

# **Diversified Property Fund (formerly CPF Diversified Property Fund)**

## **ASIC RG46 Disclosure**

### **Investor Update for December 2024 quarter**

#### **Responsible Entity**

One Managed Investment Funds Limited  
ACN 117 400 987 | AFS licence no. 297042

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# ASIC Regulatory Guide 46 Disclosure

## Introduction

The Australian Securities & Investments Commission (ASIC) requires responsible entities of unlisted property schemes in which retail investors invest to provide a disclosure addressing ASIC's six benchmarks and eight disclosure principles as set out in Regulatory Guide 46: Unlisted Property Schemes - Improving disclosure for retail investors (RG46).

The disclosure aims to help retail investors understand the risks, assess the returns and the effect of changing economic conditions on their investment in the unlisted property scheme.

One Managed Investment Funds Limited ACN 117 400 987 is the responsible entity (Responsible Entity) of the Diversified Property Fund (the Fund).

The benchmarks and disclosure principles in relation to the Fund are listed in this document, which should be read in conjunction with the Fund's Product Disclosure Statement (PDS) dated 17 June 2022 and the Target Market Determination (TMD) dated 8 July 2022 and the Fund's quarterly updates which are available at the Responsible Entity's website [www.oneinvestment.com.au](http://www.oneinvestment.com.au).

In accordance with the requirements of RG46, the disclosures contained in this document will be updated for any material changes that the Responsible Entity becomes aware of, and in any event, at least every six months.

## Fund Objective and Strategy

Diversified Property Fund (formerly CPF Diversified Property Fund) is an unlisted property fund that acquired an office property at 601 Coronation Drive, Toowong, Brisbane (601 Coronation Drive) on 12 August 2016. On 16 June 2022, investors approved by close to 97% in favour, a restructure proposal involving additional Fund liquidity opportunities and allowing the Fund to acquire other property assets to provide location, property and tenant diversification benefits.

The Fund's objective remains to provide Investors with regular property-based income combined with the potential for longer term capital growth.

The Fund Manager expects the return for the Fund to be derived principally from income.

The Fund aims to grow to be a diversified property fund investing in a range of property-based assets with the aim of generating income returns for Investors and also the potential for longer term capital growth. Key investment strategies include:

- Investing in stabilised properties located in proximity to major capital cities, metropolitan cities and major regional town centres, with returns expected to be primarily rental income combined with longer term capital growth;
- Acquiring well-located properties which may benefit from capital works upgrades in order to create capital growth and improved income for the Fund;
- Fund-through property acquisitions, where the Fund may provide equity or debt funding in order to fund a property development and also to own suitable property assets and/or enjoy development returns; and
- Other property asset including property debt investments.

# Disclosure Benchmarks and Principles

Pursuant to RG46, responsible entities of unlisted property schemes are required to apply these disclosure benchmarks and principles in their product disclosure statements and in other disclosures they provide to their investors on an ongoing basis (through websites and other forms of communication with investors).

The following contains an explanation of each ASIC disclosure benchmark and principle and the Fund's disclosure.

## Disclosure Principle 1: Gearing Ratio

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**Fund Gearing Ratio: 54.9%**

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The Fund's gearing ratio indicates the extent to which the Fund's assets are funded by interest bearing liabilities. It gives an indication of the degree of potential risks the Fund faces that are associated with its borrowings. For example:

- an increase in interest rates could lead to an increase in interest payments for the Fund and a reduction in cash flow available for distribution; or
- a reduction in property values could lead to an increase in the Fund's gearing ratio.

Both examples may potentially breach loan covenants of the Fund's debt facility with the lender and potentially reduce the availability of refinancing (if required).

The Fund's gearing ratio is calculated as follows:

$$\text{Gearing Ratio} = \frac{\text{Total interest – bearing liabilities}}{\text{Total assets}}$$

The above calculation is different from the loan-to-value ratio calculation prescribed by the Fund's debt facility for the purposes of debt facility covenant calculations. The Fund does not have any off-balance sheet financing.

### **Benchmark 1: Gearing Policy (as at 31 December 2024)**

The Fund maintains and complies with a written policy that governs the level of gearing.

The PDS noted the Fund would target a long-term gearing ratio of between 35% and 55%. A higher gearing ratio for a property fund means a higher reliance on external liabilities (primarily borrowings) to finance the Fund's assets and the impact of any upward or downward movements in the value of the Fund is magnified.

The following table provides a summary of the Fund's debt facilities as at 31 December 2024.

Facility Limit	Drawn Amount	Undrawn Amount
Tranche 1 - \$24.43	\$24.43	\$0.00
Tranche 2 - \$2.18	\$2.18	\$0.00
<b>Total</b>	<b>\$26.61</b>	<b>\$0.00</b>

## Disclosure Principle 2: Interest Cover Ratio (as at 31 December 2024)

### Interest Cover Ratio: 1.44 times

An interest cover ratio provides an indication of the Fund's ability to meet interest payments on debt from earnings and assists with analysing the sustainability and risks associated with the Fund's level of borrowing. If the Fund has a low interest cover ratio, a small reduction in earnings or small increase in interest rates will increase the risk that the Fund will not be able to meet its interest payments.

The interest cover ratio is calculated as follows:

$$\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}$$

$$\text{Interest cover ratio} = \frac{\text{Interest expense}}{\text{Interest expense}}$$

Where EBITDA is earnings before interest, tax, depreciation and amortisation.

The above calculation is different from the interest cover ratio calculation prescribed by the Fund's debt facility for the purposes of debt facility covenant calculations.

### Benchmark 2: Interest Cover Policy

The Responsible Entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.

The interest cover ratio for the Fund for the period from 1 January 2024 to 31 December 2024 was 1.44 times.

The interest coverage ratio of 1.44 times indicates that there is \$1.44 of earnings to pay every \$1.00 of interest on the drawn debt amount.

### Benchmark 3: Interest Capitalisation

Interest capitalisation is when the investment scheme is not required to make interest payments until an agreed point in time. This generally applies to developments, where an asset may not generate income during the development period to meet the interest obligations of the debt facility.

Benchmark 3 is satisfied as the interest expense of the Fund is not capitalised.

### Disclosure Principle 3: Scheme Borrowing (as at 31 December 2024)

This principle requires disclosure of information on the Fund's borrowing (on or off-balance sheet) and any associated risks.

The debt facility with ING Bank was renewed on 30 September 2024 term and comprises:

- Tranche 1 - with a facility limit of \$24,430,000 has a term of 1 year expiring 30 September 2025 and is drawn to \$24,430,000 at 31 December 2024. The interest rate is a floating rate of approximately 6.63% per annum during the December 2024 quarter.
- Tranche 2 - with an initial facility limit of \$2,556,000, this has since been reduced to \$2,181,000 as at 31 December 2024 and has a term of 1 year expiring 30 September 2025. The interest rate is a floating rate of approximately 6.63% per annum during the December 2024 quarter.

All borrowings are secured against the assets of the Fund and are non-recourse to investors, however investors rank behind the lender in the event the Fund was to default on its loans.

The interest rate on the Fund's loans are unhedged.

The following table provides a summary of the Fund's borrowings as at 31 December 2024.

Facility Limit \$m	Drawn Amount \$m	Undrawn Amount \$m	Expiry Date	Interest Rate p.a.
Tranche 1 - \$24.43	\$24.43	\$0.00	30 September 2025	Approx. 6.63% <sup>1</sup>
Tranche 2 - \$2.56	\$2.18	\$0.00	30 September 2025	Approx. 6.63% <sup>1</sup>
<b>Total</b>	<b>\$26.61</b>	<b>\$0.00</b>		

<sup>1</sup>Average floating rate of BBSY Bid rate + 2.15% margin from 1 October 2024 to 31 December 2024.

The following table provides a summary of the loan covenants as at 31 December 2024 in relation to 601 Coronation Drive.

Financial Undertaking	Period	Loan Covenant	Actual
Loan to Value Ratio (LVR)	As at 31-Dec-24	58.0%	57.2%
Interest Cover Ratio (ICR)	12 months to 31-Dec-24	Minimum 1.5 times	1.68 times

#### **Disclosure Principle 4: Portfolio Diversification (as at 31 December 2024)**

This principle requires disclosure of information on the composition of the Fund's property investment portfolio.

While the Fund Manager intends to diversify the asset base of the Fund, as at the date of this Disclosure, the Fund currently holds cash and a single property asset being an office building at 601 Coronation Drive.

The Fund had entered a contract to purchase 63 Pirie Street for \$58.6m. Settlement was scheduled to occur in late February 2023, however, this contract has since been terminated.

## Valuation

Colliers updated the valuation of 601 Coronation Drive and provided a market assessment of \$46,500,000 as at 17 July 2024. This assessment has been adopted in the audited 30 June 2024 annual accounts.

The following provides a summary of the independent market assessment as at 17 July 2024:

Valuation	\$46.50m
Valuation Date	17 July 2024
Valuer	Colliers
Capitalisation Rate	7.77%

Tenant diversity in 601 Coronation Drive as at 30 June 2024 was as follows:

### The Top 5 Tenants by Income and Lease Expiry

	% of Rental Income from the Property	Lease Expiry
Jumbo Interactive	32.8%	7 June 2025
Home Instead	20.3%	30 June 2034
Queensland College of Teachers	18.6%	31 October 2029
Cash Converters	13.0%	17 November 2030
Arriba Group	5.0%	30 April 2026

### The Top 5 Tenants by Gross Lettable Area and Lease Expiry

	% of NLA	Lease Expiry
Jumbo Interactive	26.2%	7 June 2025
Home Instead	17.6%	30 June 2034
Queensland College of Teachers	16.7%	31 October 2029
Cash Converters	12.2%	17 November 2030
Arriba Group	4.3%	30 April 2026

### Occupancy and Weighted Average Lease Expiry

As at 31 December 2024, 601 Coronation Drive's occupancy was 85.6 % by area and the weighted average lease expiry (WALE) by income was approximately 3.8 years.

### Benchmark 4: Valuation Policy (as at 31 December 2024)

The Responsible Entity maintains and complies with a written valuation policy.

A valuation policy helps investors understand how assets will be valued and can help them assess the reliability of valuations.

The Fund's property assets will be independently valued at least once every three years and valued by the Fund Manager annually in the intervening years and prior to the Responsible Entity offering investors any opportunity to redeem their investment. If the Responsible Entity, on advice from the Fund Manager, forms a view that there is a likelihood that there has been a material change in the value of the Fund's property assets, the Responsible Entity will obtain an independent valuation.

Benchmark 4 is satisfied as the most recent valuation was completed as at 17 July 2024 by Colliers, an independent valuer.

## Disclosure Principle 5: Related Party Transactions

This principle requires the provision of information on the Responsible Entity's approach to related party transactions. The Responsible Entity's policy ensures that any actual or potential conflicts of interest are identified and appropriately dealt with.

The PDS allows the Responsible Entity to enter into transactions with related entities. The Responsible Entity does not need member approval in respect of the related party transactions because they have been entered into on arm's length terms. The risks associated with related party transactions may include the possibility of higher risks of conflicts of interest and less rigorous levels of monitoring.

The Responsible Entity has appointed the following related parties:

- Unity Fund Services Pty Limited ACN 146 747 122 (Administrator), an associate of One Investment Group, was appointed as the administrator of the Fund pursuant to an administration agreement under which the Administrator provides administration services for the day-to-day operation of the Fund. These services include fund accounting, unit pricing, unit holding and reporting and preparation of statutory accounts.

### Related Party Fees

#### Custody Fees

- Custody fees of \$18,954 plus GST were incurred for the 12 months ended 31 December 2024 of which \$8,045 plus GST was payable to One Managed Investment Funds Limited at the end of the period.
- Custody services were provided to the Fund by One Managed Investment Funds Limited, for the 12 months ended 31 December 2024.

## Accounting and Administration Fees

- Accounting and administration fees of \$29,803 plus GST were incurred for the 12 months ended 31 December 2024 of which \$6,201 plus GST was payable to Unity Fund Services Pty Limited at the end of the period.
- Accounting and administration services were provided to the Fund by Unity Fund Services Pty Limited, which is an associate of One Investment Group, for the 12 months ended 31 December 2024.

## Related Party Holdings

For the period 1 October 2024 to 31 December 2024 key management personnel of the previous Investment Manager and their associated entities held the following units:

30 September 2024			
	Unit Class	Unit	% of the Class
Andrew Kerr	Ordinary	131,829	0.46%
Joe Christie	Ordinary	37,167	0.13%

The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions, and arrangements to manage conflicts of interest.

With effect from 5 November 2024, the previous Investment Manager was terminated and an investor update was issued.

## Benchmark 5: Related Party Transactions (as at 31 December 2024)

The Fund complies with its policies and procedures with respect to related party transactions and this benchmark is satisfied.

## **Disclosure Principle 6: Distribution Practices (as at 31 December 2024)**

This principle requires disclosure of information on the Fund's intended distribution practices. This helps investors assess matters such as the sources of distributions and if the sources of distribution are not from cash from operations (excluding borrowings), the potential sustainability of paying distributions from such sources.

Distributions will be paid from property rental income and interest income. It is intended the Fund will pay distributions quarterly to investors, within four weeks of the end of each calendar quarter except for the quarter ending 30 June each year where distributions are expected to be paid within two months of 30 June.

The Responsible Entity paid a distribution of 1.6 cents per unit for the year ended 30 June 2024 and has currently suspended distributions while it attempts to resolve the dispute in relation to the acquisition of 63 Pirie Street, meet the Fund's debt amortisation obligations under the ING debt facilities and fund lease incentives and make-good works referable to the 601 Coronation Drive property.

### ***Benchmark 6: Distribution Practices***

The Fund will only pay distributions from cash from operations and reserves (excluding borrowings) and this benchmark is satisfied.

## **Disclosure Principle 7: Withdrawal Arrangements (as at 31 December 2024)**

### **(a) Limited withdrawals**

While the Fund is 'liquid' there are currently no withdrawals available as defined in the Corporations Act. The Responsible Entity intends to offer limited withdrawals every six-month period, being the periods ending 30 September and 31 March of each year (Withdrawal Period). On 3 March 2023, the Responsible Entity suspended offering limited withdrawal offers until the dispute in relation to the acquisition of 63 Pirie Street is resolved.

If withdrawals are offered again, the applicable withdrawal price will be calculated on the last Business Day of the relevant Withdrawal Period (Withdrawal Date). However, it is important to note that withdrawals cannot be guaranteed and are subject to the Responsible Entity determining the Fund has available funds. The amount made available in respect of each Withdrawal Date will be subject to available funds (if any) and notified to Investors prior to the relevant Withdrawal Date. This will be advised to Investors by any means as determined by the Responsible Entity, which may include publishing information on the Responsible Entity's website or including information in the Fund's monthly update.

An Investor wishing to withdraw from the Fund either in whole or in part in respect of a Withdrawal Date must lodge a Withdrawal Request Form prior to 5.00pm (AEST/AEDT) on the second last Business Day prior to and not including the relevant Withdrawal Date.

Where a withdrawal request is accepted, it will generally be paid within 4-6 weeks from the end of the relevant Withdrawal Period. However, under the Constitution, the Responsible Entity will have up to 365 days after it accepts a withdrawal request to satisfy the withdrawal request, if needed, or such longer period specified in the Constitution, and a further 21 days to pay the withdrawal price once the Units are redeemed. It is important to note that the Responsible Entity has the discretion to reject withdrawal requests and is not required to satisfy any withdrawal requests.



Withdrawal requests that are accepted are generally satisfied from the Fund's cash or cash-like products (including from Applications received from other Investors or borrowings), or the realisation of the Fund's investments (including in liquid assets such as listed property funds).

Where withdrawal requests received in respect of a Withdrawal Date cannot be fully satisfied due to a lack of available funds, the Responsible Entity will accept requests on a 'first-in' basis in the order of receipt, at the Responsible Entity's discretion.

Any withdrawal request submitted during a particular Withdrawal Period which is not accepted by the Responsible Entity, either in whole or in part, will be cancelled.

If your withdrawal request is cancelled, wholly or in part, the Unit Registry will notify you in writing and you will need to submit a new withdrawal request in respect of the next available Withdrawal Period.

If you invest via a IDPS (or platform) you need to provide your withdrawal request directly to the platform operator. The time to process a withdrawal request will depend on the particular platform operator and the terms of the investment platform.

## **(b) Suspension or variation of withdrawals**

The Responsible Entity has discretion to cancel, delay or suspend redemptions in certain circumstances, including but not limited to where:

- the withdrawal request is received between the date the Fund is terminated and the date the Fund is wound up;
- it would not be in the best interests of Investors as a whole for withdrawals to be made;
- due to circumstances beyond the Responsible Entity's control it cannot calculate or pay the withdrawal price; or
- the Responsible Entity is not able to realise assets needed to satisfy the withdrawal requests within the time required.

In addition, the Responsible Entity may determine that other terms and conditions for limited withdrawals, or a different withdrawal mechanism, will apply to withdrawals from time to time. This will be communicated to Investors at the relevant time. The Responsible Entity must at all times ensure Investors are not unfairly treated by any withdrawal mechanism offered.

As previously communicated to unitholders, the Responsible Entity has determined it is not appropriate to offer a withdrawal window in December 2024 while the dispute in relation to the acquisition of 63 Pirie Street is unresolved and the Fund's cash resources are required to meet its debt amortisation obligations and to fund lease incentives and make-good works referable to the 601 Coronation Drive property.

## **(c) When the Fund is not liquid**

Where the Fund is not 'liquid' within the meaning of that term under the Corporations Act, limited withdrawals will not be available and the Responsible Entity will not be permitted to accept any withdrawal requests. Rather, withdrawals from the Fund may only be permitted in response to any withdrawal offer made by the Responsible Entity in accordance with Part 5C.6 of the Corporations Act and the Constitution.

## Disclosure Principle 8: Net Tangible Assets (as at 31 December 2024)

### Net Tangible Assets: \$0.42 per unit

The Fund's net tangible assets (NTA) show the value of the Fund on a per unit basis. This amount can be used as an approximate measure of what an investor could expect to receive per unit held (before selling costs) and the value of tangible or physical assets of the Fund.

The NTA is calculated as follows:

$$\text{NTA} = \frac{\text{Net assets} - \text{intangible assets} + / - \text{other adjustments}}{\text{Number of units on issue}}$$

The NTA per unit as at 31 December 2024 is calculated as follows:

$$\begin{aligned} \text{NTA per unit} &= \frac{\$12,141,451}{\$28,964,501} \\ &= \$0.42 \text{ per unit} \end{aligned}$$

The NTA as at 31 December 2024 is \$0.42 per unit.

Depending on the outcome of negotiations with the vendor of 63 Pirie Street, the NTA per unit may be impacted either positively or negatively.

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## Contacts

### Contact the Registry for:

- Enquiries regarding your Unitholding
- Distributions
- Changing contact details

### BoardRoom Pty Limited

Level 8, 210 George Street Sydney NSW 2000

**Telephone:** (02) 8023 5492

**Email:** [brclientserviceteam@boardroomlimited.com.au](mailto:brclientserviceteam@boardroomlimited.com.au)

### Contact the Responsible Entity for all other enquiries.

### One Managed Investment Funds Limited

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## Important Information

One Managed Investment Funds Limited (ACN 117 400 987) (AFSL 297042) (OMIFL) is the responsible entity of the Diversified Property Fund (formerly, CPF Diversified Property Fund). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the Product Disclosure Statement dated 17 June 2022, the TMD dated 8 July 2022 and any continuous disclosure notices (CDNs) issued by OMIFL before making any decision regarding the Fund. The PDS and CDNs contain important information about investing in the Fund and it is important investors obtain and read a copy of the PDS and CDNs before making a decision about whether to continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund.