

1 May 2023

## **Continuous Disclosure Notice – CPF Diversified Property Fund**

As previously advised by One Managed Investment Funds Limited (**OMIFL**), the responsible entity of the CPF Diversified Property Fund ARSN 610 941 654 (**Fund**), on 2 March 2023 the Fund was served with a Statement of Claim (**SOC**) from the vendor of the 63 Pirie Street, Adelaide property (the **Property**).

The Fund, through OMIFL, had entered a contract to purchase the Property and settlement was scheduled to occur in late February 2023. However, the Fund was unable to settle the purchase as insufficient equity was raised to permit settlement. The vendor was seeking specific performance of the contract and other relief.

OMIFL advises that the Fund has recently agreed acquisition settlement terms with the Vendor involving a delayed settlement for the purchase of the Property with settlement scheduled to occur by December 2023. The delayed settlement agreement is subject to documentation and once that documentation is signed, will result in the immediate discontinuance of the legal proceedings brought by the vendor.

As background, the Property is a 15-storey office building located in the heart of the Adelaide CBD.

The Property will be acquired for \$58.6 million and after gearing at 50% will provide the Fund with an income yield in the range of 7.00 - 8.00% p.a. and the potential for medium to longer term capital growth.

The Property will be acquired with a 2-year rental guarantee, to be provided by the vendor as a cash payment, over any prevailing vacancies at the date of settlement resulting in an effective 100% occupancy by income for the period of the guarantee.

Capital Property Funds Pty Limited ACN 162 323 506 (the **Manager**) will arrange for high quality office suites to be installed in any prevailing vacancies with the view to increasing the occupancy level to 100% by the end of the 2-year rental guarantee period and provide potential for a capital uplift to the Fund. This is the same value-add strategy the Manager has delivered on 601 Coronation Drive, Toowong QLD (**601CD**),

In order to assist with the acquisition of the Property, the Fund's current office holding of 601 Coronation Drive will be marketed for sale.



601CD has recently completed an extensive capital works program, is currently enjoying a high-level occupancy and has achieved strong rental growth over recent years.

The Manager considers the current commercial property market provides compelling value-add acquisition opportunities and believes 601CD is now a stabilised asset. The Manager also believes it is in the best interests of the unitholders to realise 601CD and recycle the net sale proceeds into the acquisition of a value-add opportunity at 63 Pirie Street.

The Manager continues to look for similar opportunities and looks forward to the Fund providing investors with consistent high-quality income combined with longer term capital growth.

Please send enquiries to [capital@oneinvestment.com.au](mailto:capital@oneinvestment.com.au) or the Fund Manager at: [info@capitalpropertyfunds.com.au](mailto:info@capitalpropertyfunds.com.au)