CPF Diversified Property Fund

ARSN 610 941 654

Annual report for the financial year ended 30 June 2024

Index to the Financial Statements **Page**

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 their financial report of the Fund for the year ended 30 June 2024 (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 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 year.

Distributions

Total distributions to unitholders for the financial year ended 30 June 2024 amounted to $463,432 (2023: $2,230,732). Refer to Note 17.

Value of Assets and Units Issued

The total value of the Fund's assets as at 30 June 2024 was $50,523,786 (2023: $58,565,486). The total number of units on issue as at 30 June 2024 was 28,964,501 (2023: 28,964,501).

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 2024 $	Restated Year ended 30 June 2023 $
Rental and other property income	**4,730,388**	4,940,006
Operating income	**4,730,388**	4,940,006
Rental property expenses	**(1,058,273)**	(1,098,113)
Administration expenses	**(737,983)**	(848,642)
Operating expenses	**(1,796,256)**	(1,946,755)
Earnings before interest and tax	**2,934,132**	2,993,251
Interest income	**155,898**	70,486
Distribution income	**3,379**	51,972
Finance costs	**(1,799,835)**	(1,390,949)
Net interest expense	**(1,640,558)**	(1,268,491)
Operating earnings attributable to unitholders	**1,293,574**	1,724,760
Non-operating items		
Unrealised fair value loss on investment property	**(7,912,487)**	(707,466)
Provision for default interest	**(6,607,872)**	(2,271,721)
Provision for impairment expenses	**(1,100,000)**	-
Total non-operating items	**(15,620,359)**	(2,979,187)
Net loss attributable to unitholders	**(14,326,785)**	(1,254,427)

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.

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. The Fund contracted to acquire an office building located at 63 Pirie Street, Adelaide, South Australia (63PS). The Fund was unable to complete the purchase of 63PS in February 2023. Raptis Properties Pty Ltd (Vendor) commenced proceedings in South Australia against the Fund in March 2023. The Responsible Entity and the Fund Manager sought to negotiate with the Vendor to acquire the Property on deferred settlement terms.

   On 5 July 2024, the Vendor indicated to the Responsible Entity it was no longer willing to engage in further settlement negotiations and terminated the 63PS contract. The Responsible Entity is preparing to defend the court proceedings commenced by the Vendor. This is expected to include the Responsible Entity instituting cross claims against certain parties who it believes contributed to the Fund’s failure to complete the purchase of 63PS. This litigation is expected to be complex and lengthy.

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.

   The Responsible Entity may be required to reach a formal settlement with the Vendor, or (assuming the proceedings are determined against the Fund) be ordered by the court to pay damages to the Vendor. 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.

4. The net loss of $14,326,785 is largely driven by the unrealised fair value loss on the Fund's investment property, 601 Coronation Drive, and the provision for default interest accrued under the sale contract for 63 Pirie St (Default Interest).

5. As at the reporting date, the Fund has a net current asset deficiency of $34,711,909 (30 June 2023: net current asset surplus of $585,854) which is due to interest bearing liabilities of $28,485,553 being classified as a current liability as the loan facility is due for repayment less than 12 months from 30 June 2024 as well as by the inclusion of the Default Interest. As at the date of these financial statements, the Responsible Entity has accepted a letter of offer from the Fund’s current financier extending the debt to 30 September 2025, and negotiations with the Vendor in respect of the Default Interest are continuing.

Subject to the above, the Fund is able to meet its obligations as and when they fall due.

The loan facility covenant of 55% loan to valuation ratio (LVR) has been breached due to a decrease in the valuation of 601 Coronation Drive. As at reporting date, the LVR stands at 61.26%. The lender has provided a letter of offer to extend the current loan facility on conditions including that the Fund to repay $1.5m by 1 October 2024 and then additional repayment instalments to reduce the Fund’s LVR to below 55% by 30 September 2025. The Fund has cash reserves available to facilitate such a payment due to the decision to suspend payment of distributions during the year-ended 30 June 2024. The Responsible Entity has accepted this offer.

Directors' Report (continued)

Other Matters

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 18 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 18 to the financial statements.

Significant Changes in State of Affairs

The Responsible Entity of the Fund was served with a Statement of Claim (SOC) from the vendor of 63PS on 2 March 2023. The Fund had entered into a contract to purchase 63PS for $58.60 million. Settlement was scheduled to occur in late February 2023, however the Fund was not able to settle the purchase. The Vendor served the Fund with a notice of settlement in respect of the property, requiring the purchase to be completed by 3 July 2024, and subsequently terminated the sale contract on 5 July 2024.

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.

Subsequent Events

The Fund entered into a contract to acquire an office building located at 63 Pirie Street, Adelaide, South Australia. The Fund was unable to complete the purchase of 63PS. The Vendor terminated the contract on 5 July 2024. The Responsible Entity is preparing to defend the court proceedings commenced by the Vendor. This is expected to include the Responsible Entity instituting cross claims against certain parties who it believes contributed to the Fund’s failure to complete the purchase of 63PS. This litigation is expected to be complex and lengthy.

For the loan facility which is maturing on 30 September 2024, ING Bank provided a letter of offer for a 12-month loan extension on terms acceptable to the Responsible Entity including a requirement to repay $1.5m to the Lender by 1 October 2024 and other subsequent instalments to ensure the LVR is below 55% by 30 September 2025.

Other than the above, there has been no matter or circumstance occurring subsequent to the year ended 30 June 2024 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.

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.

Directors' Report (continued)

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.

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 6.

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

Frank Tearle

Director

25 September 2024

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 2024, 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 25th of September 2024

ESV

ESV Business advice and accounting

Hemant Nisar
Client Director

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024

	Notes	Year ended 30 June 2024 $	Restated Year ended 30 June 2023 $
Revenue			
Rental and other property income	5	**4,730,388**	4,940,006
Interest income		**155,898**	70,486
Distribution income		**3,379**	51,972
Unrealised fair value loss on investment property	11	**(7,912,487)**	(707,466)
Total revenue		**(3,022,822)**	4,354,998
Expenses			
Finance costs	6	**1,799,835**	1,390,949
Administration expenses	7	**442,972**	467,851
Audit fees	10	**47,182**	26,903
Professional fees		**187,481**	237,701
Insurance expenses		**60,348**	61,155
Rental property expenses	8	**1,058,273**	1,098,113
Costs to sell		**-**	55,032
Provision for default interest	9(b)	**6,607,872**	2,271,721
Provision for impairment expenses	12	**1,100,000**	-
Total expenses		**11,303,963**	5,609,425
Net loss attributable to unitholders		**(14,326,785)**	(1,254,427)
Net loss for the year		**(14,326,785)**	(1,254,427)
Other comprehensive income/(loss)		**-**	-
Total comprehensive loss attributable to unitholders		**(14,326,785)**	(1,254,427)

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

Statement of Financial Position as at 30 June 2024

	Notes	30 June 2024 $	Restated 30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents	20(a)	**3,984,379**	3,770,582
Distribution receivables		**-**	4,714
Trade and other receivables		**22,639**	300,453
Prepayments		**16,768**	16,198
Total current assets		**4,023,786**	4,091,947
Non-current assets			
Investment property	11	**46,500,000**	53,000,000
Other assets	12	**-**	1,227,244
Other investments	13	**-**	246,295
Total non-current assets		**46,500,000**	54,473,539
Total assets		**50,523,786**	58,565,486
Liabilities			
Current liabilities			
Trade and other payables	14	**1,370,549**	1,234,372
Interest bearing liabilities	21	**28,485,553**	-
Provisions for default interest	9(a)	**8,879,593**	2,271,721
Total current liabilities		**38,735,695**	3,506,093
Non-current liabilities			
Interest bearing liabilities	21	**-**	28,481,085
Total non-current liabilities		**-**	28,481,085
Total liabilities (excluding net assets attributable to unitholders)		**38,735,695**	31,987,178
Net assets attributable to unitholders	15	**11,788,091**	26,578,308

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

Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2024

	Notes	**Year ended 30 June 2024 $**	Restated Year ended 30 June 2023 $
Opening balance		**26,578,308**	26,001,387
Total comprehensive loss		**(14,326,785)**	(1,254,427)
Applications for the year		**-**	5,045,000
Redemptions for the year		**-**	(982,920)
Distributions for the year	17	**(463,432)**	(2,230,732)
Net assets attributable to unitholders	15	**11,788,091**	26,578,308

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

Statement of Cash Flows for the year ended 30 June 2024

	Notes	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Cash flows from operating activities			
Rent received		**5,378,604**	5,189,111
Interest received		**155,899**	70,486
Distributions received		**8,092**	47,259
Finance costs paid		**(1,755,605)**	(1,123,552)
Payments to suppliers		**(2,280,930)**	(2,474,791)
Net cash provided by operating activities	20(b)	**1,506,060**	1,708,513
Cash flows from investing activities			
Proceeds from redemption of other investments		**246,295**	730,000
Payments for other investment		**-**	(976,295)
Payments of acquisition costs		**-**	(127,244)
Payments of deposit for investment property		**-**	(1,100,000)
Payments for capital improvements		**(961,180)**	(2,225,556)
Net cash used in investing activities		**(714,885)**	(3,699,095)
Cash flows from financing activities			
Proceeds from loan		**-**	2,335,876
Proceeds from issue of units		**-**	5,045,000
Redemption of units		**-**	(982,920)
Distributions paid to unitholders		**(577,378)**	(2,152,935)
Net cash (used in)/provided by financing activities		**(577,378)**	4,245,021
Net increase in cash and cash equivalents		**213,797**	2,254,439
Cash and cash equivalents at the beginning of the year		**3,770,582**	1,516,143
Cash and cash equivalents at the end of the year	20(a)	**3,984,379**	3,770,582

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 (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").

The financial statements cover the period 1 July 2023 to 30 June 2024 (the “reporting period”). The comparative information encompasses the period 1 July 2022 to 30 June 2023.

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. Material Accounting Policies

The following material 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.

3. Material Accounting Policies (continued)

(c) 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. The Fund contracted to acquire an office building located at 63 Pirie Street, Adelaide, South Australia (63PS). The Fund was unable to complete the purchase of 63PS in February 2023. Raptis Properties Pty Ltd (Vendor) commenced proceedings in South Australia against the Fund in March 2023. The Responsible Entity and the Fund Manager sought to negotiate with the Vendor to acquire the Property on deferred settlement terms.

   On 5 July 2024, the Vendor indicated to the Responsible Entity it was no longer willing to engage in further settlement negotiations and terminated the 63PS contract. The Responsible Entity is preparing to defend the court proceedings commenced by the Vendor. This is expected to include the Responsible Entity instituting cross claims against certain parties who it believes contributed to the Fund's failure to complete the purchase of 63PS. This litigation is expected to be complex and lengthy.

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.

   The Responsible Entity may be required to reach a formal settlement with the Vendor, or (assuming the proceedings are determined against the Fund) be ordered by the court to pay damages to the Vendor. 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.

4. The net loss of $14,326,785 is largely driven by the unrealised fair value loss on the Fund's investment property, 601 Coronation Drive, and the provision for default interest accrued under the sale contract for 63 Pirie St (Default Interest).

5. As at the reporting date, the Fund has a net current asset deficiency of $34,711,909 (30 June 2023: net current asset surplus of $585,854) which is due to interest bearing liabilities of $28,485,553 being classified as a current liability as the loan facility is due for repayment less than 12 months from 30 June 2024 as well as by the inclusion of the Default Interest. As at the date of these financial statements, the Responsible Entity has accepted a letter of offer from the Fund's current financier extending the debt to 30 September 2025, and negotiations with the Vendor in respect of the Default Interest are continuing.

Subject to the above, the Fund is able to meet its obligations as and when they fall due.

The loan facility covenant of 55% loan to valuation ratio (LVR) has been breached due to a decrease in the valuation of 601 Coronation Drive. As at reporting date, the LVR stands at 61.26%. The lender has provided a letter of offer to extend the current loan facility on conditions including that the Fund to repay $1.5m by 1 October 2024 and then additional repayment instalments to reduce the Fund's LVR to below 55% by 30 September 2025. The Fund has cash reserves available to facilitate such a payment due to the decision to suspend payment of distributions during the year-ended 30 June 2024. The Responsible Entity has accepted this offer.

3. Material 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.

(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.

3. Material 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 are 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.

(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.

3. Material Accounting Policies (continued)

(n) Goods and Services Tax (GST) (continued)

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.

(p) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the fund has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The fund recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the fund's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Notes to the Financial Statements

3. Material Accounting Policies (continued)

(p) Investments and other financial assets (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(q) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(r) Net assets attributable to unitholders

The units can be put back to the Fund at any time for cash based on the redemption price in accordance with the provisions of the Funds deed. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

(s) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

4. Restatements in Respect of Prior Periods

Upon consideration of the terms of the 63 Pirie Street contract of sale, the Responsible Entity has determined that adopting a conservative approach, the financial statements for the year ended should reflect the default interest from February 2023 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 16.

5. Rental and Other Property Income

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Rent received	**4,354,815**	4,796,169
Rental abatement	**(633,362)**	(536,371)
Outgoings received	**361,875**	464,785
Straight-line rental income	**23,457**	(60,833)
Sundry income	**623,603**	276,256
Total	**4,730,388**	4,940,006

6. Finance Costs

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Interest on borrowings	**1,799,835**	1,390,949
Total	**1,799,835**	1,390,949

7. Administration Expenses

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Management fees	**294,347**	298,246
Responsible entity fees	**81,842**	77,275
Registry fees	**16,390**	44,766
Accounting and tax fees	**29,680**	28,000
Custody fees	**18,621**	17,666
ASIC and APIR fees	**2,092**	1,898
Total	**442,972**	467,851

8. Rental Property Expenses

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Property management fees	**46,603**	45,245
Energy fees	**167,602**	179,920
Cleaning	**97,815**	81,232
Land tax	**128,992**	122,250
Repairs and maintenance	**104,180**	227,247
Council rates	**72,236**	72,007
Water rates and charges	**58,651**	53,826
Fire levy	**32,036**	30,981
Fire and safety	**39,641**	37,430
Lift maintenance	**34,515**	26,926
Facility management fee	**18,725**	18,180
Security fee	**10,028**	11,698
Other property expenses	**247,249**	191,171
Total	**1,058,273**	1,098,113

9. Provisions for Default Interest

(a) Amounts recognised in balance sheet

	30 June 2024 $	Restated 30 June 2023 $
Provisions for default interest	**8,879,593**	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.

(b) Amount recognised in profit and loss

	30 June 2024 $	Restated 30 June 2023 $
Provision for default interest	**6,607,872**	2,271,721

Notes to the Financial Statements

10. 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 2024 $	Year ended 30 June 2023 $
Audit services - ESV Business Advice and Accounting	**28,439**	18,528
Other assurance services – ESV, BDO, EY (compliance plan) and other firms	**18,743**	8,375
Total	**47,182**	26,903

11. Investment Property

	30 June 2024 $	30 June 2023 $
601 Coronation Drive		
Opening balance	**53,000,000**	51,553,223
Unrealised fair value loss on investment property	**(7,912,487)**	(707,466)
Capital improvements	**1,284,343**	2,225,556
Deferred lease asset	**23,457**	(60,833)
Leasing fees	**104,687**	(10,480)
Total	**46,500,000**	53,000,000

The Responsible Entity has adopted a fair value for the 601 Coronation Drive property of $46,500,000 as at 30 June 2024, prepared by an independent valuer, Colliers, as at 17 July 2024. This valuation had regard to 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 and inflation. As at 30 June 2024, the occupancy rate was 85.60% (2023: 100%) and the current weighted average lease expiry (“WALE”) by income was 4.6 years (2023: 3.4 years).

While the Responsible Entity has adopted a fair value of $46,500,000, 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.

12. Other Assets

	30 June 2024 $	30 June 2023 $
63 Pirie St		
Purchase price	**1,100,000**	1,100,000
Acquisition costs - Deal costs	**-**	12,106
Acquisition costs - Legal	**-**	88,188
Acquisition costs - Inspection	**-**	26,950
Provision of impairment 63 Pirie St	**(1,100,000)**	-
Total	**-**	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 3(c) for further information.

The deposit of $1,100,000 has been fully impaired and the acquisition costs have been fully expensed following termination of the contract on 5 July 2024.

13. Other Investments

	30 June 2024 $	30 June 2023 $
Spring Creek Refinance	**-**	186,295
Tallawong Views	**-**	60,000
Total	**-**	246,295

These investments were loans within the CPF Property Debt Fund, an unregistered management scheme of which Capital Property Funds also acted as investment manager. They were first mortgage property loans which distributed quarterly income between 7.25% to 9% per annum.

The investments in Spring Creek Refinance and Tallawong Views were redeemed on 14 August and 22 December 2023, respectively.

14. Trade and Other Payables

	30 June 2024 $	30 June 2023 $
Distributions payable	**463,079**	576,955
GST and withholding tax payable	**30,273**	73,532
Income received in advance	**-**	77,061
Borrowing costs payable	**448,456**	408,694
Other payables	**428,741**	98,130
Total	**1,370,549**	1,234,372

15. 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 2024 No of Units	**Year ended 30 June 2024 $**	Year ended 30 June 2023 No of Units	Restated Year ended 30 June 2023 $
Opening balance	**28,964,501**	**26,578,308**	25,063,915	26,001,387
Applications for units by unitholders	**-**	**-**	4,845,701	5,045,000
Redemptions of units by unitholders	**-**	**-**	(945,115)	(982,920)
Distributions paid to unitholders	**-**	**(463,432)**	-	(2,230,732)
Total comprehensive income	**-**	**(14,326,785)**	-	(1,254,427)
Closing balance	**28,964,501**	**11,788,091**	28,964,501	26,578,308

The Net Tangible Assets per unit as at 30 June 2024 was $0.4070 (2023 - restated: $0.9176).

(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 2024 $	30 June 2023 $
Interest bearing liabilities	**28,485,553**	28,481,085
Total assets	**50,523,786**	58,565,486
Gearing ratio	**56.38%**	48.63%

15. Net Assets Attributable to Unitholders (continued)

(b) Capital risk management (continued)

The loan to market value of investment properties ratio ("LVR") as of 30 June 2024 is 61.26% (2023: 53.74%). This exceeds the LVR covenant of 55.00% in the loan facility with ING Bank.

The Investment Manager is negotiating with ING Bank on a 12 month extension of the loan facility, with the ongoing condition of progressively reducing the LVR to 55% by September 2025 through either staggered principal repayments or revaluation uplift.

16. Prior Period Adjustments

Upon consideration of the terms of the 63 Pirie Street contract of sale, 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

	30 June 2023 $	Increase/(Decrease) $	Restated 30 June 2023 $
Profit and loss (extract)			
Default interest	-	2,271,721	2,271,721
Total expenses	3,337,704	2,271,721	5,609,425
Net income/(loss) attributable to unitholders	1,017,294	(2,271,721)	(1,254,427)
Total comprehensive income/(loss) attributable to unitholders	1,017,294	(2,271,721)	(1,254,427)

17. Distributions Paid and Payables

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

	30 June 2024		30 June 2023	
	Cents per units	**$**	Cents per unit	$
Distributions paid during the year	**-**	**-**	6.0055	1,653,029
Distributions payable	**1.6000**	**463,432**	1.9945	577,703
	1.6000	**463,432**	8.0000	2,230,732

18. 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 2024 are:

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

No units were held by the Responsible Entity, key management personnel and their associated entities as at 30 June 2024 and 30 June 2023.

No fees or remuneration were paid directly to the key management personnel from the Fund during the financial year ended 30 June 2024 (2023: $nil).

Responsible Entity fees

Responsible Entity fees of $81,842 were incurred for the year ended 30 June 2024 (2023: $77,275) of which $6,820 plus GST (2023: $6,398) was payable to One Managed Investment Funds Limited at the end of the year. Refer to Note 7.

Registry fees

Effective 1 April 2023, One Registry Services Pty Limited ceased to be the unit registry provider of the Fund and has been replaced by Boardroom Pty Limited, which is not an associated entity of the Responsible Entity. Refer to Note 7.

Custody fees

Custody fees of $18,621 were incurred for the year ended 30 June 2024 (2023: $17,666) of which $1,550 plus GST (2023: $3,010) was payable to the Responsible Entity, at the end of the year. Refer to Note 7.

Accounting and administration fees

Accounting and administration fees of $29,680 were incurred for the year ended 30 June 2024 (2023: $28,000) of which $8,360 plus GST (2023: $6,000) was payable to Unity Fund Services Pty Limited, an associated entity of the Responsible Entity, at the end of the year. Refer to Note 7.

There were no other fees paid / payable to the Responsible Entity for the financial year ended 30 June 2024.

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.

18. Related Party Transactions (continued)

(b) Transactions with Manager and its Associated Entities

The key management personnel of the Manager for the financial year 30 June 2024 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 2024 and 30 June 2023 were as follows:

		30 June 2024	
Unitholder	**Unit class**	**Units held**	**% of the class**
Andrew Kerr		**131,829**	**0.46%**
Joe Christie		**37,167**	**0.13%**
		168,996	**0.59%**

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

No fees or remuneration were paid directly to the key management personnel from the Fund during the financial year ended 30 June 2024 (2023: $nil).

Investment management fees

Investment management fees of $294,347 plus GST were incurred for the year ended 30 June 2024 (2023: $298,246) of which $24,292 plus GST (2023: $25,323) was payable to Manager at the end of the year. Refer to Note 7.

There were no other fees paid / payable to the Manager for the financial year ended 30 June 2024.

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.

19. 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 2024

	Floating interest rate $	**Fixed interest rate $**	**Total $**
Financial assets			
Cash and cash equivalents	**3,984,379**	**-**	**3,984,379**
Financial liabilities			
Interest bearing liabilities	**(28,485,553)**	**-**	**(28,485,553)**
Net exposure to interest rate risk	**(24,501,174)**	**-**	**(24,501,174)**

30 June 2023

	Floating interest rate $	Fixed interest rate $	Total $
Financial assets			
Cash and cash equivalents	3,770,582	-	3,770,582
Financial liabilities			
Interest bearing liabilities	(28,481,085)	-	(28,481,085)
Net exposure to interest rate risk	(24,710,503)	-	(24,710,503)

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

	30 June 2024 $ Increase/(decrease)	30 June 2023 $ Increase/(decrease)
Market interest rate increased by 100 basis points	**245,012**	247,105
Market interest rate decreased by 100 basis points	**(245,012)**	(247,105)

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

(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 2024 $	30 June 2023 $
Trade and other receivables	**22,639**	300,453
Cash at bank	**3,984,379**	3,770,582
Maximum exposure to credit risk	**4,007,018**	4,071,035

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.

19. 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 2024

	Less than 12 months $	**1-2 years $**	**2-5 years $**
Trade and other payables	**1,370,549**	**-**	**-**
Interest bearing liabilities	**28,485,553**	**-**	**-**
Contractual cash flows	**29,856,102**	**-**	**-**

At 30 June 2023

	Less than 12 months $	1-2 years $	2-5 years $
Trade and other payables	1,234,372	-	-
Interest bearing liabilities	-	28,481,085	-
Contractual cash flows	1,234,372	28,481,085	-

(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

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

(d) Fair Value Measurement (continued)

Year ended 30 June 2024

	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Investment property	**-**	**-**	**46,500,000**	**46,500,000**
Total assets	**-**	**-**	**46,500,000**	**46,500,000**

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 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.

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 at a minimum 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, returns on investment and other market conditions.

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

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

(d) Fair Value Measurement (continued)

Level 3 assets and liabilities

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

Investment property	**30 June 2024 $**	30 June 2023 $
Opening balance	**53,000,000**	51,553,223
Unrealised fair value loss on investment property	**(7,912,487)**	(707,466)
Capital improvements	**1,284,343**	2,225,556
Deferred lease asset	**23,457**	(60,833)
Leasing fees	**104,687**	(10,480)
Total	**46,500,000**	53,000,000

Other investments	**30 June 2024 $**	30 June 2023 $
Opening balance	**246,295**	-
Acquisition of other investments	**-**	976,295
Disposal of other investments	**(246,295)**	(730,000)
Total	**-**	246,295

Unobservable inputs used in the valuation of level 3 investment property and sensitivity analysis are as follows:

Description	Inputs	Adopted rate	Sensitivity
Property	Capitalisation rate	7.77%	0.25% change would increase/(decrease) fair value by $1,600,000/($1,500,000)
	Internal rate of return	7.97%	0.29% change would increase/(decrease) fair value by $1,000,000
	Terminal Yield	8.00%	0.25% change would increase/(decrease) fair value by $800,000
	Net Passing income		5% change would increase/(decrease) fair value by $2,700,000/($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 30 June 2024.

	Percentage change in price increase/(decrease)	**Effect on net profit and net assets attributable to members of the Fund**
Year ended 30 June 2024	**+10%/(10%)**	**$4,650,000/($4,650,000)**
Year ended 30 June 2023	+10%/(10%)	$5,300,000/($5,300,000)

20. 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 2024 $	30 June 2023 $
Cash at bank	**3,984,379**	3,770,582
Total	**3,984,379**	3,770,582

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

	Year ended 30 June 2024 $	Restated Year ended 30 June 2023 $
Net income attributable to unitholders	**(14,326,785)**	(1,254,427)
Adjustments for:		
Aborted deal cost	**127,244**	-
Impairment expense	**1,100,000**	-
Unrealised fair value loss on investment property	**7,912,487**	707,466
Capitalised line fee	**4,469**	13,000
Straight-line rental income	**(23,457)**	60,833
Leasing fees	**(167,907)**	(49,869)
Amortisation of leasing fees	**63,220**	60,349
Change in assets and liabilities:		
Net change in other current assets	**204,896**	(375,287)
Net change in trade and other payables	**6,611,893**	2,546,448
Net cash provided by operating activities	**1,506,060**	1,708,513

21. Interest Bearing Liabilities

	30 June 2024	30 June 2023
	$	$
Current liabilities		
Interest bearing liabilities	**28,485,553**	-
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 and the undrawn component of Tranche 2 have been withdrawn by ING Bank, please refer to Note 3 (c) for further details.

The loan facility covenant of 55% loan to valuation ratio (LVR) has been breached due to a decrease in the valuation of 601 Coronation Drive. As at reporting date, the LVR stands at 61.26%. The lender has provided a letter of offer to extend the facility to 30 September 2025 on terms acceptable to the Responsible Entity. Details are included in the Subsequent Events note.

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

Year ended 30 June 2024

	Tranche 1	**Tranche 2**	**Total**
	$	**$**	**$**
Drawn Facility	**25,930,000**	**2,555,554**	**28,485,554**
Undrawn Facility	**-**	**-**	**-**
Total	**25,930,000**	**2,555,554**	**28,485,554**

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

22. Subsequent Events

The Fund entered into a contract to acquire an office building located at 63 Pirie Street, Adelaide, South Australia. The Fund was unable to complete the purchase of 63PS. The Vendor terminated the contract on 5 July 2024. The Responsible Entity is preparing to defend the court proceedings commenced by the Vendor. This is expected to include the Responsible Entity instituting cross claims against certain parties who it believes contributed to the Fund’s failure to complete the purchase of 63PS. This litigation is expected to be complex and lengthy.

For the loan facility which is maturing on 30 September 2024, ING Bank provided a letter of offer for a 12-month loan extension on terms acceptable to the Responsible Entity, including a requirement to repay $1.5m to the Lender by 1 October 2024 and other subsequent instalments to ensure the LVR is below 55% by 30 September 2025.

Other than as disclosed elsewhere in this report, there has been no matter or circumstance occurring subsequent to the year ended 30 June 2024 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.

23. 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 $58.60 million and required the payment of a $1.1 million deposit currently held by Cushman & Wakefield (it has not been released to the Vendor).

Settlement was scheduled to occur in February 2023, however, the Fund had not raised sufficient investor equity to allow settlement to occur. The Fund has attempted to negotiate with the Vendor to agree deferred settlement arrangements to permit the Fund to settle the acquisition.

The Vendor served the Fund with a notice of settlement in respect of the property, requiring the purchase to be completed by 3 July 2024. On 5 July 2024, the contract was terminated. OMIFL is seeking judicial advice in respect of, among other things, defending the proceedings commenced by the Vendor regarding the contract for 63PS. The hearing of the Responsible Entity's judicial advice application has been scheduled for 31 October 2024.

In the meantime, the Responsible Entity will, when possible, seek to negotiate a settlement outcome with the Vendor. To the extent any settlement involves the payment of damages, the Responsible Entity will consider seeking judicial advice in respect of whether a portion of those damages can be paid from the Fund's assets. It is also important to note the Responsible Entity continues to investigate whether and the extent to which other parties ought to contribute to any damages which are agreed.

Directors' Declaration

The directors of the Responsible Entity declare that:

(a) with reference to the Disclosures in note 3 (c), 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 2024 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

25 September 2024

INDEPENDENT AUDITOR'S 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 2024, 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 material 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 2024 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 (including Independence Standards)* (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 (c) in the financial report, which indicates that legal action has commenced against the Fund by Raptis Properties Pty Ltd seeking orders, among others, requiring the Fund to pay damages and penalties. As stated in Note 3 (c), this event, along with other matters as set forth in Note 3 (c), 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 AUDITOR'S REPORT TO THE UNITHOLDERS OF CPF DIVERSIFIED PROPERTY FUND

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 2024 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.

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 25th of September 2024

ESV

ESV Business advice and accounting

Hemant Nisar
Client Director