



# Diversified Property Fund (formerly CPF Diversified Property Fund) Investor Update

For the Quarter Ending 31 December 2024



# DIVERSIFIED PROPERTY FUND INVESTOR UPDATE

## Judicial Advice Application

Please see investor updates dated 01, 05 and 20 November 2024.

## FUND HIGHLIGHTS

- The Fund's loan facility has been renewed with ING Bank for a further term of 12 months to 30 September 2025.
- As investors are aware, the Responsible Entity has previously resolved it was in the best interests of investors to suspend payment of distributions. This means the Fund built up cash reserves, of which \$1.50m was paid to ING on 1 October 2024 and a further \$375,000 was paid to ING on 1 December 2025 to reduce the Fund's debt facility. A further \$1.125m will be paid from the Fund's cash reserves over the next 9 months to reduce the loan in accordance with the terms of the debt facilities.
- As a result of the loan repayments made over the quarter, the Fund's gearing reduced to 54.9% as at 31 December 2024.
- The occupancy of the Fund's property at 601 Coronation Drive is 85.6% at 31 December 2024;
- The Weighted Average Lease Expiry of the Property by income is 3.8 years at 31 December 2024;
- The Net Tangible Assets (NTA) of the Fund was approximately \$0.42 as at 31 December 2024;
- The Fund is no longer contracted to acquire a \$58.6m office asset at 63 Pirie Street, Adelaide as the vendor has terminated the contract. When possible, the Responsible Entity will seek to negotiate a settlement with the Vendor.
- With effect from 5 November 2024, the Responsible Entity terminated the Investment Management Agreement with Capital Property Funds Pty Ltd and appointed Archerfield Investment Management Pty Ltd initially as Asset Manager and eventually as Investment Manager. There are no changes to the fees paid by the Fund to Archerfield in respect of its appointment.
- Archerfield is currently undertaking a detailed analysis of the Fund's investment in 601 Coronation Drive with the aim of completing necessary capital works, securing new lease opportunities and stabilizing the Fund's cashflow.
- On 4 December 2024, the Responsible Manager received notice of Benon Technologies' (Jumbo) intention to vacate Level 1 and part Level 2 of the Property on or before expiry of its leases on 7 June 2025. The Asset Manager is currently investigating a number of options to re-lease this space, along with other vacant space.
- Receipt of Jumbo's intention to not renew its lease triggered a review event under the ING debt facility. The Responsible Entity and Asset Manager are working with ING in relation to this matter.



## Fund Profile

The Fund is an unlisted property fund that aims to provide Investors with stable income returns and the potential for capital growth by investing in a diversified property portfolio. The Fund's strategy is to acquire direct property and additional asset classes such as listed and unlisted property funds, property backed mortgages, cash and cash like products which is intended to diversify the asset base.

## Periodic Limited Withdrawals

The Responsible Entity has determined it will not offer a withdrawal window for December 2024. This decision has been made with regard to the ongoing dispute with the vendor of 63 Pirie Street, the Fund's debt amortisation obligations under the ING debt facilities and the need to fund new lease incentives and make good works referable to the 601 Coronation Drive property (*Property*).

## Existing and New Investors

The Fund is currently closed to new investment. If the Fund's operations can be normalised, it is expected Units will be issued on a monthly basis and be based on the NAV for the Fund at the end of each month.

## LEASING UPDATE

### Leasing

The joint leasing agents appointed to the Property, Tewksbury and JLL, continue to seek to secure suitable tenants for the vacant space through their leasing campaign.

On 4 December 2024, the Responsible Manager received notice of Benon Technologies' (Jumbo) intention to vacate Level 1 and part Level 2 of the Property on or before expiry of its leases on 7 June 2025.

## Occupancy

The Property's occupancy at 31 December 2024

was 85.6%, with 1,044 sqm of vacant space. A further 1,905 sqm of net lettable area will become vacant over the next six months upon expiry of the Jumbo leases.

The Asset Manager is working closely with the joint leasing agents to lease both existing and forecast vacant space and this is a key priority in the Asset Management Plan being developed. This will require the Fund to invest in certain refurbishment works at the Property and, if required, to fund new lease incentives.

## Weighted Average Lease Expiry

The weighted average lease expiry (WALE) by income as at 31 December 2024 was 3.8 years.

## Tenant Diversity

Tenant diversity in the building as at 31 December 2024 was as follows:

### Top 4 Tenants by Income

JUMBO INTERACTIVE	32.8%
HOME INSTEAD	20.3%
QUEENSLAND COLLEGE OF TEACHERS	18.6%
CASH CONVERTERS	13.0%

### Top 4 Tenants by Gross Lettable Area

JUMBO INTERACTIVE	26.2%
HOME INSTEAD	17.6%
QUEENSLAND COLLEGE OF TEACHERS	16.7%
CASH CONVERTERS	12.2%

## OTHER INVESTMENTS

Other than cash, the Fund does not currently hold any other investments.

## VALUATION

The following provides a summary of an updated independent market assessment of 601 Coronation Drive prepared by Colliers as at 17 July 2024:

VALUATION	\$46.50m
VALUATION DATE	17 July 2024
VALUER	Colliers
CAPITALISATION RATE	7.77%

As part of the refinance of the Fund's loan facility secured against 601 Coronation Drive which was renewed for a new term expiring 30 September 2025, an independent valuation was obtained that valued the property at \$46.5m down from \$53.0m, being a 12.26% decrease in value.

The valuation has fallen as a result, amongst other things, of an increase in the capitalisation rate from 7.25% to 7.77%. There have been a number of office asset sales that have recently transacted in Brisbane which the valuer has taken into consideration.

The reduced valuation initially resulted in a loan-to-value ratio of 61.3%, which exceeded the ING loan covenant of 55.0%. A debt reduction plan was therefore agreed with ING, with the Fund repaying \$1.50m on 1 October 2024 and a further \$375,000 on 1 December 2024 to reduce the loan-to-value ratio to 57.2%. The Fund is required to repay an additional \$1.125m over the next 9 months to reduce the loan-to-value ratio to below 55.0% by 30 September 2025.

## DEBT

The following table provides a summary of the Fund's borrowings at 31 December 2024, following repayment of \$1.875m to ING.

Facility Limit	Drawn Amount	Undrawn Amount	Expiry Date	Interest Rate <sup>1</sup>
Tranche 1 - \$24.43m	\$24.43m	\$0.00m	30 Sept 2025	Approx. 6.57% pa
Tranche 2 - \$2.18m	\$2.18m	\$0.00m	30 Sept 2025	Approx. 6.57% pa
<b>Total</b>	<b>\$26.61m</b>	<b>\$0.00m</b>		

<sup>1</sup>Floating rate of BBSY Bid Rate + 2.15% margin from 1 October 2024.

Tranche 2 was used for ACP remediation capital expenditure at 601 Coronation Drive.

The Fund's gearing level was 54.9% as at 31 December 2024.

## DISTRIBUTIONS

While the Fund's general practice has been to pay quarterly distributions, for the quarter to 31 December 2024 the Responsible Entity has determined that the Fund will not pay a distribution. Cash reserves will instead be applied to meet the Fund's debt repayment obligations with ING and to fund refurbishment works and new lease incentives referable to the 601 Coronation Drive property.

### Quarter Ending

	Dec-23	Mar -24	Jun-24	Sep-24	Dec-24
<b>Distributions - Cents Per Unit</b>	0.00	0.00	1.60	0.00	0.00
<b>NTA - \$</b>	0.84	0.79	0.41	0.41	0.42
<b>Distribution Yield (annualised)</b>	0.00%	0.00%	15.70%	0.00%	0.00%

## FUND PERFORMANCE

Performance Analysis as at 31 December 2024				
	Net Capital	Income	Total Return	
	Growth	Distribution		
Rolling 12 months (1 Year)	▼ -49.88%	▲ 1.91%	▼	-47.96%
2 years <b>annualised</b>	▼ -36.33%	▲ 3.66%	▼	-32.67%
3 years <b>annualised</b>	▼ -25.77%	▲ 5.07%	▼	-20.70%
4 years <b>annualised</b>	▼ -16.97%	▲ 6.68%	▼	-10.29%
5 years <b>annualised</b>	▼ -13.77%	▲ 7.19%	▼	-6.58%
Inception <b>annualised</b>	▼ -7.85%	▲ 8.47%	▼	0.62%

<sup>1</sup> Performance is shown for informational purposes only. Past performance is not a reliable indicator of future performance. Annualised total return figures are the sum of the annualised income distribution and the annualised unrealised capital growth (each calculated on a standalone basis).

<sup>2</sup> Inception date is 12 August 2016.

## NET TANGIBLE ASSETS

The Fund's net tangible assets (NTA) show the value of the Fund's NTA 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).

The NTA is calculated as follows:

$$\begin{aligned}
 \text{NTA} &= \frac{(\text{Net assets- intangible assets +/- other adjustments})}{(\text{Number of Units on issue})} \\
 \text{NTA per Unit} &= \frac{\$12,141,451}{28,964,501} \\
 &= \$0.42 \text{ per unit}
 \end{aligned}$$

The NTA as at 31 December 2024 is \$0.41. Depending on the outcome of negotiations with the vendor of 63 Pirie Street, the NTA per unit may be impacted either positively or negatively.

## CONTACTS

### Contact the Registry for:

- Enquiries regarding your Unitholding
- Distributions
- Changing contact details

### Boardroom Pty 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 the continuous disclosure notices (CDNs) issued by OMIFL before making any decision regarding the Fund. The PDS, TMD and CDNs (Disclosure Material) contain important information about investing in the Fund and it is important investors obtain and read a copy of the Disclosure Material 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.

