMPANY SEARCH FROM ASIC DATABASE; **AND**
- COMPLETED AND SIGNED APPLICATION FORM

20. APPLICATION FORM FOR A TRUST OR SUPERANNUATION FUND

THIS APPLICATION FORM MUST BE COMPLETED IN FULL ON OR BEHALF OF A **TRUST** OR **SUPERANNUATION FUND**.
PLEASE COMPLETE USING BLOCK LETTERS AND BLACK BIRO.

TRUST OR SUPERANNUATION FUND DETAILS

NAME OF TRUST OR SUPERANNUATION FUND

TAX FILE NUMBER (OR EXEMPTION CODE)

CONTACT PERSON

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

HOME (INC. AREA CODE)

()

BUSINESS (INC. AREA CODE)

()

FACSIMILE (INC. AREA CODE)

()

MOBILE NUMBER

EMAIL ADDRESS (USE UPPER & LOWER CASE WHERE NECESSARY)

TYPE OF TRUST

PLEASE INDICATE THE TYPE OF TRUST AND DETAILS WHERE APPROPRIATE

 CATEGORY A

REGULATED TRUST (SUCH AS A SELF-MANAGED SUPERANNUATION FUND) SUBJECT TO REGULATORY OVERSIGHT OF AN AUSTRALIAN COMMONWEALTH STATUTORY REGULATOR

ABN

REGULATOR (E.G. ASIC, APRA, ATO)

 CATEGORY B

MANAGED INVESTMENT SCHEME (REGISTERED WITH ASIC)

ARSN

 CATEGORY C

OTHER (FAMILY TRUSTS, UNIT TRUST, CHARITABLE TRUST, UNREGISTERED SCHEME – PLEASE SPECIFY)

ABN

BENEFICIARIES – CATEGORY C ONLY YES

DOES THE TRUST IDENTIFY THE BENEFICIARIES BY REFERENCE TO A MEMBERSHIP OF A CLASS?

IF SO, PROVIDE DETAILS OF MEMBERSHIP CLASSES (E.G.: UNIT HOLDERS, FAMILY MEMBERS OF NAMED PERSON, CHARITABLE PURPOSE)

 NO

TYPE OF TRUST

PLEASE PROVIDE FULL NAMES OF ALL BENEFICIARIES

IF THERE ARE MORE THAN FOUR (4) BENEFICIARIES, PROVIDE DETAILS ON A SEPARATE SHEET AND ATTACH TO THIS APPLICATION FORM.

BENEFICIARY 1

BENEFICIARY 2

BENEFICIARY 3

BENEFICIARY 4

TYPE OF TRUSTEE (PLEASE TICK ONE OPTION)

- THE TRUSTEES ARE ALL INDIVIDUALS – GO TO INDIVIDUAL TRUSTEE DETAILS
- THE TRUSTEES ARE ALL COMPANIES – GO TO COMPANY TRUSTEE DETAILS
- THE TRUSTEES ARE A COMBINATION OF INDIVIDUALS AND COMPANIES – PLEASE COMPLETE BOTH INDIVIDUAL TRUSTEE DETAILS AND COMPANY TRUSTEE DETAILS

INDIVIDUAL TRUSTEE DETAILS

PLEASE PROVIDE THE FOLLOWING PERSONAL DETAILS FOR **EACH** OF THE INDIVIDUAL TRUSTEES.

IF THERE ARE MORE THAN THREE (3) TRUSTEES, PROVIDE DETAILS ON A SEPARATE SHEET AND ATTACH TO THIS APPLICATION FORM.

TRUSTEE 1

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

DATE OF BIRTH (DD/MM/YYYY)

/ /

COUNTRY OF RESIDENCE FOR TAX PURPOSES (IF NOT AUSTRALIA)

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

BUSINESS (INC. AREA CODE)

FACSIMILE (INC. AREA CODE)

MOBILE

()

()

EMAIL ADDRESS (USE UPPER & LOWER CASE WHERE NECESSARY)

TRUSTEE 2

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

DATE OF BIRTH (DD/MM/YYYY)

/ /

COUNTRY OF RESIDENCE FOR TAX PURPOSES (IF NOT AUSTRALIA)

RESIDENTIAL ADDRESS (MUST BE COMPLETED AND PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

BUSINESS (INC. AREA CODE)

FACSIMILE (INC. AREA CODE)

MOBILE

()

()

EMAIL ADDRESS (USE UPPER & LOWER CASE WHERE NECESSARY)

TRUSTEE 3

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

DATE OF BIRTH (DD/MM/YYYY)

/ /

COUNTRY OF RESIDENCE FOR TAX PURPOSES (IF NOT AUSTRALIA)

RESIDENTIAL ADDRESS (MUST BE COMPLETED AND PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

BUSINESS (INC. AREA CODE)

FACSIMILE (INC. AREA CODE)

MOBILE

()

()

EMAIL ADDRESS (USE UPPER & LOWER CASE WHERE NECESSARY)

COMPANY DETAILS

FULL COMPANY NAME (AS REGISTERED WITH ASIC)

ABN/ARBN/ACN

CONTACT PERSON

TITLE (MR/MRS/MS/DR)

SURNAME

GIVEN NAME/S

BUSINESS (INC. AREA CODE)

()

FACSIMILE (INC. AREA CODE)

()

MOBILE

()

EMAIL ADDRESS (USE UPPER & LOWER CASE WHERE NECESSARY)

COMPANY TYPE (PLEASE TICK ONE OPTION)

- PUBLIC
- PROPRIETARY

REGISTERED OFFICE IN AUSTRALIA (PO BOX IS NOT ACCEPTABLE)

STREET ADDRESS

SUBURB/TOWN

STATE

POSTCODE

POSTAL ADDRESS (IF DIFFERENT FROM ABOVE)

UNIT NO./FLOOR/PO BOX NO.

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

PRINCIPAL PLACE OF BUSINESS (PLEASE TICK ONE OPTION)

- SAME AS REGISTERED OFFICE ABOVE
- OTHER – PLEASE PROVIDE ADDRESS (PO BOX IS NOT ACCEPTABLE)

STREET ADDRESS

SUBURB/TOWN

STATE

POSTCODE

MAJOR SHAREHOLDERS

FOR ANY PROPRIETARY OR PRIVATE COMPANY WHICH IS NOT A REGULATED COMPANY, PLEASE PROVIDE DETAILS BELOW FOR EACH SHAREHOLDER WHO OWNS, THROUGH ONE OR MORE SHAREHOLDINGS, MORE THAN 25% OF THE COMPANY'S ISSUED CAPITAL.

ALL OTHER COMPANIES GO TO THE REGISTERED PROPRIETARY OR PRIVATE COMPANY ONLY SECTION (OVER PAGE).

IF THERE ARE MORE THAN FOUR (4) SHAREHOLDERS, PROVIDE DETAILS ON A SEPARATE SHEET AND ATTACH TO THIS APPLICATION FORM.

MAJOR SHAREHOLDER 1

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

MAJOR SHAREHOLDER 2

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

MAJOR SHAREHOLDER 3

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

MAJOR SHAREHOLDER 4

FULL NAME

RESIDENTIAL ADDRESS (PO BOX IS NOT ACCEPTABLE)

UNIT NO./FLOOR

STREET NO.

STREET NAME

SUBURB/TOWN

STATE

POSTCODE

COUNTRY (IF OTHER THAN AUSTRALIA)

REGISTERED PROPRIETARY OR PRIVATE COMPANY ONLY

TO BE COMPLETED FOR COMPANIES REGISTERED AS PROPRIETARY OR PRIVATE COMPANIES

NUMBER OF DIRECTORS

IF THERE ARE MORE THAN FOUR (4) DIRECTORS, PLEASE WRITE THEIR FULL NAMES ON A SEPARATE PAGE AND ATTACH TO THIS APPLICATION FORM. PLEASE PROVIDE BELOW, FULL NAMES OF ALL DIRECTORS.

DIRECTOR 1

DIRECTOR 2

DIRECTOR 3

DIRECTOR 4

INVESTMENT DETAILS

PLEASE INDICATE THE AMOUNT YOU WISH TO INVEST

APPLICATION AMOUNT \$
(MINIMUM \$5,000)

APPLICATION AMOUNT PAYMENT

PAYMENTS CAN BE MADE EITHER BY CHEQUE OR ELECTRONIC FUNDS TRANSFER (EFT)

CHEQUE

ALL CHEQUES ARE MADE PAYABLE TO:

**DHA RESIDENTIAL PROPERTY FUND NO. 1 OFFER
GPO BOX 5482
SYDNEY NSW 2001**

ELECTRONIC FUNDS TRANSFER (EFT)

PLEASE USE THE SURNAME OF INVESTOR 1 (AS IT APPEARS ON THIS APPLICATION FORM) AS A REFERENCE WHEN COMPLETING THE TRANSFER.

ACCOUNT NAME: **THE TRUST COMPANY (AUSTRALIA) LIMITED AS CUSTODIANS FOR DHA RESIDENTIAL PROPERTY FUND NO 1.**
BSB NUMBER: **032-024**
ACCOUNT NUMBER: **027036**

DISTRIBUTION PAYMENTS

NOMINATED BANK ACCOUNT

PLEASE PROVIDE DIRECT DEPOSIT DETAILS OF YOUR NOMINATED BANK ACCOUNT FOR DISTRIBUTION PAYMENTS

ACCOUNT NAME

BSB NUMBER

ACCOUNT NUMBER

NAME OF FINANCIAL INSTITUTION

BRANCH SUBURB/TOWN

ANNUAL REPORT OPTIONS (PLEASE TICK ONE OPTION)

- I WOULD LIKE TO RECEIVE A COPY OF THE ANNUAL REPORT BY EMAIL
- I WOULD LIKE TO RECEIVE A PRINTED COPY OF THE ANNUAL REPORT BY POST

IF NEITHER OPTION IS INDICATED, YOU WILL RECEIVE A PRINTED COPY OF THE ANNUAL REPORT BY POST. THE ELECTION THAT YOU MAKE IN THIS APPLICATION FORM IS A STANDING ELECTION. YOU MAY CHANGE YOUR ELECTION AT ANY TIME, BY CONTACTING THE MANAGER.

ADVISOR DETAILS

IF YOU ARE INVESTING THROUGH A FINANCIAL ADVISOR, PLEASE HAVE THEM COMPLETE AND SIGN THIS SECTION AND STAMP THE APPLICATION FORM.

- TICK THIS BOX IF YOU WOULD LIKE YOUR ADVISOR TO RECEIVE A COPY OF ALL CORRESPONDENCE

TITLE	ADVISOR FULL GIVEN NAME/S	ADVISOR SURNAME
-------	---------------------------	-----------------

ADVISOR COMPANY (IF APPLICABLE)

LICENSED DEALER	AFS LICENCE NUMBER
-----------------	--------------------

POSTAL ADDRESS

EMAIL ADDRESS (USE UPPER AND LOWER CASE WHERE NECESSARY)

CONTACT TELEPHONE NUMBER

AML/CTF REQUIREMENTS

- I CONFIRM I HAVE COMPLETED AML/CTF IDENTIFICATION REQUIREMENTS FOR THIS INVESTOR; OR
- I HAVE INCLUDED THE INVESTOR'S IDENTIFICATION DOCUMENTS FOR YOUR VERIFICATION

ADVISOR SIGNATURE

NAME

DATE

DECLARATION

I/WE:

- Wish to apply for units in the Fund;
- Received the PDS at the same time and by the same means as I/we received this Application Form;
- Agree to be bound by the PDS and the terms of the Fund's Constitution (as amended from time-to-time);
- Agree to personal information being collected, used and disclosed in accordance with the Privacy Statement contained in the PDS;
- Acknowledge that joint Investors or signatories who allow one or the other to give instructions in relation to an investment in the Fund will bind the other investors or signatories for all transactions in connection with the investment including changes to account details;
- Agree to the anti-money laundering and counter-terrorism financing statement contained in the PDS;
- Acknowledge that investments in the Fund are not deposits or liabilities of any company in DHA;
- Acknowledge that the Fund is subject to investment risks which could include delays in repayment and loss of income and capital invested and that no member of DHA guarantees the performance of the Fund or any particular rate of return;
- Declare and agree that any information and documents that will be used for the purposes of this application (whether or not provided on or with this application) are complete and correct, and if they concern another person, have been provided with that person's consent;
- Understand that the Manager may request or require additional personal or company information in order to fulfil legislative obligations;
- Acknowledge that it is a criminal offence to knowingly provide false or misleading information or documentation in connection with this application;
- Declare that if the Application Form is signed under power of attorney, I/We have no knowledge of the revocation of that power of attorney;
- Agree that payment of any return on investment will be by direct bank deposit to a nominated bank account I/We have specified; and
- If this is a joint application, all correspondence will be sent to the address provided in the Application Form for Investor 1 and, unless otherwise directed, no separate written confirmation will be made.

AUTHORISED SIGNATORIES

SIGNATURE

SIGNATURE

NAME

NAME

DATE

DATE

APPLICATION FORM CHECKLIST

INCOMPLETE INFORMATION CAN DELAY THE PROCESSING OF APPLICATIONS. PLEASE USE THE CHECKLIST BELOW TO CONFIRM YOU HAVE PROVIDED THE REQUIRED INFORMATION AND DOCUMENTS WITH YOUR APPLICATION. FURTHER DETAILS ARE PROVIDED IN SECTION 17.

CATEGORIES A, B AND C (IF A TRUSTEE IS A COMPANY ONLY)

- CERTIFIED COPY OF A CERTIFICATE OF REGISTRATION OR INCORPORATION ISSUED BY ASIC (OR OTHER OFFICIAL DOCUMENT) WHICH CONFIRMS THE COMPANY'S NAME, IDENTIFICATION NUMBER (E.G. ACN) AND WHETHER THE COMPANY IS A PUBLIC OR PROPRIETARY (PRIVATE) COMPANY; **OR**
- SCREEN PRINT OF COMPANY SEARCH FROM ASIC DATABASE; **AND**
- COMPLETED AND SIGNED APPLICATION FORM

CATEGORIES A AND C (IF TRUSTEES ARE INDIVIDUALS)

- PRIMARY IDENTIFICATION DOCUMENTATION, DULY CERTIFIED; **OR**
- SECONDARY IDENTIFICATION DOCUMENTATION DULY CERTIFIED; **AND**
- ADDITIONAL IDENTIFICATION DOCUMENTATION; **AND**
- COMPLETED AND SIGNED APPLICATION FORM.

CATEGORY A AND B

- A SCREEN PRINT FROM THE RELEVANT REGULATOR'S WEBSITE SHOWING THE FULL NAME OF THE TRUST, AND THAT THE TRUST IS A REGISTERED SCHEME, REGULATED TRUST OR GOVERNMENT SUPERANNUATION FUND.

CATEGORY C

- CERTIFIED COPY OR CERTIFIED EXTRACT OF THE TRUST DEED OR NOTICE (SUCH AS ASSESSMENT NOTICE) ISSUED TO THE TRUST BY THE ATO WITHIN THE PRECEDING 12 MONTHS OR LETTER FROM A SOLICITOR OR QUALIFIED ACCOUNTANT VERIFYING THE NAME OF THE TRUST.

