

CPF Diversified Property Fund

ARSN 610 941 654

Annual report for the financial year ended 30 June 2022

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Directors' Report

The directors of One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of CPF Diversified Property Fund (ARSN 610 941 654) (formerly known as 601 Coronation Drive Fund) (the "Fund"), submit the financial report of the Fund for the year ended 30 June 2022 (the "reporting period").

Responsible Entity

The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000.

Information about the Directors and Senior Management

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

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

Principal Activities

The Fund is an unlisted registered managed investment scheme, constituted and domiciled in Australia.

The principal activity of the Fund during the period was to manage the investment property at 601 Coronation Drive, Toowong, QLD ("Property") to generate rental income. The Fund converted to an open-ended fund on 17 June 2022 and intends to develop a diversified portfolio of property and property related assets.

The Fund did not have any employees during the year.

Distributions

Total distributions to unitholders for the financial year ended 30 June 2022 amounted to \$2,005,113 (2021: \$2,005,113), with a final distribution of 1.9945 cents per unit (2021: 1.9945 cents per unit).

For details of distributions paid and payable during the year, refer to Note 12 of the financial statements.

Value of Assets and Units Issued

The total value of the Fund's assets as at 30 June 2022 was \$53,171,088 (2021: \$52,348,746). The total number of units on issue as at 30 June 2022 was 25,063,915 (2021: 25,063,915).

CPF Diversified Property Fund

Directors' Report (continued)

Review of Operations

Results

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

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Rental and other property income	4,771,276	4,448,479
Operating income	4,771,276	4,448,479
Rental property expenses	(955,747)	(1,015,611)
Administration expenses	(645,975)	(505,406)
Operating expenses	(1,601,722)	(1,521,017)
Earnings before interest and tax	3,169,554	2,927,462
Interest income	1,700	995
Finance costs	(631,721)	(740,748)
Net interest expense	(630,021)	(739,753)
Operating earnings attributable to unitholders	2,539,533	2,187,709
Non-operating items		
Unrealised fair value gain on investment property	59,268	3,096,920
Total non-operating items	59,268	3,096,920
Net profit attributable to unitholders	2,598,801	5,284,629

The inclusion of operating earnings as a measure of the Fund's profitability provides financial information that is used internally for evaluating performance, making strategic decisions and determining distributions during the year.

Other Matters

To comply with Government Legislation in Queensland, a fire engineer ("Fire Engineer") has been appointed to inspect the Fund's Property, to assess the façade cladding to determine if flammable aluminium composite panels ("ACPs") are present.

The Fire Engineer has identified that areas of combustible ACPs are present at the Property and has confirmed that these areas of ACPs need to be replaced.

The Fire Engineer has met with Queensland Fire and Emergency Services ("QFES") to present recommended remediation measures in order to comply with the Legislation and obtain agreement with QFES on the process to resolve the cladding risk at the Property.

The investment manager of the Fund, Capital Property Funds Pty Limited (ACN 162 323 506) (the "Manager"), has appointed a Project Manager to manage the ACP remediation project and have contracted with A Dart & Co to do the work on-site.

The scope for ACP compliance and the remediation is likely to require all ACP to be replaced, making the original ING Bank ACP remediation facility of \$430,000 insufficient. On 16 September 2021, the Manager successfully secured an increase in ACP remediation facility to \$3,000,000 to fund the remediation works.

Directors' Report (continued)

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

Fees paid to the Responsible Entity and its associates during the year are disclosed in Note 13 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

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

Significant Changes in State of Affairs

On 16 September 2021, the Responsible Entity was provided with a letter of offer by the Fund's existing debt provider, ING Bank, offering, on the satisfaction of certain conditions, to extend the term of Tranche 1 loan for a further 3 years, to increase the loan amount of Tranche 2 drawdown to \$3,000,000, and a new Tranche 3 for \$1,000,000. Tranche 2 will be used to pay for the ACP remediation works and Tranche 3 is allocated for additional working capital and fund redemptions.

Tranche 1 loan has been extended effective 30 September 2021 and the first drawdown against Tranche 2 has been made on 23 June 2022, subsequent to the satisfaction of the offer conditions.

On 17 June 2022, following the approval of unitholders, the Fund converted into an open-ended fund and intends to develop a diversified portfolio of property and property related assets as described in the investment strategy of the Product Disclosure Statement dated 17 June 2022.

In the opinion of the directors, other than as noted above, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

COVID-19

As the impact of the COVID-19 pandemic is continuing, the Manager for the Fund has been monitoring both the valuation of the Fund's assets and the Fund's liquidity.

The Manager will continue to closely monitor market situations to ensure that valuations remain appropriate.

Subsequent Events

The Responsible Entity has received a request from the Manager to retire as the responsible entity for the Fund. The proposed new responsible entity is EQT. As of the date of this report, the unitholders meeting has not been held.

Other than as noted above, there has been no matter or circumstance occurring subsequent to the year ended 30 June 2022 that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely Developments

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Environmental Regulation and Performance

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

Indemnification of Directors, Officers and Auditors

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Responsible Entity. In addition, the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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



Frank Tearle

Director

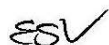
16 September 2022

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

As auditor for the audit of CPF Diversified Property Fund for year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

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

Dated at Sydney on the 16th of September 2022



ESV Business advice and accounting



Tim Valtwies
Partner

CPF Diversified Property Fund

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Notes	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Revenue			
Rental and other property income	4	4,771,276	4,448,479
Interest income		1,700	995
Unrealised fair value gain on investment property	9	59,268	3,096,920
Total revenue		4,832,244	7,546,394
Expenses			
Finance costs	5	631,721	740,748
Administration expenses	6	421,091	389,907
Audit fees	8	26,200	23,920
Professional fees		103,895	27,128
Insurance expense		94,789	64,451
Rental property expenses	7	955,747	1,015,611
Total expenses		2,233,443	2,261,765
Net income attributable to unitholders		2,598,801	5,284,629
Net income for the year		2,598,801	5,284,629
Other comprehensive income/(loss)		-	-
Total comprehensive income attributable to unitholders		2,598,801	5,284,629

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CPF Diversified Property Fund

Statement of Financial Position as at 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents	15(a)	1,516,143	1,069,563
Trade and other receivables		82,948	11,357
Prepayments		18,774	17,826
Total current assets		1,617,865	1,098,746
Non-current assets			
Investment property	9	51,553,223	51,250,000
Total non-current assets		51,553,223	51,250,000
Total assets		53,171,088	52,348,746
Liabilities			
Current liabilities			
Trade and other payables	10	1,037,493	1,003,413
Interest bearing liabilities	16	-	25,937,634
Total current liabilities		1,037,493	26,941,047
Non-current liabilities			
Interest bearing liabilities	16	26,132,208	-
Total non-current liabilities		26,132,208	-
Total liabilities (excluding net assets attributable to unitholders)		27,169,701	26,941,047
Net assets attributable to unitholders	11	26,001,387	25,407,699

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CPF Diversified Property Fund

Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2022

	Year ended 30 June 2022	Year ended 30 June 2021
Notes	\$	\$
Opening balance	25,407,699	22,128,183
Total comprehensive income	2,598,801	5,284,629
Applications for the year	-	-
Redemptions for the year	-	-
Distributions for the year	12 (2,005,113)	(2,005,113)
Net assets attributable to unitholders	11 26,001,387	25,407,699

The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.

CPF Diversified Property Fund

Statement of Cash Flows for the year ended 30 June 2022

	Year ended 30 June 2022	Year ended 30 June 2021
Notes	\$	\$
Cash flows from operating activities		
Rent received	5,325,615	4,948,596
Interest received	1,700	995
Finance costs paid	(663,274)	(736,527)
Payments to suppliers	(2,092,290)	(1,926,759)
Net cash provided by operating activities	15(b) 2,571,751	2,286,305
Cash flows from investing activities		
Payments for capital improvements	(123,077)	(56,799)
Net cash used in from investing activities	(123,077)	(56,799)
Cash flows from financing activities		
Distributions paid to unitholders	(2,002,094)	(2,002,186)
Net cash used in from financing activities	(2,002,094)	(2,002,186)
Net increase in cash and cash equivalents	446,580	227,320
Cash and cash equivalents at the beginning of the year	1,069,563	842,243
Cash and cash equivalents at the end of the year	15(a) 1,516,143	1,069,563

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. General Information

This financial report covers CPF Diversified Property Fund ARSN 610 941 654 (formerly known as 601 Coronation Drive Fund) (the "Fund") which is an unlisted registered managed investment scheme.

The responsible entity of the Fund is One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"). The Responsible Entity's registered office and principal place of business is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000.

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

On 17 June 2022, following the approval of unitholders, the Fund converted into an open-ended fund. Accordingly, the Fund intends to develop a diversified portfolio of property and property related assets as described in the investment strategy of the Product Disclosure Statement (the "PDS"). The conversion was upheld by the majority of the Fund's investors.

The financial statements cover the period 1 July 2021 to 30 June 2022 (the "reporting period"). The comparative information encompasses the period 1 July 2020 to 30 June 2021.

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

2. Adoption of New and Revised Accounting Standards and Interpretations

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Significant Accounting Policies

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

(a) Statement of Compliance

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

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

(b) Basis of Preparation

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

(c) Going Concern Basis

This general purpose financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(d) Revenue and Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review increases. In all other circumstances, rental income is brought to account on an accrual basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

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

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

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

(e) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

(f) Cash and Cash Equivalents

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

(g) Taxation

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

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

(h) Distributions

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

(i) Payables

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

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(j) Receivables

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

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

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

(k) Interest Bearing Borrowings

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

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

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

(l) Investment Properties

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

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

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

Any gains or losses arising from the changes in the fair value of investment properties are included in the Statement of Profit or Loss and Other Comprehensive Income in the reporting year in which they arise.

(m) Derivative Financial Instruments

Under the terms of the loan with ING Bank, the Fund was not required to enter into an interest rate swap arrangement.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(n) Goods and Services Tax

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

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

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

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

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

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

The ultimate GST treatment of the subsequent disposal of the Property may differ from the treatment at acquisition and may depend upon the relevant circumstances at the time.

(o) Use of Significant Accounting Estimates and Judgments

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

Key estimate - fair value of the Property

The Fund carries the Property at fair value with changes in the fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. In accordance with the Fund's PDS, the Responsible Entity will ensure that the Fund's assets will be valued on a regular basis, at market value, in compliance with the Responsible Entity's written valuation policy. It will also be re-valued by an independent valuer in the intervening years if it is likely that there has been a material change in the value of the Property.

At the end of each reporting year, the directors of the Responsible Entity update their assessment of the fair value of the Property, taking into account a recommendation from the Manager and the most recent independent valuation. The key assumptions used in this determination are set out in Note 3(l). If there are any material changes in the key assumptions due to changes in economic conditions, the fair value of the Property may differ and may need to be re-estimated.

Consideration has been given to the impact that the COVID-19 pandemic has had, or may have, on the Fund based on known information. This consideration extends to the operations of the Fund including the rental income and the valuation of the Property. Other than as addressed in specific notes, there does not currently appear to be either any significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Notes to the Financial Statements

4. Rental and Other Property Income

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Rent received	4,809,049	4,396,451
Rental abatement	(433,611)	(386,826)
Outgoings received	397,877	377,788
Straight-line rental income	(2,039)	61,066
Total	4,771,276	4,448,479

5. Finance Costs

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Interest on borrowings	601,821	740,748
Borrowing expenses	29,900	-
Total	631,721	740,748

6. Administration Expenses

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Management fees	285,249	264,424
Responsible entity fees	72,911	70,039
Registry fees	20,952	15,260
Accounting and tax fees	23,244	22,540
Custody fees	17,005	15,949
ASIC and APIR fees	1,730	1,695
Total	421,091	389,907

Notes to the Financial Statements

7. Rental Property Expenses

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Property management fees	43,927	42,514
Energy fees	245,361	247,456
Cleaning	76,823	91,592
Land tax	120,000	120,000
Repairs and maintenance	55,879	108,588
Council rates	72,101	68,546
Water rates and charges	65,919	51,736
Fire levy	30,224	31,584
Fire and safety	38,517	33,944
Lift maintenance	34,029	35,938
Facility management fee	17,650	17,082
Security fee	20,336	6,020
Other property expenses	134,981	160,611
Total	955,747	1,015,611

8. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditors for the Fund:

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Audit services - ESV Business Advice and Accounting	14,600	13,550
Other assurance services – BDO, EY (compliance plan) and other firms	11,600	10,370
Total	26,200	23,920

Notes to the Financial Statements

9. Investment Property

	30 June 2022 \$	30 June 2021 \$
Opening balance	51,250,000	48,043,871
Unrealised fair value gain on investment property	59,268	3,096,920
Capital improvements	295,674	56,799
Deferred lease asset	(2,039)	61,066
Leasing fees	(49,680)	(8,656)
Total	51,553,223	51,250,000

The Property was valued on 30 June 2021 at \$51,250,000 (25 July 2019: \$47,800,000) by an accredited and independent valuer. The valuation was arrived at by considering relevant sales and rental data of comparable properties as well as using the capitalisation approach and discounted cash flow as valuation methods. The independent valuer applied a passing capitalisation rate of 6.68% (25 July 2019: 7.25%) in assessing the valuation of the investment Property. As at 30 June 2022, the carrying value of the Property has been increased by capital expenditures and its fair value adjusted by the deferred lease asset and leasing fees.

As at 30 June 2022, occupancy rate was 100% (2021: 92%) and the current weighted average lease expiry ("WALE") by income was 2.40 years (2021: 3.37 years).

10. Trade and Other Payables

	30 June 2022 \$	30 June 2021 \$
Distributions payable	499,094	499,306
GST and withholding tax payable	70,283	89,540
Income received in advance	232,707	149,169
Borrowing costs payable	147,328	183,599
Other payables	88,081	81,799
Total	1,037,493	1,003,413

Notes to the Financial Statements

11. Net Assets Attributable to Unitholders

(a) *Movements in Units*

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

	Year ended 30 June 2022 No of Units	Year ended 30 June 2022 \$	Year ended 30 June 2021 No of Units	Year ended 30 June 2021 \$
Opening balance	25,063,915	25,407,699	25,063,915	22,128,183
Applications for units by unitholders	-	-	-	-
Redemptions of units by unitholders	-	-	-	-
Distributions paid to unitholders	-	(2,005,113)	-	(2,005,113)
Total comprehensive income	-	2,598,801	-	5,284,629
Closing balance	25,063,915	26,001,387	25,063,915	25,407,699

The Net Tangible Assets per unit as at 30 June 2022 was \$1.0374 (2021: \$1.0137).

(b) *Capital Risk Management*

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

The Fund monitors capital through the analysis of a number of financial ratios, including the gearing ratio. The gearing ratio indicates the extent to which the Fund's assets are funded by borrowings. It gives an indication of the potential risks the Fund faces in terms of its level of borrowings due to an increase in interest rates or a reduction in asset values.

	30 June 2022 \$	30 June 2021 \$
Interest bearing liabilities	26,132,208	25,937,634
Total assets	53,171,088	52,348,746
Gearing ratio	49.15%	49.55%

The loan to market value of investment properties ratio ("LVR") as of 30 June 2022 is 50.69% (2021: 50.61%). This is less than the LVR covenant of 55.00% on its loan facility with ING Bank.

Notes to the Financial Statements

12. Distributions Paid and Payables

Each unit represents a right to an individual share in the Fund in accordance with the Constitution.

	30 June 2022		30 June 2021	
	Cents per units	\$	Cents per unit	\$
Distributions paid during the year	6.0055	1,505,208	6.0055	1,505,208
Distributions payable	1.9945	499,905	1.9945	499,905
	8.0000	2,005,113	8.0000	2,005,113

13. Related Party Transactions

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

(a) Transactions with Responsible Entity and its Associated Entities

The key management personnel of the Responsible Entity for the financial year 30 June 2022 are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

Holding of units by the Responsible Entity, key management personnel and their associated entities as at 30 June 2022 and 30 June 2021 were as follows:

Unitholder	30 June 2022		% of the class
	Unit class	Units held	
Frank Tearle	Ordinary	150,000	0.60%
	30 June 2021		
Unitholder	Unit class	Units held	% of the class
Frank Tearle	Ordinary	150,000	0.60%

No fees or remuneration was paid directly to the key management personnel from the Fund during the financial year ended 30 June 2022 (2021: \$nil).

Responsible Entity fees

Responsible Entity fees of \$72,911 were incurred for the year ended 30 June 2022 (2021: \$70,039) of which \$6,076 plus GST (2021: \$5,837) was payable to One Managed Investment Funds Limited at the end of the year. Refer to Note 6.

Registry fees

Registry fees of \$20,952 were incurred for the year ended 30 June 2022 (2021: \$15,260) of which \$4,567 plus GST (2021: \$1,980) was payable to One Registry Services Pty Limited, an associated entity of the Responsible Entity, at the end of the year. Refer to Note 6.

Notes to the Financial Statements

13. Related Party Transactions (continued)

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

Custody fees

Custody fees of \$17,005 were incurred for the year ended 30 June 2022 (2021: \$15,949) of which \$1,381 plus GST (2021: \$1,327) was payable to the Responsible Entity, at the end of the year. Refer to Note 6.

Accounting and administration fees

Accounting and administration fees of \$23,244 were incurred for the year ended 30 June 2022 (2021: \$22,540) of which \$4,000 plus GST (2021: \$4,000) was payable to Unity Fund Services Pty Limited, an associated entity of the Responsible Entity, at the end of the year. Refer to Note 6.

There were no other fees paid / payable to the Responsible Entity for the financial year ended 30 June 2022.

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

(b) Transactions with Manager and its Associated Entities

The key management personnel of the Manager for the financial year 30 June 2022 are:

Name	Title
Julia Novella	Head of Funds Management
Andrew Kerr	Executive Director and Company Secretary
Joe Christie	Executive Director

Holding of units by the Manager, key management personnel and their associated entities as at 30 June 2022 and 30 June 2021 were as follows:

Unitholder	30 June 2022		
	Unit class	Units held	% of the class
Andrew Kerr	Ordinary	60,400	0.24%
Joe Christie	Ordinary	37,167	0.15%
		97,567	0.39%

Unitholder	30 June 2021		
	Unit class	Units held	% of the class
Andrew Kerr	Ordinary	20,000	0.08%
Joe Christie	Ordinary	20,000	0.08%
		40,000	0.16%

No fees or remuneration was paid directly to the key management personnel from the Fund during the financial year ended 30 June 2022 (2021: \$nil).

Notes to the Financial Statements

13. Related Party Transactions (continued)

(b) Transactions with Manager and its Associated Entities (continued)

Investment management fees

Investment management fees of \$285,249 plus GST were incurred for the year ended 30 June 2022 (2021: \$264,424) of which \$23,490 plus GST (2021: \$21,908) was payable to Manager at the end of the year. Refer to Note 6.

There were no other fees paid / payable to the Manager for the financial year ended 30 June 2022.

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

14. Financial Risk Management and Fair Value Management

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

(a) Market Risk

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

Cash flow and fair value interest rate risk

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

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

30 June 2022

	Floating interest rate \$	Fixed interest rate \$	Total \$
Financial assets			
Cash and cash equivalents	1,516,143	-	1,516,143
Financial liabilities			
Interest bearing liabilities	<u>(26,132,208)</u>	-	<u>(26,132,208)</u>
Net exposure to interest rate risk	<u>(24,616,065)</u>	-	<u>(24,616,065)</u>

Notes to the Financial Statements

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

(a) Market Risk (continued)

30 June 2021

	Floating interest rate \$	Fixed interest rate \$	Total \$
Financial assets			
Cash and cash equivalents	1,069,563	-	1,069,563
Financial liabilities			
Interest bearing liabilities	(7,634)	(25,930,000)	(25,937,634)
Net exposure to interest rate risk	1,061,929	(25,930,000)	(24,868,071)

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

	30 June 2022 \$	30 June 2021 \$
	Increase/(decrease)	Increase/(decrease)
Market interest rate increased by 100 basis points	(246,161)	10,619
Market interest rate decreased by 100 basis points	246,161	(10,619)

(b) Credit Risk

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

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

	30 June 2022 \$	30 June 2021 \$
Trade and other receivables	82,948	11,357
Cash at bank	1,516,143	1,069,563
Maximum exposure to credit risk	1,599,091	1,080,920

Credit risk is managed and the losses which could arise from default by ensuring that parties to contractual arrangements have the appropriate credit rating or do not show a history of defaults. Financial assets such as cash at bank are held with high credit quality financial institutions (rated equivalent A or higher by the major rating agencies). Tenants for the property are assessed for creditworthiness before commencing a lease, and if necessary rental guarantees are sought before a tenancy is approved. The Responsible Entity also performs a detailed review of both related and other parties before approving advancement of funds. This is performed to ensure that they will be able to meet interest and principal repayments.

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

At the end of the reporting year, there are no issues with the credit quality of financial assets that are either past due or impaired, and all amounts are expected to be received in full.

Notes to the Financial Statements

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

(c) *Liquidity Risk*

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

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

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

At 30 June 2022

	Less than 12 months \$	1-2 years \$	2-5 years \$
Trade and other payables	1,037,492	-	-
Interest bearing liabilities	-	-	26,132,208
Contractual cash flows	1,037,492	-	26,132,208

At 30 June 2021

	Less than 12 months \$	1-2 years \$	2-5 years \$
Trade and other payables	1,003,413	-	-
Interest bearing liabilities	25,937,634	-	-
Contractual cash flows	26,941,047	-	-

Notes to the Financial Statements

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

(d) Fair Value Measurement

Fair value hierarchy

The following tables detail the Fund's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Year ended 30 June 2022

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investment property	-	-	51,553,223	51,553,223
Total assets	-	-	51,553,223	51,553,223

Year ended 30 June 2021

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investment property	-	-	51,250,000	51,250,000
Total assets	-	-	51,250,000	51,250,000

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Notes to the Financial Statements

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

(d) Fair Value Measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

The basis of the valuation of the Property is fair value. The Property is re-valued every 3 years based on the independent assessment by a member of the Australian Property Institute having recent experience in the location and category of the Property being valued. The valuation is based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

The fair value as per independent valuation is adjusted for any capital expenditure, straightlining of rent and leasing fees adjustments.

Level 3 assets and liabilities

Movements in level 3 assets during the current financial year are set out below:

	30 June 2022 \$	30 June 2021 \$
Opening balance	51,250,000	48,043,871
Unrealised fair value gain on investment property	59,268	3,096,920
Capital improvements	295,674	56,799
Deferred lease asset	(2,039)	61,066
Leasing fees	(49,680)	(8,656)
Total	51,553,223	51,250,000

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Inputs	Adopted rate	Sensitivity
Property	Capitalisation rate	6.68%	0.25% change would increase/decrease fair value by \$2,000,000
	Internal rate of return	6.36%	0.25% change would increase/decrease fair value by \$1,000,000
	Terminal Yield	6.50%	0.25% change would increase/decrease fair value by \$1,000,000
	Rental income		5.00% change would increase/decrease fair value by \$3,000,000

The following table demonstrates the sensitivity of the Fund's net assets and net profit to a reasonable change in price, with all other variables constant as at 30 June 2022.

	Percentage change in price increase/(decrease)	Effect on net profit and net assets attributable to members of the Fund
Year ended 30 June 2022	+10%/(10%)	\$5,155,322/(\$5,155,322)
Year ended 30 June 2021	+10%/(10%)	\$5,125,000/(\$5,125,000)

Notes to the Financial Statements

15. Cash and Cash Equivalents

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

	30 June 2022	30 June 2021
	\$	\$
Cash at bank	1,516,143	1,069,563
Total	1,516,143	1,069,563

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

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Net income attributable to unitholders	2,598,801	5,284,629
Adjustments for:		
Unrealised fair value gain on investment property	(59,268)	(3,096,920)
Straight-line rental income	2,039	(61,066)
Leasing fees	(7,550)	(57,636)
Amortisation of leasing fees	57,230	66,292
Change in assets and liabilities:		
Net change in other current assets	(72,539)	3,264
Net change in trade and other payables	53,038	147,742
Net cash provided by operating activities	2,571,751	2,286,305

Notes to the Financial Statements

16. Interest Bearing Liabilities

	30 June 2022	30 June 2021
	\$	\$
Current liabilities		
Interest bearing liabilities	-	25,937,634
Non-current liabilities		
Interest bearing liabilities	26,132,208	-

The extension of the existing loan facility maturity for a further 3 years and the re-negotiation of the facility has been completed with the Fund's debt provider, ING Bank. The Tranche 2 loan amount has been increased to \$3,000,000 and is to be used to remediate the ACP at the Property. A new Tranche 3 for \$1,000,000 has been included in the facility to be used for working capital and to fund redemptions, if any.

The loan is secured by a registered first mortgage over the Property.

The Fund's drawn and undrawn loan facility by tranche were as follows:

Year ended 30 June 2022

	Tranche 1	Tranche 2	Tranche 3	Total
	\$	\$	\$	\$
Drawn Facility	25,930,000	202,208	-	26,132,208
Undrawn Facility	-	2,797,792	1,000,000	3,797,792
Total	25,930,000	3,000,000	1,000,000	29,930,000

Year ended 30 June 2021

	Tranche 1	Tranche 2	Tranche 3	Total
	\$	\$	\$	\$
Drawn Facility	25,930,000	7,634	-	25,937,634
Undrawn Facility	-	422,366	-	422,366
Total	25,930,000	430,000	-	26,360,000

A line fee of 1.00% of the undrawn Tranche 2 loan amount is charged quarterly and automatically capitalised to the loan. On 23 June 2022, the first drawdown of \$189,857 was made.

Notes to the Financial Statements

17. COVID-19 Disclosure

As the impact of the COVID-19 pandemic is continuing, the Manager for the Fund has been monitoring both the valuation of the Fund's assets and the Fund's liquidity.

The Manager will continue to closely monitor market situations to ensure that valuations remain appropriate.

18. Subsequent Events

The Responsible Entity has received a request from the Manager to retire as the responsible entity for the Fund. The proposed new responsible entity is EQT. As of the date of this report, the unitholders meeting has not been held.

Other than as noted above, there has been no matter or circumstance occurring subsequent to the year ended 30 June 2022 that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

19. Commitments and Contingencies

The Manager appointed a Project Manager to manage the ACP remediation project and has contracted with A Dart & Co. to do the work on-site.

The total contract price with A Dart and Co. amounted to \$2,269,480. As of 30 June 2022, \$189,857 was drawn from Tranche 2 of the loan to pay for the supply of labour, materials and equipment on the remediation works.

Other than as noted above, there were no contingent assets and liabilities or commitments as at 30 June 2022.

Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3(a) to the financial statements; and
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position as at 30 June 2022 and performance of the Fund for the financial year ended on that date.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 303(5) of the Corporations Act 2001.

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



Frank Tearle

Director

16 September 2022

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF CPF DIVERSIFIED PROPERTY FUND

Opinion

We have audited the financial report, being a general purpose financial report of CPF Diversified Property Fund (the 'Fund'), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the financial report of CPF Diversified Property Fund is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position of the Fund for the year ended 30 June 2022 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

Basis for opinion

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

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

Other Information

The directors of the responsible entity are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF CPF DIVERSIFIED PROPERTY FUND

Responsibilities of the directors of the Responsible Entity for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to wind-up the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

Dated at Sydney on the 16th of September 2022



ESV Business advice and accounting



Tim Valtwies

Partner