

CPF Diversified Property Fund

ARSN 610 941 654

Interim report for the half-year ended 31 December 2023

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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) (the "Fund"), submit the interim financial report of the Fund for the half-year ended 31 December 2023.

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 were:

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 is to invest into a range of property-based assets to generate regular income returns for investors and provide potential for longer term capital growth.

The Fund did not have any employees during the half-year ended 31 December 2023.

Review of operations

Results

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these interim financial statements. The loss attributable to unitholders for the half-year ended 31 December 2023 was \$2,354,719 (31 December 2022: \$943,381 profit).

Distributions

In respect of the half-year ended 31 December 2023, no distribution was payable to unitholders (half-year ended 31 December 2022: \$539,501).

Value of Assets and Units Issued

The total value of the Fund's assets at 31 December 2023 was \$58,968,676 (30 June 2023: \$58,565,486). The total number of units on issue as at 31 December 2023 was 28,964,501 (30 June 2023: 28,964,501).

Directors' Report (continued)

Going Concern

While the directors have concerns about the ongoing viability of the Fund, the financial statements are prepared on a going concern basis taking into account the following:

1. As disclosed to investors on 3rd March 2023, Raptis Properties Pty Ltd (**Raptis**) commenced legal action against the Fund, seeking orders, among others, requiring the Fund to complete its contracted purchase of 63 Pirie Street, Adelaide (**Litigation**). As at the reporting date, the Fund has insufficient equity to be able to complete the purchase, and the Responsible Entity and Investment Manager are seeking to resolve the Litigation through negotiations with Raptis while simultaneously working within the required court framework for the preparation of defences and third-party claims.
2. The Litigation triggered an event of default under the Fund's current financing arrangements. The lender is presently taking no action in respect of this event but has reserved its right to do so. Regular updates are being provided to the lender and there is no certainty the lender will continue to take no action regarding this event.
3. The ability of the Fund to continue as a going concern depends on resolving the Litigation in a manner that does not exceed a prudent level of the Fund's financial resources or borrowing capacity.
4. The net loss of \$2,354,719 is largely driven by the provision for default interest accrued under the sale contract for 63 Pirie St (**Default Interest**) and reflects the position if the Fund is unable to resolve the Litigation through its negotiations with Raptis.
5. As at reporting date, the Fund has a net current asset deficiency of \$30,614,352 (30 June 2023: net current asset surplus of \$585,854) which is due to interest bearing liabilities of \$28,483,336 being classified as a current liability as the loan facility is due for repayment less than 12 months from 31 December 2023 as well as by the inclusion of the Default Interest. As at the date of these financial statements, the Investment Manager considers it likely that the Fund's debt will be able to be refinanced and negotiations with Raptis in respect of the Default Interest are continuing.

The Responsible Entity has been working with Raptis to agree an outcome which aims to maximise the potential return to investors. This includes, but is not limited to agreeing a form of vendor finance with Raptis to allow the sale to be completed and for this finance to be repaid in an orderly manner. As at the date of these financial statements, the directors consider a negotiated settlement is reasonably possible.

On 22 December 2023, OMIFL filed an application with the Supreme Court of New South Wales seeking judicial advice (Application). Judicial advice generally involves a determination by the Court that a trustee would be justified in taking a particular course of action and means a trustee will not be considered to be in breach of trust if the trustee acts in accordance with the Court's advice. OMIFL has filed the Application seeking advice from the Court on a range of issues, including the future conduct of the legal proceedings filed by the vendor, and the proposed settlement of those proceedings.

Given the ongoing Litigation and Application as well as the sensitive nature of these discussions, no further information can be provided at this time.

Directors' Report (continued)

Going Concern (continued)

The Responsible Entity may be required to reach a formal settlement with Raptis, or (assuming the proceedings are determined against the Fund) be ordered by the court to pay damages to Raptis. Either outcome could result in the Fund being forced to sell the 601 Coronation Drive property to fund this payment and thereafter being required to terminate and wind-up the Fund or may require the Fund to borrow an additional sum of money to help fund the payment of damages.

As a result, the directors are of the view that there is a material uncertainty related to above conditions that may cast significant doubt on the Fund's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Significant Changes in State of Affairs

The Responsible Entity of the Fund was served with a Statement of Claim (SOC) from the vendor of the 63 Pirie Street property (Property) on 2 March 2023. As was previously communicated to unitholders, the Fund had entered a contract to purchase the Property for \$58.68 million. Settlement was scheduled to occur in late February 2023, however the Fund was not able to settle the purchase as insufficient equity was raised to permit settlement.

Since that time the Fund has been working with the vendor to agree on deferred settlement arrangements to permit the Fund to settle the acquisition. As at the date of these financial statements, these arrangements have not been finalised, nor has the Fund raised the capital that may be required to complete the purchase. Consequently, the Fund has not completed the acquisition of the 63 Pirie Street property.

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 half-year ended 31 December 2023.

Subsequent Events

Other than the above, there has been no matter or circumstance occurring subsequent to the year ended 31 December 2023 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

Subject to the matters disclosed above, 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.

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.

Directors' Report (continued)

This report is made in accordance with a resolution of the directors of the Responsible Entity, One Managed Investment Funds Limited, pursuant to section 306(3)(a) of the Corporations Act 2001.



Frank Tearle
Executive Director and Company Secretary
11 March 2024



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

As auditor for the review of the half year financial report of CPF Diversified Property Fund for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Dated at Sydney on the 11th of March 2024

A handwritten signature in black ink, appearing to read 'Hemant Nisar'.

ESV Business Advice and Accounting

A handwritten signature in black ink, appearing to read 'Hemant Nisar'.

Hemant Nisar
Client Director

CPF Diversified Property Fund

Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2023

		Half-year ended 31 December 2023	Half-year ended 31 December 2022
	Notes	\$	\$
Revenue			
Rental and other property income		2,704,302	2,406,444
Straight-line rental income		(4,531)	(26,594)
Interest income		74,019	13,884
Distribution income		3,379	9,136
Unrealised fair value (loss)/gain on investment property	8	(78,242)	55,848
Total revenue		2,698,927	2,458,718
Expenses			
Finance costs		897,714	613,047
Administration expenses	6	220,103	218,097
Audit fees		28,587	7,975
Professional fees		51,207	178,377
Insurance expense		29,973	32,396
Rental property expenses		526,657	465,445
Default interest	12(b)	3,299,405	-
Total expenses		5,053,646	1,515,337
Net (loss)/income attributable to unitholders		(2,354,719)	943,381
Net (loss)/income for the period		(2,354,719)	943,381
Other comprehensive income		-	-
Total comprehensive (loss)/income attributable to unitholders		(2,354,719)	943,381

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 31 December 2023

		31 December 2023	Restated 30 June 2023
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,989,239	3,770,582
Distribution receivables		-	4,714
Trade and other receivables		67,256	300,453
Prepayments		74,240	16,198
Total current assets		4,130,735	4,091,947
Non-current assets			
Investment property	8	53,610,697	53,000,000
Other investments		-	246,295
Other assets	9	1,227,244	1,227,244
Total non-current assets		54,837,941	54,473,539
Total assets		58,968,676	58,565,486
Liabilities			
Current liabilities			
Trade and other payables	10	690,625	1,234,372
Interest bearing liabilities	11	28,483,336	-
Provisions for default interest	12(a)	5,571,126	2,271,721
Total current liabilities		34,745,087	3,506,093
Non-current liabilities			
Interest bearing liabilities	11	-	28,481,085
Total non-current liabilities		-	28,481,085
Total liabilities (excluding net assets attributable to unitholders)		34,745,087	31,987,178
Net assets attributable to unitholders	13	24,223,589	26,578,308

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 half-year ended 31 December 2023

		Half-year ended 31 December 2023	Half-year ended 31 December 2022
	Notes	\$	\$
Opening balance		28,850,029	26,001,387
Prior period adjustment	15	(2,271,721)	-
Restated opening balance		26,578,308	26,001,387
Units issued during the period		-	2,765,000
Total comprehensive (loss)/income		(2,354,719)	943,381
Redemptions for the period		-	(982,920)
Distributions for the period	14	-	(1,081,676)
Net assets attributable to unitholders	13	24,223,589	27,645,172

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 half-year ended 31 December 2023

Notes	Half-year ended 31 December 2023 \$	Half-year ended 31 December 2022 \$
Cash flows from operating activities		
Rent received	3,131,562	2,485,111
Interest received	74,019	13,884
Distributions received	8,092	9,136
Finance costs paid	(861,225)	(402,813)
Payments to suppliers	(1,195,936)	(1,215,464)
Net cash provided by operating activities	1,156,512	889,854
Cash flows from investing activities		
Proceeds from redemption of other investment	246,295	-
Payments of deposit for investment property	-	(1,100,000)
Payments for other investment	-	(976,295)
Payments of acquisition costs	-	(38,878)
Payments for capital improvements	(606,772)	(59,890)
Net cash used in investing activities	(360,477)	(2,175,063)
Cash flows from financing activities		
Proceeds from issue of units	-	2,765,000
Redemption of units	-	(982,920)
Distributions paid to unitholders	(577,378)	(1,042,080)
Net cash (used in)/provided by financing activities	(577,378)	740,000
Net increase/(decrease) in cash and cash equivalents	218,657	(545,209)
Cash and cash equivalents at the beginning of the half-year	3,770,582	1,516,143
Cash and cash equivalents at the end of the half-year	3,989,239	970,934

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

Notes to the Financial Statements

1 General Information

This interim financial report covers CPF Diversified Property Fund (ARSN 610 941 654) ('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 Fund is currently close to applications and redemptions.

The interim financial report is for the half-year ended 31 December 2023.

The interim financial report 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 re-issue the interim financial report.

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

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Notes to the Financial Statements

4 Restatements in respect of prior periods

Upon consideration of the terms of the 63 Pirie Street contract of sale and despite the on-going settlement negotiations, OMIFL has determined that adopting a conservative approach, the financial statements for the year ended should reflect the default interest on the unpaid purchase price of the property. It has been updated by restating each of the affected financial statement line items for the year ended 30 June 2023. Further information is set out in Note 15.

5 Going Concern

While the directors have concerns about the ongoing viability of the Fund, the financial statements are prepared on a going concern basis taking into account the following:

1. As disclosed to investors on 3rd March 2023, Raptis Properties Pty Ltd (**Raptis**) commenced legal action against the Fund, seeking orders, among others, requiring the Fund to complete its contracted purchase of 63 Pirie Street, Adelaide (**Litigation**). As at the reporting date, the Fund has insufficient equity to be able to complete the purchase, and the Responsible Entity and Investment Manager are seeking to resolve the Litigation through negotiations with Raptis while simultaneously working within the required court framework for the preparation of defences and third-party claims.
2. The Litigation triggered an event of default under the Fund's current financing arrangements. The lender is presently taking no action in respect of this event but has reserved its right to do so. Regular updates are being provided to the lender and there is no certainty the lender will continue to take no action regarding this event.
3. The ability of the Fund to continue as a going concern depends on resolving the Litigation in a manner that does not exceed a prudent level of the Fund's financial resources or borrowing capacity.
4. The net loss of \$2,354,719 is largely driven by the provision for default interest accrued under the sale contract for 63 Pirie St (**Default Interest**) and reflects the position if the Fund is unable to resolve the Litigation through its negotiations with Raptis.
5. As at reporting date, the Fund has a net current asset deficiency of \$30,614,352 (30 June 2023: net current asset surplus of \$585,854) which is due to interest bearing liabilities of \$28,483,336 being classified as a current liability as the loan facility is due for repayment less than 12 months from 31 December 2023 as well as by the inclusion of the Default Interest. As at the date of these financial statements, the Investment Manager considers it likely that the Fund's debt will be able to be refinanced and negotiations with Raptis in respect of the Default Interest are continuing.

Notes to the Financial Statements

5 Going Concern (continued)

The Responsible Entity has been working with Raptis to agree an outcome which aims to maximise the potential return to investors. This includes, but is not limited to agreeing a form of vendor finance with Raptis to allow the sale to be completed and for this finance to be repaid in an orderly manner. As at the date of these financial statements, the directors consider a negotiated settlement is reasonably possible.

On 22 December 2023, OMIFL filed an application with the Supreme Court of New South Wales seeking judicial advice (Application). Judicial advice generally involves a determination by the Court that a trustee would be justified in taking a particular course of action and means a trustee will not be considered to be in breach of trust if the trustee acts in accordance with the Court's advice. OMIFL has filed the Application seeking advice from the Court on a range of issues, including the future conduct of the legal proceedings filed by the vendor, and the proposed settlement of those proceedings.

Given the ongoing Litigation and Application as well as the sensitive nature of these discussions, no further information can be provided at this time.

The Responsible Entity may be required to reach a formal settlement with Raptis, or (assuming the proceedings are determined against the Fund) be ordered by the court to pay damages to Raptis. Either outcome could result in the Fund being forced to sell the 601 Coronation Drive property to fund this payment and thereafter being required to terminate and wind-up the Fund or may require the Fund to borrow an additional sum of money to help fund the payment of damages.

As a result, the directors are of the view that there is a material uncertainty related to above conditions that may cast significant doubt on the Fund's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

6 Administration Expenses

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Management fees	148,290	149,088
Responsible entity fees	40,921	38,888
Registry fees	6,644	7,397
Accounting and tax fees	14,840	14,000
Custody fees	9,321	8,724
ASIC and APIR fees	87	-
Total for the half-year	220,103	218,097

Notes to the Financial Statements

7 Operating Income

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Rental and other property income	2,704,302	2,406,444
Interest income	74,019	13,884
Distribution income	3,379	9,136
Administration expenses	(220,103)	(218,097)
Audit and professional fees	(79,794)	(186,352)
Insurance expense	(29,973)	(32,396)
Rental property expenses	(526,657)	(465,445)
Operating income before interest	1,925,173	1,527,174
Interest on loan facility	(897,714)	(613,047)
Operating income after interest	1,027,459	914,127

8 Investment Property

	31 December 2023	30 June 2023
	\$	\$
Opening balance	53,000,000	51,553,223
Unrealised fair value (loss)/gain on investment property	(78,242)	(707,466)
Capital improvements	606,773	2,225,556
Deferred lease asset	(4,531)	(60,833)
Leasing fees	86,697	(10,480)
Closing balance	53,610,697	53,000,000

The Responsible Entity has adopted a fair value for the 601 Coronation Drive property of \$53 million as at 30 June 2023. This valuation had regard to an independent valuation report received and relevant sales and rental data of comparable properties as well as using the capitalisation approach and discounted cash flow, prevailing economic and market conditions including increasing interest rates, inflation and discussion with external property experts. The directors have adopted a passing capitalisation rate of 7.29% (30 June 2022: 6.62%). As at 31 December 2023, the carrying value of the investment property has been increased by capital expenditures and its fair value adjusted by the deferred lease asset and leasing fees.

While the Responsible Entity has adopted a fair value of \$53 million should the circumstances referred to in the going concern note eventuate there remains a risk that the Fund may not be able to sell the property at this price if it is required to sell it in a forced or distressed scenario.

Notes to the Financial Statements

9 Other assets

	31 December 2023	30 June 2023
	\$	\$
63 Pirie Street acquisition costs		
Purchase price	1,100,000	1,100,000
Acquisition costs - Deal costs	12,106	12,106
Acquisition costs - Inspection reports	26,950	26,950
Acquisition costs - Legal	88,188	88,188
Closing balance	1,227,244	1,227,244

These are the amounts of deposit and fees for the acquisition of a property located at 63 Pirie Street, Adelaide, South Australia 5034. Refer to Note 5 for further information.

If the settlement of the property does not eventuate these amounts will likely need to be expensed, which will negatively impact upon the Fund's net asset position.

10 Trade and Other Payables

	31 December 2023	30 June 2023
	\$	\$
Distributions payable	-	576,955
GST and withholding tax payable	95,898	73,532
Other payables	151,621	98,130
Income received in advance	175	77,061
Borrowing costs payable	442,931	408,694
Closing balance	690,625	1,234,372

Notes to the Financial Statements

11 Interest Bearing Liabilities

	31 December 2023	30 June 2023
	\$	\$
Current liabilities		
Interest bearing liabilities	28,483,336	-
Non-current liabilities		
Interest bearing liabilities	-	28,481,085

Fund has a loan facility from ING Bank, which expires on 30 September 2024. The loan is a variable interest loan with interest charged at BBSY bid rate + 1.95% margin and is secured by a registered first mortgage over the property. Due to filing of Statement of Claim (SOC) against the Fund, an event of default has been triggered under the current financing agreement and accordingly the utilisation of Tranche 3 has been suspended by ING Bank.

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

**Half-year ended 31
December 2023**

	Tranche 1	Tranche 2	Tranche 3	Total
	\$	\$	\$	\$
Drawn Facility	25,930,000	2,553,336	-	28,483,336
Undrawn Facility	-	446,664	-	446,664
Total	25,930,000	3,000,000	-	28,930,000

**Year ended 30 June
2023**

	Tranche 1	Tranche 2	Tranche 3	Total
	\$	\$	\$	\$
Drawn Facility	25,930,000	2,551,085	-	28,481,085
Undrawn Facility	-	448,915	-	448,915
Total	25,930,000	3,000,000	-	28,930,000

A line fee of 1.00% of the undrawn Tranche 2 loan amount is charged quarterly and automatically capitalised to the loan.

Notes to the Financial Statements

12 Provisions for Default Interest

(a) Amounts recognised in balance sheet

	31 December 2023	30 June 2023
	\$	\$
Provisions for default interest	5,571,126	2,271,721

This is the amount of potential liability arising from failure to pay the contracted purchase price of 63 Pirie Street, Adelaide. It is calculated at the rate of last published BankSA Variable Business Loan Rate, plus 2.00% beginning from the original date of settlement of 24 February 2023. Should the proposed Implementation Deed be approved and signed by OMIFL and Raptis, the total amount of the interest payable is expected to be materially lower than this figure (noting this excludes any damages which may be payable due to the diminution in the value of 63 Pirie Street).

(b) Amount recognised in profit and loss

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Default interest	3,299,405	-

13 Net Assets Attributable to Unitholders

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	No. of Units	\$	No. of Units	\$
Opening balance	28,964,501	28,850,029	25,063,915	26,001,387
Prior period adjustment	-	(2,271,721)	-	-
Restated opening balance	28,964,501	26,578,308	25,063,915	26,001,387
Applications for units by unitholders	-	-	2,636,309	2,765,000
Redemptions of units by unitholders	-	-	(945,115)	(982,920)
Distributions paid to unitholders	-	-	-	(1,081,676)
Total comprehensive income	-	(2,354,719)	-	943,381
Closing balance	28,964,501	24,223,589	26,755,109	27,645,172

The Net Tangible Assets ("NTA") per Unit as at 31 December 2023 was \$0.8363 (31 December 2022: \$1.0333).

Notes to the Financial Statements

14 Distributions Paid and Payable

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

	31 December 2023		31 December 2022	
	Cents per units	\$	Cents per unit	\$
Distributions paid	-	-	2.0164	542,175
Distributions payable	-	-	2.0164	539,501
Closing balance	-	-	4.0328	1,081,676

15 Prior Period Adjustment

Upon consideration of the terms of the 63 Pirie Street contract of sale and despite the on-going settlement negotiations, OMIFL has determined that adopting a conservative approach, the financial statements for the year ended should have reflected the default interest on the unpaid purchase price of the property. It has been updated by recognising the default interest and restating each of the affected financial statement line items for the year ended 30 June 2023 as follows:

	30 June 2023	Increase/(Decrease)	Restated
	\$	\$	30 June 2023
Balance sheet (extract)			
Provision for default interest	-	2,271,721	2,271,721
Total current liabilities	1,234,372	2,271,721	3,506,093
Total liabilities (excluding net assets attributable to unitholders)	29,715,457	2,271,721	31,987,178
Net assets attributable to unitholders	28,850,029	(2,271,721)	26,578,308

16 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 half-year ended 31 December 2023 are:

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

No units was held by the Responsible Entity, key management personnel and their associated entities as at 31 December 2023 and 31 December 2022.

No fees or remuneration was paid directly to the key management personnel from the Fund for the half-year ended 31 December 2023 (half-year ended 2022: \$nil).

Notes to the Financial Statements

16 Related Party Transactions (continued)

(a) Transactions with Responsible Entity and its associated entities (continued)

Responsible entity fees

Responsible Entity fees of \$40,921 plus GST were incurred for the half-year ended 31 December 2023 (half-year ended 31 December 2022: \$38,888) of which \$6,820 plus GST (half-year ended 31 December 2022: \$12,796) was payable to One Managed Investment Funds Limited at the end of the period. Refer to Note 6.

Registry fees

Effective 1 April 2023, One Registry Services Pty Limited, an associated entity of the Responsible Entity, ceased to be the unity registry provider of the Fund and has been replaced by Boardroom Pty Limited, which is not an associated entity of the Responsible Entity.

Custody fees

Custody fees of \$9,321 plus GST were incurred for the half-year ended 31 December 2023 (half-year ended 31 December 2022: \$8,724) of which \$1,550 plus GST (half-year ended 31 December 2022: \$2,908) was payable to One Managed Investment Funds Limited, responsible entity of the Fund, at the end of the year. Refer to Note 6.

Accounting and administration fees

Accounting and administration fees of \$14,840 plus GST were incurred for the half-year ended 31 December 2023 (half-year ended 31 December 2022: \$14,000) of which \$6,240 plus GST (half-year ended 31 December 2022: \$6,000) was payable to Unity Fund Services Pty Limited, an associated entity of the Responsible Entity, at the end of the period. Refer to Note 6.

There were no other fees paid / payable to the Responsible Entity for the half-year ended 31 December 2023.

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 for the half-year ended 31 December 2023.

Notes to the Financial Statements

16 Related Party Transactions (continued)

(b) Transactions with Manager and its associated entities

The key management personnel of the Manager for the half-year ended 31 December 2023 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 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023	
	Unit class	Units held % of the class
Andrew Kerr		131,829 0.46%
Joe Christie		37,167 0.13%
		168,996 0.59%

	31 December 2022	
	Unit class	Units held % of the class
Andrew Kerr		131,829 0.49%
Joe Christie		37,167 0.14%
		168,996 0.63%

No fees or remuneration was paid directly to the key management personnel from the Fund for the half-year ended 31 December 2023 (2022: \$nil).

Investment management fees

Investment management fees of \$148,290 plus GST were incurred for the half-year ended 31 December 2023 (half-year ended 31 December 2022: \$149,088) of which \$24,292 plus GST (half-year ended 31 December 2022: \$23,490) was payable to Manager at the end of the period. Refer to Note 6.

There were no other fees paid / payable to the Manager for the half-year ended 31 December 2023.

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 half-year ended 31 December 2023.

Notes to the Financial Statements

17 Fair Value Measurement

Fair value hierarchy

The following tables detail the consolidated entity'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

Half-year ended 31 December 2023

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investment property	-	-	53,610,697	53,610,697
Total assets	-	-	53,610,697	53,610,697

Year ended 30 June 2023

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Other investments	-	-	246,295	246,295
Investment property	-	-	53,000,000	53,000,000
Total assets	-	-	53,246,295	53,246,295

There were no transfers between levels during the financial half-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

17 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 investment properties is fair value. The investment properties are revalued at least once every three years based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are 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, straight lining of rent and leasing fees adjustments.

Level 3 assets and liabilities

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

	31 December 2023	30 June 2023
	\$	\$
Opening balance	53,246,295	51,553,223
Unrealised fair value gain on investment property	(78,242)	(707,466)
Capital improvements	606,773	2,225,556
Deferred lease asset	(4,531)	(60,833)
Leasing fees	86,697	(10,480)
Acquisition of other investments	-	246,295
Disposal of other investments	(246,295)	-
Closing balance	53,610,697	53,246,295

Notes to the Financial Statements

17 Fair Value Measurement (continued)

Level 3 assets and liabilities (continued)

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

Description	Inputs	Adopted rate	Sensitivity
Property	Capitalisation rate	7.29%	0.25% change would increase/(decrease) fair value by \$1,882,000/(\$1,757,000)
	Rental income		5% change would increase/(decrease) fair value by \$3,200,000/\$2,700,000

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 31 December 2023.

	Percentage change in price increase/(decrease)	Effect on net profit and net assets attributable to members of the Fund
Period ended 31 December 2023	+10%/(10%)	\$5,361,070/(\$5,361,070)
Year ended 30 June 2023	+10%/(10%)	\$5,300,000/(\$5,300,000)

18 Subsequent Events

Other than as disclosed elsewhere, there has been no matter or circumstance occurring subsequent to the half-year ended 31 December 2023 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

Consistent with the Fund's investment strategy, on 25 November 2022, the Fund entered into a contract to acquire a property located at 63 Pirie Street, Adelaide. The purchase price pursuant to the contract was \$58.68 million and required the payment of a \$1.1 million deposit, which continues to be held in trust.

Settlement was scheduled to occur in February 2023, however, the Fund had not raised sufficient investor equity to allow settlement to occur. Since that time the Fund has been working with the vendor to agree deferred settlement arrangements to permit the Fund to settle the acquisition. As at the date of these financial statements, these arrangements have not been finalised, nor has the Fund raised the capital that may be required to complete the purchase. Consequently, the Fund has not completed the acquisition of the Pirie Street property.

Other than as noted above, there were no contingent assets and liabilities or commitments as at 31 December 2023.

Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) the attached financial statements and notes set out on pages 6 to 22 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended 31 December 2023; and
- (c) with reference to Note 5, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and

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
Executive Director and Company Secretary
11 March 2024

INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS OF CPF DIVERSIFIED PROPERTY FUND

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of CPF Diversified Property Fund ("the Fund"), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the accompanying half-year financial report of CPF Diversified Property Fund does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities* 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 5 in the financial report, which indicates that legal action has been commenced against the Fund by Raptis Properties Pty Ltd seeking orders, among others, requiring the Fund to complete its contract for purchase of 63 Pirie Street, Adelaide. As stated in Note 5, this event, along with other matters as set forth in Note 5, indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS OF CPF DIVERSIFIED PROPERTY FUND

Directors' Responsibilities for the Half-Year Financial Report

The directors of One Managed Investment Funds Limited ("the Responsible Entity") are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year ended financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Dated at Sydney on the 11th of March 2024

ESV

ESV Business Advice and Accounting



Hemant Nisar
Client Director