

27 November 2023

CPF Diversified Property Fund - Investor Update

We write to provide an update on the payment of distributions for the CPF Diversified Property Fund (the Fund).

We note that the underlying asset of the Fund being a property located at 601 Coronation Drive Toowong continues to perform well, being close to 100% leased and continues to generate net income in accordance with forecasts.

As at the date of writing, the Fund has a cash holding equating to approximately \$4M and also continues to generate net income of approximately \$2M per annum.

As investors are aware, the general practice has been for distributions to be paid following the end of each calendar quarter.

In the usual course, this would mean a distribution for the quarter ended 30 September 2023 would have been paid by late October 2023.

As disclosed in previous investor updates, the Fund is legally committed to acquiring an office building located at 63 Pirie Street Adelaide South Australia and Raptis Properties Pty Ltd (Vendor), being the vendor of 63 Pirie Street, has commenced proceedings against the Fund in the Supreme Court of South Australia.

Those proceedings seek the Fund be compelled to purchase the property, or alternatively to pay damages to Raptis.

The Vendor has proposed an alternative strategy which if adopted by One Managed Investment Funds Limited (OMIFL) the independent trustee of the Fund, would mean the proceedings would fall away.

OMIFL and Capital Property Funds Pty Ltd (CPF) continue to work with Raptis on the proposed alternative strategy which:

- provides the Fund with a vendor support facility of up to \$20M to assist with the acquisition of 63 Pirie Street.
- provides the Fund time to settle the acquisition; and
- provides a potentially more favourable mechanism for the calculation of damages from those included in the 63 Pirie Street contract, if the contract cannot be completed.

If the alternative strategy is adopted, then in the new calendar year, the Fund will seek to raise equity in order to complete the acquisition of 63 Pirie Street.

If this capital raising is unsuccessful then it is likely that damages will need to be paid to Raptis.

No decision has been made on whether the proposed alternative strategy will be adopted by OMIFL.



Bearing in mind the above, OMIFL has determined it is not in the best interests of investors and the Fund as a whole to pay a distribution for the September quarter. The cash for this distribution will be retained by the Fund and may be released to investors once there is greater clarity on the matters outlined above.

OMIFL will continue to review the position in respect of the September distribution, and future distributions, as these matters progress.

For more information, please contact CPF on 02 8004 6218 or via email at info@capitalpropertyfunds.com.au.

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