

# ***CPF Diversified Property Fund***

ARSN: 610 941 654  
APIR Code: OMF0020AU

## **Product Disclosure Statement**

TBC 2022

**This is a draft PDS and cannot be used to invest in the CPF Diversified Property Fund. The PDS will be finalised, dated and re-issued if and when the restructure proposal is passed and the CPF Diversified Property Fund is open for investment. You will need to ensure that you read the final PDS before deciding whether to apply for units or additional units in the CPF Diversified Property Fund.**

### ***Responsible Entity***

**One Managed Investment Funds Limited**

ACN 117 400 987 AFSL 297042

### ***Manager***

**Capital Property Funds Pty Limited**

ACN 162 323 506

# Important Notice

## Issuer

The CPF Diversified Property Fund ARSN 610 941 654 (formerly known as 601 Coronation Drive Fund) (the **Fund**) is an Australian managed investment scheme registered with the Australian Securities and Investments Commission (**ASIC**).

This document is a product disclosure statement (**PDS**) for the purposes of Part 7.9 of the *Corporations Act 2001* (Cth) (**Corporations Act**). This PDS is issued by the responsible entity of the Fund, One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 (the **Responsible Entity** or **RE**).

## Manager

Pursuant to the Investment Management Agreement, the Responsible Entity has appointed Capital Property Funds Pty Limited ACN 162 323 506 (the **Manager, Capital Property Funds** or **CPF**) to provide investment management services and other services to the Fund.

The Manager is an authorised representative of Libertas Financial Planning Pty Ltd ACN 160 419 134, the holder of AFS licence number 429718 and has been given authorised representative number 000457306.

## PDS

This PDS is dated #[TBC] 2022. This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS or the merits of the investment to which this PDS relates. Units issued under this PDS will be issued by the Responsible Entity on the terms and conditions set out in this PDS.

## Not investment advice or recommendation

The information contained in this PDS is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Before deciding to invest in the Fund, you should read this PDS in its entirety. You should take into account all risk factors referred to in this PDS (including those in Section 6) and consider whether acquiring Units represents an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Fund. There is no guarantee that Units offered under this PDS will provide a return of capital or that Investors will receive the targeted income return. If you wish to apply for Units you must do so using the Application Form.

## ***Illiquid assets***

By agreeing to invest in the Fund, Investors acknowledge that the Fund will invest in direct property assets which may be illiquid in nature. Investors should only consider investing in the Fund if their investment horizon is long-term as direct property assets should not be seen as a short term investment.

## ***Not regulated by APRA***

The Responsible Entity is not authorised under the *Banking Act 1959* (Cth) and is not supervised by APRA, and investments in the Fund are not covered by the deposit or protection provisions available to depositors that make a deposit with an Australian authorised deposit-taking institution.

## ***Authorised information***

No person is authorised to give any information or to make any representation in connection with the Offer, which is not contained in this PDS. Neither the Manager nor the Responsible Entity nor any other person associated with the Fund guarantees or warrants the future performance of the Fund, the return on an investment made under this PDS, the repayment of capital or the payment of distributions on Units. Any information or representation in relation to the Offer not contained in this PDS may not be relied on as having been authorised in connection with the Offer by the Responsible Entity, the Manager or any other person that may have liability for the content of this PDS.

## ***No Offer where Offer would be illegal***

This PDS does not constitute an offer nor invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia. The distribution of this PDS outside Australia may be restricted by law and persons who come into possession of this PDS outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

## ***Rights and obligations attached to the Units***

The Units offered under this PDS are Ordinary Units and are fully paid and rank equally between other Ordinary Units.

Details of the rights and obligations attached to Units and the material provisions of the Constitution are summarised in Section 8.1 of this PDS. A copy of the Constitution is available, free of charge, on request from the Responsible Entity.

From time to time and in order to facilitate the acquisition of new property assets, the Fund may issue Underwriting Units. Underwriting Units will be issued at the same prevailing issue price as Ordinary Units.

Underwriting Units have the same rights as Ordinary Units except they may be redeemed in priority over Ordinary Units.

## ***Electronic and printed PDS***

This PDS will be available and may be viewed online at [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund).

The Offer pursuant to this PDS is available to persons receiving a hard copy or electronic version of this PDS within Australia. The Responsible Entity is entitled to refuse an Application for Units under this PDS if it believes the Applicant did not receive the Offer in Australia.

Applications for Units may only be made on the Application Form accompanying this PDS, available on the Manager's website at [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund). Units to which this PDS relates will only be issued on receipt and acceptance of a valid Application Form.

Any person may obtain a paper copy of this PDS free of charge by contacting the Manager by phone on 02 8004 6218, between 8:30am to 5:00pm (AEST/AEDT) on a Business Day or via email at [info@capitalpropertyfunds.com.au](mailto:info@capitalpropertyfunds.com.au).

## **Disclaimer**

No person is authorised by the Responsible Entity or the Manager to give any information or make any representation in connection with the Offer that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by the Responsible Entity, the Manager, their directors or any other person in connection with the Offer. The Fund's business, financial condition, operations and prospects may have changed since the date of this PDS.

Certain statements in this PDS may constitute forward-looking statements. These forward-looking statements are identified by words such as 'aim', 'anticipate', 'assume', 'believes', 'could', 'expects', 'intends', 'may', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would', and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements.

These forward-looking statements are based on current expectations, estimates, and projections about the Fund's business and the industry in which the Fund invests and the beliefs and assumptions of the Manager and the Responsible Entity. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the control of both the Responsible Entity and the Manager. As a result, any or all of the forward-looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 6.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The Responsible Entity and the Manager do not make any assurance, express or implied, in relation to whether any forward-looking statements will actually eventuate.

These forward-looking statements are current as at the date of this PDS. Unless required by law, neither the Responsible Entity nor the Manager intends to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise. They are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

## **Updated information**

Information in this PDS may need to be updated from time to time. Any updated information that is considered not materially adverse to Investors will be made available on

[https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund) and the Manager will provide a paper copy of the updated information, free of charge to any Investor who requests a copy by contacting the Manager on 02 8004 6218, between 8:30am to 5:00pm (AEST/AEDT) on a Business Day or via email at [info@capitalpropertyfunds.com.au](mailto:info@capitalpropertyfunds.com.au). Alternatively you can contact the Responsible Entity on 02 8277 0000.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

## **Past performance**

Where this PDS sets out any past performance in respect of the Fund, you must not interpret the information as a representation about the future performance of the Fund. Past performance is not a reliable indicator of future performance.

## **Miscellaneous**

Photographs and diagrams used in this PDS that do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person in them endorses this PDS or its contents or that the assets shown in them are owned by the Fund.

Certain terms and abbreviations in this PDS have defined meanings that are explained in the Glossary in Section 10 of this PDS.

Unless otherwise stated or implied, references to time in this PDS are to Australian Eastern Standard Time (**AEST**)/Australian Eastern Daylight Time (**AEDT**).

## **Indirect Investors**

This PDS is available to investors investing into the Fund via a master trust, IDPS or other investment platform (**Indirect Investors**). Indirect Investors can invest in the Fund by directing the platform operator to acquire Units on their behalf.

If you are an Indirect Investor and wish to invest in the Fund, you will need to complete the relevant forms provided by the platform operator rather than the Application Form accompanying this PDS.

The Responsible Entity is not responsible for the operation of any investment platforms.

Indirect Investors do not acquire the rights of an ordinary unitholder, as such rights are acquired by the platform operator who can exercise, or decline to exercise, these rights on an Indirect Investor's behalf.

Your rights and terms and conditions as an Indirect Investor should be set out in the disclosure document issued by the platform operator.

## **Continuous disclosure**

In accordance with ASIC Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations', the Responsible Entity will fulfil its continuous disclosure obligations by way of website disclosure which complies with ASIC's good

practice guidance. Investors may access material information regarding the Fund from the Responsible Entity's website at [www.oneinvestment.com.au/CPFDiversifiedFund](http://www.oneinvestment.com.au/CPFDiversifiedFund).

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## [Typesetter to include]

### Corporate directory

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Responsible Entity	One Managed Investment Funds Limited ACN 117 400 987 Level 16, Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 Telephone: 02 8277 0000 Website: <a href="http://www.oneinvestment.com.au">www.oneinvestment.com.au</a> Email: <a href="mailto:capital@oneinvestment.com.au">capital@oneinvestment.com.au</a>
Manager	Capital Property Funds Pty Limited ACN 162 323 506 Suite 2, Mezzanine 50 Margaret Street Sydney NSW 2000 Telephone: 02 8004 6218 Website: <a href="http://www.capitalpropertyfunds.com.au">www.capitalpropertyfunds.com.au</a> Email: <a href="mailto:info@capitalpropertyfunds.com.au">info@capitalpropertyfunds.com.au</a>
Solicitors to the Offer	Hall & Wilcox Level 11, Rialto South Tower 525 Collins Street Melbourne VIC 3000 Telephone: 03 9603 3555 Website: <a href="http://www.hallandwilcox.com.au">www.hallandwilcox.com.au</a>
External Auditor	ESV Accounting and Business Advisors Level 13, 68 York Street Sydney NSW 2000 Telephone: 02 9283 1666 Website: <a href="http://www.esvgroup.com.au">www.esvgroup.com.au</a> Email: <a href="mailto:admin@esvgroup.com.au">admin@esvgroup.com.au</a>
Registrar	One Registry Services Pty Limited ACN 141 757 360 Level 16, Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 Telephone: 02 8188 1510 Website: <a href="http://www.oneregistryservices.com.au">www.oneregistryservices.com.au</a> Email: <a href="mailto:info@oneregistryservices.com.au">info@oneregistryservices.com.au</a>

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Fund Accounting

Unity Fund Services Pty Ltd  
ACN 146 747 122  
Level 16, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
Telephone: 02 8277 0070  
Website: [www.unityfundservices.com.au](http://www.unityfundservices.com.au)

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# Letter to Investors

Dear Investor

On behalf of Capital Property Funds Pty Limited, the Fund's investment manager, we are pleased to invite you to invest in the CPF Diversified Property Fund ARSN 610 941 654 (formerly known as 601 Coronation Drive Fund) (**Fund**).

Since inception in August 2016 – the Fund has paid quarterly income to Investors equating to 8.00% p.a.<sup>1</sup>

The Fund has recently converted into an open-ended fund and intends to develop a diversified portfolio of property and property related assets as described in the investment strategy in this PDS.

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

As at the date of this PDS, the Fund is targeting a return of 6.00% p.a. (net of all fees and expenses).

The Target Return for the Fund will be reviewed from time to time. Any change to the Target Return will be posted on the Manager's website and any material change will be updated via a supplementary PDS available on both the Manager's and Responsible Entity's websites.

## Benefits of investing in the Fund

- (a) The Fund aims to provide regular income that is greater than the RBA Cash Rate.
- (b) The Fund also aims to provide long-term capital growth.
- (c) The Fund is not listed on the Australian Securities Exchange (**ASX**) (although it may invest in ASX-listed investments) and, for those Investors with most of their invested capital allocated to ASX stocks, an investment in the Fund may help Investors diversify their investment portfolio.
- (d) Being a pooled fund, the Fund may provide Investors with access to a potentially diversified portfolio of property-related assets that they may not normally be able to achieve outside of a pooled fund.
- (e) Given that the underlying assets of the Fund are property based, the Fund may act as a hedge against inflation.

## Alignment of interests

The executive directors of the Manager hold Units in the Fund either directly or indirectly via their self-managed super funds.<sup>2</sup>

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<sup>1</sup> Investors should note that past performance is not a reliable indicator of future returns. The income return of the Fund may reduce as a result of the Fund being converted into an open-ended fund.

<sup>2</sup> Please refer to Disclosure Principle 5: Related Party Transactions in Section 1.2 for further details on the unit holdings of key management personnel.

We encourage you to read this PDS and the related TMD in full before deciding to invest. You should seek independent financial and taxation advice about whether an investment in the Fund is suitable for you.

Lastly, our senior management team like to make themselves available to Investors and we encourage you to call our team directly on 02 8004 6218 if you have any questions regarding the Fund.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Joe Christie".

Joe Christie  
Executive Director  
Capital Property Funds

A handwritten signature in black ink, appearing to read "Andrew Kerr".

Andrew Kerr  
Executive Director  
Capital Property Funds

# 1. Offer summary

## 1.1. About the CPF Diversified Property Fund

Topic	Summary	For more information
<b>The Fund</b>	<p>The Fund is an Australian unlisted managed investment scheme registered under Chapter 5C of the Corporations Act.</p> <p>The Fund may invest in a range of property-related asset classes described below.</p> <p>The Fund aims to provide Investors with regular property-based income combined with the potential for longer term capital growth.</p>	Section 2.1 and Section 2.2
<b>The Responsible Entity</b>	One Managed Investment Funds Limited ACN 117 400 987 AFS licence 297042.	Section 4.1
<b>The Manager</b>	Capital Property Funds Pty Limited ACN 162 323 506.	Sections 4.2 and 4.3
<b>Custodian</b>	One Managed Investment Funds Limited acts as both responsible entity and performs self-custody in respect of the assets of the Fund.	Section 4.4
<b>Investment objectives and Target Return</b>	<p>The Fund aims to provide Investors with regular property-based income combined with the potential for longer term capital growth.</p> <p>As at the date of this PDS, the Fund is targeting a return of 6.00% p.a. (net of all fees and expenses).</p> <p>The Manager expects the return for the Fund to be derived principally from income.</p> <p>The investment objective and Target Return is a statement of intent, and we do not guarantee that the Fund will achieve this. The Target Return for the Fund will be reviewed from time to time. Any change to the Target Return will be posted on the Manager's website and any material change will be updated via a supplementary PDS available on both the Manager's and Responsible Entity's websites.</p>	Section 2.2

Topic	Summary	For more information
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<p><b>Investment strategy</b></p>	<p>The Fund is an open-ended property fund and is able to invest into 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:</p> <ul style="list-style-type: none"> <li>Investing in stabilised properties located in proximity to major capital cities, metropolitan cities and major regional town centres, with returns expected to be derived principally from rental income combined with longer term capital growth.</li> <li>Acquiring well-located properties which may benefit from capital works upgrades in order to create capital growth and improved income for the Fund.</li> <li>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.</li> <li>Other property assets as described in this PDS.</li> </ul>	<p>Section 3.2</p>
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The indicative weighting of the Fund's property assets is outlined in the table below: Section 3.2

	Asset types	Weighting	
		As at date of PDS	Indicative weighting
Property Assets	<p><b>Direct properties</b>, the Fund may acquire and directly hold (subject to loan-to-valuation ratio (<b>LVR</b>) details below the table) office, retail, industrial and other commercial properties including:</p> <p><b>Office buildings</b>, primarily located within proximity of major capital cities, metropolitan cities and major regional centres;</p> <p><b>Industrial buildings</b>, strategically located within proximity to key metropolitan industrial precincts;</p> <p><b>Other commercial property assets</b>, such as healthcare &amp;</p>	97%	60%-90%

Topic	Summary			For more information
	social infrastructure; and <b>Fund-through property acquisitions</b> , 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.			
	<b>Listed property funds</b> , where the Fund may invest in ASX listed property funds.	0%	0% - 20%	
	<b>Unlisted property funds</b> , where the Fund may invest into unlisted property funds including those that may be controlled by or related to the Responsible Entity and/or the Manager.	0%	0% - 10%	
<i>Property debt related assets</i>	<b>Property backed mortgages</b> , where the Fund may invest into property backed mortgage funds including those that may be controlled by, or related to, the Manager, mortgage investments generally or the Fund may originate property backed mortgage investments.	0%	0% - 20%	
<i>Cash and cash-like products.</i>	Cash, term deposits, etc	3%	0% - 20%	

Please note that the above indicative Fund weightings are a guide only and at times, the actual Fund weightings may be outside the ranges indicated above. The Manager reserves the right to change the indicative Fund weightings in the future.

**LVR**

The Fund targets an LVR ranging from 35% to 55% on its direct property investments.

Section 2.15

The LVR refers to the ratio of a loan or loans within the Fund compared against the valuation of the Fund's real property assets and does not take into account other Fund assets such as cash. The gearing level of a Fund refers to the ratio of a loan or loans in the Fund against all of the Fund's assets including cash.

Topic	Summary	For more information
	<p>On occasions, the Fund may exceed this long-term LVR target, for example when a new property asset has been acquired and the Fund is raising equity to complete the purchase.</p>	
<b>Benefits of the Fund</b>	<ul style="list-style-type: none"> <li>(a) The Fund aims to provide regular income that is greater than the RBA Cash Rate.</li> <li>(b) The Fund also aims to provide longer term capital growth.</li> <li>(c) The Fund is not listed on the ASX (although it may invest in ASX-listed investments) and, for Investors with most of their invested capital allocated to ASX stocks, an investment in the Fund may help Investors diversify their investment portfolio.</li> <li>(d) Being a pooled fund, the Fund may provide Investors with access to a potentially diversified portfolio of property-related assets that they may not normally be able to achieve outside of a pooled fund.</li> <li>(e) Given that the underlying assets of the Fund are property based, the Fund may act as a hedge against inflation.</li> </ul>	
<b>Unit pricing</b>	<p>The Responsible Entity intends to calculate the Unit Price on a monthly basis. The Unit Price will be determined by dividing the net asset value (<b>NAV</b>) by the number of Units on issue on the last Business Day of the month (<b>Valuation Date</b>). Application and withdrawal prices are based on the Unit Price plus a buy spread for Applications and less a sell spread for withdrawals, if any.</p>	Section 2.4
<b>Issue of Units</b>	<p>Units will usually be issued on a monthly basis within five Business Days after the Valuation Date (or longer if the Valuation Date is on or around 30 June).</p>	Section 2.8
<b>Distributions</b>	<p>The Responsible Entity intends to pay distributions (generally from the Fund's income including property rental income) on a quarterly basis usually within 30 days of the end of each calendar quarter, except for the quarter ending in June of each year, where distributions for that quarter are expected to be paid within 3 weeks however no later than 3 months of 30 June.</p> <p>The Responsible Entity will only pay distributions from available cash from operations and reserves (not borrowings).</p> <p>The Responsible Entity does not currently offer a distribution reinvestment facility.</p>	Sections 2.5 and 2.6

Topic	Summary	For more information
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<b>Withdrawals</b>	<p>The Manager intends to operate the Fund to allow for limited withdrawals in September and March each year. However, this cannot be guaranteed and is subject to the Fund having available liquid assets.</p> <p>The amount made available in respect of each six-monthly period will be subject to available funds (if any) and notified to Investors prior to the relevant Withdrawal Date. Where a withdrawal request is accepted, it will generally be paid within 4-6 weeks from the end of the six-monthly 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. 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.</p> <p>Where the Fund is not 'liquid' within the meaning of that term under the Corporations Act, Investors will only be able to withdraw from the Fund where the Responsible Entity makes a withdrawal offer in accordance with Part 5C.6 of the Corporations Act and the Fund's Constitution.</p>	Section 2.11
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<b>Borrowing</b>	<p>As at 31 December 2021, the Fund's gearing level is 49.4% which is within the Fund's long-term gearing level target of 35-55%. The Fund may go above this targeted gearing level on a temporary basis from time to time, for example, to fund acquisitions and redemptions.</p>	Section 2.14
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The following table provides a summary of the Fund's drawn debt facilities as at 31 December 2021:

Facility Limit \$m	Drawn Amount \$m	Undrawn Amount \$m
Tranche 1 - \$25.94m	\$25.94m	\$0.00m
Tranche 2 <sup>1</sup> - \$3.00m	\$0.00m	\$2.99m
Tranche 3 - \$1.00m	\$0.00m	\$1.00m
<b>Total</b>	<b>\$25.94m</b>	<b>\$3.99m</b>

<sup>1</sup> The undrawn amount is less than the facility limit due to capitalised line fee interest

<b>Key risks</b>	<p>Risks associated with investing in the Fund include:</p> <ul style="list-style-type: none"> <li>Property market downturn leading to a reduction of capital and income.</li> <li>Tenant default.</li> </ul>	Section 6
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Topic	Summary	For more information
	<ul style="list-style-type: none"> <li>Property valuation inaccuracies that may negatively impact Investor returns.</li> <li>Insufficient investment opportunities.</li> <li>Increasing interest rates that may reduce the capital value of properties.</li> </ul> <p>The risks associated with investing in the Fund are set out in detail in Section 6, which you should read in its entirety before making a decision to invest in the Fund.</p>	
<b>Tax information</b>	This PDS contains general information in relation to tax. Before investing, you should obtain your own independent tax advice, taking into account your own circumstances.	Section 7
<b>Related party transactions</b>	The Responsible Entity may from time to time face conflicts between its duties to the Fund, its duties to other funds and its own interests. The Responsible Entity maintains and complies with a written policy on related party transactions.	Section 9.1
<b>Complaints</b>	The Responsible Entity has a procedure for handling complaints. It is also a member of the Australian Financial Complaints Authority, an independent external dispute resolution organisation.	Section 9.3
<b>Cooling-off</b>	While the Fund is liquid as defined in the Corporations Act, a 14-day cooling-off period applies to Retail Investors.	Section 9.4
<b>Who should invest in the Fund?</b>	<p>This Fund is typically suited to investors who are seeking:</p> <ul style="list-style-type: none"> <li>regular income payments;</li> <li>longer term potential capital growth; and</li> <li>exposure to a potentially diverse portfolio of property and property-related assets.</li> </ul>	
<b>Minimum investment amount</b>	\$25,000 (or such lower amount that the Responsible Entity accepts at its discretion) and in multiples of \$1,000 thereafter.	Section 2.7

Topic	Summary	For more information
<b>Fees and other costs of the Fund</b>		

**Fees paid to the Manager**      **Management fee:** 0.56% p.a. of the gross asset value of the Fund. This fee is paid out of the Fund's assets on a monthly basis.      Section 5

**Performance fee:** 20.5% of the Fund's outperformance (if any) in excess of the Performance Fee Hurdle for each 12 month period ending on 30 June. If applicable, this fee is calculated and paid out of the Fund at the end of each 12 month period ending 30 June.

**Property acquisition fee:**

Direct property acquisitions

For direct property acquisitions, the Manager can be paid a maximum acquisition fee of up to 2.05% of the gross purchase price of any property purchased by the Fund. This fee is paid to the Manager by the Fund on completion of the acquisition of a property.

Fund-through deals

For fund-through deals, the Manager can be paid a maximum acquisition fee of up to 2.05% of the final value of the completed property asset.

This will be paid in two instalments.

The first instalment will be calculated on the initial acquisition price and paid upon completion of the initial acquisition of the property asset (for example, on acquisition of a vacant block of land).

The second instalment will be calculated on the improved value of the property asset and paid upon completion (for example, upon completion of a building or construction of a project).

**Sale fee:** 1.03% of the gross sale price of property assets sold by the Fund. This fee is paid to the Manager by the Fund upon the settlement of a property.

All fees quoted above are inclusive of GST net of RITC.

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**Fees paid to the Responsible Entity**      The Responsible Entity is entitled to receive a monthly responsible entity fee equating to the higher of the following:

1. \$75,240 p.a. (inclusive of the net effect of GST) and \$10,446 p.a. (inclusive of the net effect of GST) for each additional property owned by the Fund. This fee is indexed to the higher of 3% or CPI on 1 July each year; or
2. 0.05% p.a. (inclusive of the net effect of GST) on the gross asset value of the Fund up to \$100 million and 0.03% p.a.

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Topic	Summary	For more information
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(inclusive of the net effect of GST) of the gross asset value of the Fund.

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**Custody fees**

The Responsible Entity is entitled to receive a monthly custody fee for providing custodial services equating to the higher of the following:

1. \$15,990 p.a. (inclusive of the net effect of GST) indexed to the higher of 3% or CPI on 1 July each year; or  
0.03% p.a. (inclusive of the net effect of GST) on the gross asset value of the Fund up to \$50 million and 0.02% p.a. (inclusive of the net effect of GST) on the gross asset value of the Fund over \$50 million.
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## 1.2. Unlisted property fund disclosure principles and benchmarks

ASIC has developed benchmarks and disclosure principles for unlisted property schemes to help investors analyse and understand the risks associated with investing in these types of schemes and decide whether such investments are suitable for them.

Responsible entities of unlisted property schemes should apply these disclosure principles in their product disclosure statements and in other information they provide to their investors on an ongoing basis (through websites and other forms of communication with investors).

The following tables contain a brief explanation of each ASIC benchmark and disclosure principle, together with a reference to the section of this PDS where more information can be found relevant to that benchmark and disclosure principle.

These disclosures are updated at least twice annually, and these disclosure principles are available on both the Manager's and the Responsible Entity's website at [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund) and [www.oneinvestment.com.au/CPFDiversifiedFund](http://www.oneinvestment.com.au/CPFDiversifiedFund).

The gearing ratio, interest cover ratio and net tangible asset (**NTA**) calculations are based on the Fund's audited accounts, which are prepared by Unity Fund Services Pty Ltd and audited by ESV Accounting and Business Advisors.

<b>ASIC Benchmarks</b>	<b>Does the Fund meet the benchmarks?</b>	<b>Section references for more information</b>
Benchmark 1: Gearing Policy	Yes. The Responsible Entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.	Section 2.14
Benchmark 2: Interest Cover Policy	Yes. The Responsible Entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.	Section 2.14
Benchmark 3: Interest Capitalisation	No. Benchmark 3 is satisfied in respect of Tranche 1 of the facility limit, as the interest expense of the Fund is not capitalised.  However, the line fee on Tranches 2 and 3 of the facility limit is capitalised until Tranche 2 and 3 are drawn.  Please refer to section 2.14 for more information on the facility limit.	Section 2.14

Benchmark 4: Valuation Policy	Yes. The Responsible Entity maintains and complies with a written valuation policy that complies with the prescribed requirements.	Section 2.16
Benchmark 5: Related Party Transactions	Yes. The Responsible Entity maintains and complies with a written policy on related party transactions, which covers certain requirements.	Section 9.1
Benchmark 6: Distribution Practices	Yes. The Responsible Entity will only pay distributions from available cash from operations and reserves (excluding borrowings).	Section 2.5

ASIC Disclosure Principles	Disclosure	Sections																		
Disclosure Principle 1: Gearing Ratio	<p>The Manager considers a long-term gearing ratio for the Fund of between 35% and 55% to be an optimal level of debt. 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.</p> <p>The following table provides a summary of the Fund's drawn debt facilities as at 31 December 2021:</p> <table border="1" data-bbox="475 712 1203 1016"> <thead> <tr> <th data-bbox="491 725 635 757">Facility Limit</th> <th data-bbox="751 725 847 757">Drawn Amount</th> <th data-bbox="943 725 1150 757">Undrawn Amount</th> </tr> <tr> <th data-bbox="491 770 528 801">\$m</th> <th data-bbox="751 770 799 801">\$m</th> <th data-bbox="943 770 979 801">\$m</th> </tr> </thead> <tbody> <tr> <td data-bbox="491 846 730 878">Tranche 1 - \$25.94m</td> <td data-bbox="751 846 847 878">\$25.94m</td> <td data-bbox="943 846 1023 878">\$0.00m</td> </tr> <tr> <td data-bbox="491 891 730 922">Tranche 2<sup>1</sup> \$3.00m</td> <td data-bbox="751 891 847 922">\$0.00m</td> <td data-bbox="943 891 1023 922">\$2.99m</td> </tr> <tr> <td data-bbox="491 936 730 967">Tranche 3 - \$1.00m</td> <td data-bbox="751 936 847 967">\$0.00m</td> <td data-bbox="943 936 1023 967">\$1.00m</td> </tr> <tr> <td data-bbox="491 981 555 1012">Total</td> <td data-bbox="751 981 847 1012">\$25.94m</td> <td data-bbox="943 981 1023 1012">\$3.99m</td> </tr> </tbody> </table> <p><sup>1</sup> The undrawn amount is less than the facility limit due to capitalised line fee interest</p> <p>The Fund's gearing level is 49.4% as at 31 December 2021 which is within the Fund's long-term gearing level target of 35-55%.</p>	Facility Limit	Drawn Amount	Undrawn Amount	\$m	\$m	\$m	Tranche 1 - \$25.94m	\$25.94m	\$0.00m	Tranche 2 <sup>1</sup> \$3.00m	\$0.00m	\$2.99m	Tranche 3 - \$1.00m	\$0.00m	\$1.00m	Total	\$25.94m	\$3.99m	Section 2.14
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Tranche 3 - \$1.00m	\$0.00m	\$1.00m																		
Total	\$25.94m	\$3.99m																		
Disclosure Principle 2: Interest Cover Ratio	<p>The interest cover ratio for the Fund for the period from 1 July 2020 to 30 June 2021 was 3.87 times.</p> <p>The interest coverage ratio of 3.87 times indicates that there is \$3.87 of earnings to pay every \$1.00 of interest payments on debt.</p>	Section 2.14																		
Disclosure Principle 3: Scheme Borrowing	<p>As at the date of this PDS, the Fund has the following debt facilities in relation to 601 Coronation Drive, Toowong QLD:</p> <ul data-bbox="512 1518 1235 1984" style="list-style-type: none"> <li>• Tranche 1 - with a facility limit of \$25,930,000 has a term of 3 years expiring 30 September 2024 drawn to \$25,930,000 as at 31 December 2021. The interest rate is a floating rate of BBSY Bid Rate + 1.95% margin and approximately 2.06% per annum.</li> <li>• Tranche 2 - with a facility limit of \$3,000,000 has a term of 3 years expiring 30 September 2024 and is undrawn as at 31 December 2021. The interest rate is a line fee of 1.00% per annum which is capitalised until drawn increasing to BBSY Bid Rate + 1.95% margin once drawn.</li> <li>• Tranche 3 - with a facility limit of \$1,000,000 has a term of 3 years expiring 30 September 2024 and is undrawn as at 31 December 2021. The interest rate is a line fee of 1.00%</li> </ul>	Section 2.14																		

	<p>per annum which is capitalised until drawn increasing to BBSY Bid Rate + 1.95% margin once drawn.</p> <p>Tranche 2 is an undrawn tranche to be used for any aluminium composite panels (<b>ACP</b>) remediation capital expenditure in relation to 601 Coronation Drive, Toowong, QLD (please refer to Section 3.2 under the heading 'Fund assets as at the date of this PDS' for further information on the ACP remediation works).</p> <p>Tranche 3 is an undrawn tranche to be used for working capital and to fund redemptions. All borrowings are non-recourse to Investors, however Investors rank behind the lender in the event the Fund defaults on its loans.</p> <p>The debt as at 31 December 2021 for the Fund was \$25.94m and the valuation of the Property as at 30 June 2021 was \$51.25m. The LVR for the Fund was 50.6% as at 31 December 2021. This is less than the LVR covenant of 55.0%. The value of the Fund's assets would need to fall to \$47.2m, or by approximately 8%, to breach the LVR covenant of 55%.</p> <p>The interest cover ratio (<b>ICR</b>) covenant for the Fund's debt is 2.0 times and the ICR for the period 1 July 2020 to 30 June 2021 was 3.87 times. The interest cover would need to fall by approximately 48% to breach the ICR covenant for the Fund's debt facility.</p> <p>The following table provides a summary of the loan covenants as at 30 June 2021 in relation to the Fund.</p> <table border="1" data-bbox="459 1108 1193 1310"> <thead> <tr> <th>Financial Undertaking</th> <th>Period</th> <th>Loan Covenant</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>LVR</td> <td>As at 30 June 2021</td> <td>55%</td> <td>50.6%</td> </tr> <tr> <td>ICR</td> <td>1 July 2020 to 30 June 2021</td> <td>Not less than 2.0 times</td> <td>3.87 times</td> </tr> </tbody> </table> <p>As at the date of this PDS the debt facility for the Fund is not hedged.</p> <p>If in future the Manager enters into hedged debt facilities, this will be notified to Investors in the Fund's regular RG 46 disclosures.</p> <p>There are no terms within the debt facility that may be invoked as a result of Fund members exercising their rights under the Constitution.</p>	Financial Undertaking	Period	Loan Covenant	Actual	LVR	As at 30 June 2021	55%	50.6%	ICR	1 July 2020 to 30 June 2021	Not less than 2.0 times	3.87 times	
Financial Undertaking	Period	Loan Covenant	Actual											
LVR	As at 30 June 2021	55%	50.6%											
ICR	1 July 2020 to 30 June 2021	Not less than 2.0 times	3.87 times											
<p>Disclosure Principle 4: Portfolio Diversification</p>	<p>While the Manager intends to diversify the asset base of the Fund, as at the date of this PDS, the Fund holds cash and a single property asset being an office building at 601 Coronation Drive, Toowong, QLD (<b>Property</b>).</p> <p>The following provides a summary of the independent valuation of the Property:</p> <table border="1" data-bbox="459 1861 1145 1993"> <tr> <td>Valuation</td> <td>\$51.25M</td> </tr> <tr> <td>Valuation Date</td> <td>30 June 2021</td> </tr> </table>	Valuation	\$51.25M	Valuation Date	30 June 2021	<p>Section 3.2</p>								
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	<table border="1" data-bbox="464 197 1142 327"> <tr> <td data-bbox="464 197 804 259">Independent Valuer</td> <td data-bbox="804 197 1142 259">Colliers</td> </tr> <tr> <td data-bbox="464 259 804 327">Capitalisation Rate</td> <td data-bbox="804 259 1142 327">6.68%</td> </tr> </table> <p data-bbox="459 398 1182 472"><b>The Top 4 Tenants by Income and Lease Expiry at the Property As at 31 December 2021</b></p> <table border="1" data-bbox="459 495 1150 898"> <thead> <tr> <th data-bbox="459 495 767 613"></th> <th data-bbox="767 495 927 613"><b>% of Rental Income from the Property</b></th> <th data-bbox="927 495 1150 613"><b>Lease Expiry</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="459 613 767 696">Indue</td> <td data-bbox="767 613 927 696">28.1%</td> <td data-bbox="927 613 1150 696">30 November 2023</td> </tr> <tr> <td data-bbox="459 696 767 741">Jumbo Interactive</td> <td data-bbox="767 696 927 741">26.3%</td> <td data-bbox="927 696 1150 741">7 June 2025</td> </tr> <tr> <td data-bbox="459 741 767 824">Queensland College of Teachers</td> <td data-bbox="767 741 927 824">16.7%</td> <td data-bbox="927 741 1150 824">31 October 2023</td> </tr> <tr> <td data-bbox="459 824 767 898">Home Instead Tenancies</td> <td data-bbox="767 824 927 898">11.5%</td> <td data-bbox="927 824 1150 898">12 March 2030 &amp; 29 February 2024</td> </tr> </tbody> </table> <p data-bbox="459 965 1219 1070"><b>The Top 4 Tenants by Gross Lettable Area and Lease Expiry at the Property As at 31 December 2021</b></p> <table border="1" data-bbox="459 1093 1209 1525"> <thead> <tr> <th data-bbox="459 1093 767 1211"></th> <th data-bbox="767 1093 927 1211"><b>% by Lettable Area</b></th> <th data-bbox="927 1093 1209 1211"><b>Lease Expiry</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="459 1211 767 1256">Jumbo Interactive</td> <td data-bbox="767 1211 927 1256">26.2%</td> <td data-bbox="927 1211 1209 1256">7 June 2025</td> </tr> <tr> <td data-bbox="459 1256 767 1301">Indue</td> <td data-bbox="767 1256 927 1301">26.0%</td> <td data-bbox="927 1256 1209 1301">30 November 2023</td> </tr> <tr> <td data-bbox="459 1301 767 1413">Queensland College of Teachers</td> <td data-bbox="767 1301 927 1413">16.7%</td> <td data-bbox="927 1301 1209 1413">31 October 2023</td> </tr> <tr> <td data-bbox="459 1413 767 1525">Home Instead Tenancies</td> <td data-bbox="767 1413 927 1525">12.5%</td> <td data-bbox="927 1413 1209 1525">12 March 2030 &amp; 29 February 2024</td> </tr> </tbody> </table> <p data-bbox="459 1592 1219 1615"><b>Occupancy and Weighted Average Lease Expiry at the Property</b></p> <p data-bbox="459 1637 1193 1697">As at 31 December 2021, the Property's occupancy is 100% by area.</p> <p data-bbox="459 1720 1209 1780">The weighted average lease expiry by income is approximately 2.9 years as at 31 December 2021.</p>	Independent Valuer	Colliers	Capitalisation Rate	6.68%		<b>% of Rental Income from the Property</b>	<b>Lease Expiry</b>	Indue	28.1%	30 November 2023	Jumbo Interactive	26.3%	7 June 2025	Queensland College of Teachers	16.7%	31 October 2023	Home Instead Tenancies	11.5%	12 March 2030 & 29 February 2024		<b>% by Lettable Area</b>	<b>Lease Expiry</b>	Jumbo Interactive	26.2%	7 June 2025	Indue	26.0%	30 November 2023	Queensland College of Teachers	16.7%	31 October 2023	Home Instead Tenancies	12.5%	12 March 2030 & 29 February 2024	
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Disclosure Principle 5: Related Party Transactions	The Responsible Entity has policies and procedures for entering into related party transactions. Compliance with the policy is monitored by the Responsible Entity with any actual or potential conflicts of interest or related party transactions being identified by management and treated in accordance with the procedures relevant to the related policy. The Responsible Entity monitors	Section 9.1																																		

compliance with the policy by maintaining a register of identified actual and potential conflicts of interest. The register also includes a recommended treatment to be adopted to manage the conflict of interest. A compliance manager will maintain, update and periodically review that register.

The Responsible Entity has entered into transactions with related entities. The Responsible Entity does not need member approval in respect of the related party transactions because they are entered into on commercial and 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:

- One Registry Services Pty Limited ACN 141 757 360, a related body corporate of the RE, was appointed to perform registry services for the Fund pursuant to a registry services agreement; and
- Unity Fund Services Pty Ltd ACN 146 747 122 (**Administrator**), an associated company of the RE, 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 and preparation of statutory accounts.

#### **Related Party Fees**

##### **Registry Fees**

- Registry fees of \$15,260 plus GST were incurred for the year ended 30 June 2021 of which \$1,980 plus GST was payable to One Registry Services Pty Limited at the end of the period.
- Registry services were provided to the Fund by One Registry Services Pty Limited, which is a related body corporate of the Responsible Entity, for the year ended 30 June 2021.

##### **Accounting and Administration Fees**

- Accounting and administration fees of \$22,540 plus GST were incurred for the year ended 30 June 2021 of which \$4,000 plus GST was payable to Unity Fund Services Pty Ltd at the end of the period.
- Accounting and administration services were provided to the Fund by Unity Fund Services Pty Ltd, which is an associate of the Responsible Entity, for the year ended 30 June 2021.

#### **Related Party Holdings**

Holding of Units in the Fund by key management personnel of the Responsible Entity and their associated entities as at 31 December 2021 is as follows:

	<b>30 June 2021</b>													
	<table border="1"> <thead> <tr> <th></th> <th><b>Unit Class</b></th> <th><b>Units Held</b></th> <th><b>% of the Class</b></th> </tr> </thead> <tbody> <tr> <td>Frank Tearle</td> <td>Ordinary</td> <td>150,00</td> <td>0.60%</td> </tr> </tbody> </table>		<b>Unit Class</b>	<b>Units Held</b>	<b>% of the Class</b>	Frank Tearle	Ordinary	150,00	0.60%					
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Frank Tearle	Ordinary	150,00	0.60%											
	<p>Holding of Units in the Fund by key management personnel of the Manager and their associated entities as at 31 December 2021 is as follows:</p>													
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	<b>Unit Class</b>	<b>Units</b>	<b>% of the Class</b>											
Andrew Kerr	Ordinary	60,400	0.24%											
Joe Christie	Ordinary	37,167	0.15%											
Disclosure Principle 6: Distribution Practices	<p>Distributions will be paid generally from the Fund's income including property rental income. The Responsible Entity anticipates paying distributions quarterly to Investors, usually within 30 days of the end of each calendar quarter except for the quarter ending 30 June each year where distributions are expected to be paid within three weeks however no later than 3 months of each 30 June.</p> <p>The Responsible Entity will only pay distributions from available cash from operations and reserves (excluding borrowings).</p> <p>As at the date of this PDS, there is nothing that the Manager is aware of that will prevent the Fund from meeting its Target Return over the next 12 month period.</p>	Section 2.5												
Disclosure Principle 7: Withdrawal Arrangements	<p>The Responsible Entity intends to offer limited withdrawals on a 6 monthly basis.</p>	Section 2.11												
Disclosure Principle 8: Net Tangible Assets	<p>The Fund's audited NTA is \$1.02 per Unit as at 31 December 2021.</p> <p>The Fund's NTA shows the value of the Fund on a per Unit basis, and is based on the Fund's assets after deducting its liabilities (and other adjustments) calculated at a point in time.</p> <p>This amount can be used as an estimated (not guaranteed) measure of what an Investor could expect to receive per Unit if the assets of the Fund were sold at that particular point in time but excluding any allowance for selling costs, performance and disposal fees, and other incidental costs.</p> <p>Therefore, to the extent that the NTA at any time is less than the price paid for a Unit, it is also a reflection of the risk of a possible capital loss as at the relevant point in time.</p>	Section 2.4												

	<p>The NTA is calculated as follows:</p> $\text{NTA} = \frac{\text{Net assets} - \text{intangible assets} + / - \text{other adjustments}}{\text{Number of Units on issue}}$ <p>The NTA per Unit as at 31 December 2021 is calculated as follows:</p> <p><b>Assets</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Cash</td> <td style="text-align: right;">\$1,079,107</td> </tr> <tr> <td>Other current assets</td> <td style="text-align: right;">\$114,569</td> </tr> <tr> <td>Property asset</td> <td style="text-align: right;">\$51,291,405</td> </tr> <tr> <td><b>Total assets</b></td> <td style="text-align: right;"><b>\$52,485,081</b></td> </tr> </table> <p><b>Liabilities</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Borrowings</td> <td style="text-align: right;">\$25,939,760</td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;">\$857,487</td> </tr> <tr> <td><b>Total liabilities</b></td> <td style="text-align: right;"><b>\$26,797,247</b></td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Net assets attributable to investors</td> <td style="text-align: right;">\$25,687,834</td> </tr> <tr> <td>Units on issue</td> <td style="text-align: right;">25,063,915</td> </tr> <tr> <td><b>NTA per unit</b></td> <td style="text-align: right;"><b>\$1.02</b></td> </tr> </table>	Cash	\$1,079,107	Other current assets	\$114,569	Property asset	\$51,291,405	<b>Total assets</b>	<b>\$52,485,081</b>	Borrowings	\$25,939,760	Other payables	\$857,487	<b>Total liabilities</b>	<b>\$26,797,247</b>	Net assets attributable to investors	\$25,687,834	Units on issue	25,063,915	<b>NTA per unit</b>	<b>\$1.02</b>	
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Updates to the information required under the ASIC disclosure principles, including as and when the Fund acquires additional investments, will be placed on the following websites from time to time:

- [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund); and
- [www.oneinvestment.com.au/CPFDiversifiedFund](http://www.oneinvestment.com.au/CPFDiversifiedFund)

## 2. Details of the Offer

### 2.1. Structure of the Fund

The Fund is structured as a managed investment scheme and is registered with ASIC under Chapter 5C of the Corporations Act. One Managed Investment Funds Limited ACN 117 400 987 AFS licence 297042 is the responsible entity of the Fund. The Responsible Entity has appointed Capital Property Funds Pty Limited ACN 162 323 506 as investment manager of the Fund.

The Fund is open-ended which means that the Fund does not have an automatic termination date, other than specific termination events described in the Constitution. The Responsible Entity does not intend to operate the Fund only for a specific duration. The Responsible Entity recommends that Investors only consider investing in the Fund if they have a longer term investment horizon as property should not be seen as a short term investment.

There is no intention to list the Fund on a secondary market such as the ASX.

The Constitution regulates the relationship between the Responsible Entity and Investors. See Section 8.1 for a summary of the Constitution.

### 2.2. Investment objective & Target Return

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

As at the date of this PDS, the Manager is targeting a return of 6.00% p.a. (net of all fees and expenses). The Manager expects the return for the Fund to be derived principally from income.

The Target Return for the Fund will be reviewed from time to time. Any change to the Target Return for the Fund will be published on the Manager's website and any material change will be updated via a supplementary PDS available on both the Manager's and Responsible Entity's websites.

Capital and income returns are not guaranteed. Like all investments, the Fund's investments carry risks, and if these risks eventuate, you may:

- lose some or all of your capital invested in the Fund; and/or
- not receive the level of targeted income, if any.

The income return of the Fund may rise and fall due to a number of factors, including the performance of the Fund's property investments, prevailing economic conditions and movements in the RBA Cash Rate.

### 2.3. Units

The Responsible Entity will issue Ordinary Units.

From time to time and in order to facilitate the acquisition of new property assets, the Responsible Entity may issue Underwriting Units at the same prevailing issue price that applies to Ordinary Units.

Underwriting Units have the same rights as Ordinary Units except they may be redeemed in priority over Ordinary Units using proceeds from the allotment of Ordinary Units, debt or the sale of assets in the Fund and may be converted into Ordinary Units.

Please note that only Ordinary Units are being offered under this PDS and Underwriting Units will only be issued in connection with the acquisition of further real property.

Underwriters may provide funding by subscribing for Underwriting Units.

A holder of Underwriting Units may sell the Underwriting Units to third parties at any time.

Where an Underwriting Unit is transferred to a third party who is not a related party, the transferred Unit will convert into an Ordinary Unit.

The redemption price of Underwriting Units will be equal to the redemption price of Ordinary Units.

## 2.4. Unit pricing

The Fund's Unit Price will be determined by dividing the Fund's NAV by the number of Units on issue. The Fund's Unit Price & NTA are available on the Manager's website at [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund).

The prevailing Unit Price will be calculated based on the NAV per Unit on the last Business Day of each calendar month (**Valuation Date**).

The Responsible Entity will:

- issue Units at the prevailing application price calculated on the relevant Valuation Date, which will be based on the Unit Price plus any applicable buy spread; and
- redeem Units at the prevailing withdrawal price calculated on the relevant Withdrawal Date, which will be based on the Unit Price less any applicable sell spread.

The buy/sell spread (where applied) reflects the transaction costs the Fund incurs in buying or selling investments as a result of transacting Investors, and the administrative costs associated with issuing or redeeming Units in the Fund.

At the time of this PDS, there is currently no buy/sell spread. However, the buy/sell spread is reviewed on a regular basis and may be charged by the Responsible Entity when the Responsible Entity considers it appropriate. If applicable, the buy/sell spread will not be paid to the Responsible Entity but becomes part of the assets of the Fund.

The Responsible Entity has a unit pricing policy which is available upon request at no charge to Investors. If you would like a copy of the policy, please contact the Manager at: [info@capitalpropertyfunds.com.au](mailto:info@capitalpropertyfunds.com.au).

## **2.5. Distributions**

Distributions will be calculated based on the number of Units that each Investor holds as at the last day of the distribution period.

The Responsible Entity intends to pay distributions (generally from the Fund's income including property rental income) to Investors on a quarterly basis, usually within 30 days of the end of each calendar quarter, except for the quarter ending in June of each year, where distributions for that quarter are expected to be paid within three weeks, however no later than 3 months of 30 June. The Responsible Entity may change the frequency of distributions at its discretion. The Responsible Entity will only pay distributions from available cash from operations and reserves (not borrowings).

The distributable income of the Fund will be paid to Investors on a per Unit basis.

Distributions will be paid via EFT into the Investor's nominated Australian bank account.

Indirect Investors should review the documentation provided to them by their platform operator on how and when they receive any income distribution.

## **2.6. Distribution reinvestment**

The Fund does not currently offer a distribution reinvestment plan.

In the future, the Responsible Entity may establish a distribution reinvestment plan which will provide Investors with the option to reinvest distributions.

If a distribution reinvestment plan is established, then the Responsible Entity will provide Investors with details on the plan and how to participate.

## **2.7. Minimum investment amount**

The minimum investment amount is \$25,000 (or any lower amount that the Responsible Entity accepts at its discretion) and in multiples of \$1,000 thereafter.

The minimum investment balance amount is \$5,000.

Where a holding is less than the minimum investment balance amount, the Responsible Entity may require the holding to be fully redeemed.

The Responsible Entity may at its discretion accept application amounts below the minimum investment amount.

## **2.8. Issue of Units**

Units are usually issued within five Business Days after each Valuation Date (or longer if the Valuation Date is on or around 30 June) at the prevailing application price (which is the Unit Price and will include any applicable buy spread) after both the Application Form and Application Money have been received and accepted by the Unit Registry on behalf of the Responsible Entity.

The buy spread (where applied) reflects the estimation of the transaction costs the Fund incurs in acquiring investments and the administrative costs associated with issuing Units.

The prevailing Unit Price is published on the Manager's website on a monthly basis.

On occasion, the Responsible Entity, in consultation with the Manager, may close the Fund to new Applications at its discretion. This may be necessary in order to avoid excess cash holdings within the Fund. Any Application Money received during such a closure will be returned as soon as is practicable.

If the Responsible Entity does not receive the Application Form and Application Money in cleared funds, or is not satisfied that it has received all relevant information required to process the Application Form, it may refuse to accept the Application.

## 2.9. How to invest

Units in the Fund are usually issued on a monthly basis within five Business Days after the Valuation Date. Applications must be received by the Unit Registry by 5.00pm (AEST/AEDT) on the third Business Day prior to the end of a calendar month (**Application Cut-off Time**) to be considered for processing at the end of the calendar month. Applications received after the Application Cut-off Time will be taken to be received prior to the Application Cut-off Time for the following calendar month. Funds received in the Fund's application account will remain in the application account until Units are issued. Investors will not receive interest on their Application Money during the application process. Investors may wish to take this into account in deciding when to pay cleared funds into the Fund's application account.

To apply for Units in the Fund, complete and return your Application Form, together with your supporting documentation, and pay the Application Money using the details on the Application Form. An Application is not considered a valid Application until the Unit Registry has received the Application Money in cleared funds, a completed Application Form and all information referred to in that Application Form. Failure to provide a valid Application may delay the processing of an Investor's Application.

The Responsible Entity has the sole discretion whether to accept or reject an Application. If your Application is rejected, wholly or in part, then the Unit Registry will notify you in writing and arrange for the return of your Application Money to you.

Interest will not be paid to Applicants on Application Money. If your Application to invest in the Fund is accepted, then interest earned on your Application Money will be retained by the Fund.

If your Application to invest in the Fund is not accepted, then your Application Money (less applicable bank fees) will be returned to you as soon as is practicable (without interest).

By sending a completed Application Form, you are making an irrevocable offer to become an investor in the Fund and you are agreeing to be legally bound by the Constitution and the terms of this PDS. A brief summary of the Constitution is included at Section 8.1.

## 2.10. Reports to Investors

Investors will receive the following information:

- A holding statement confirming their holding in the Fund.
- A quarterly distribution statement.
- An annual tax statement detailing information required for inclusion in your annual income tax return.

Annual financial reports are available for download at [www.capitalpropertyfunds.com.au](http://www.capitalpropertyfunds.com.au). The Manager may also provide regular Fund updates to Investors.

If you are an Indirect Investor, you should contact your platform operator as you will receive reports directly from them (and not from the Responsible Entity or Manager).

## 2.11. Withdrawals

### (a) Limited withdrawals

While the Fund is 'liquid' within the meaning of that term under 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**). 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 withdrawals will be limited and are subject to the Fund having available liquid assets. 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 determination.

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. An Investor will need to submit a new withdrawal request in respect of the next available Withdrawal Period.

If you are an Indirect Investor, 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.

## **(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.

## **2.12. Compulsory redemption**

Subject to the Corporations Act and the Constitution, the Responsible Entity may compulsorily redeem the Units of a unitholder, including where:

- the unitholder holds less than the minimum investment amount; or
- the continued holding of the Units by the unitholder would, in the opinion of the Responsible Entity, be contrary to law or to the material disadvantage of the Fund, or to the unitholders as a whole.

The Responsible Entity will notify any unitholder affected by the exercise of this power.

## **2.13. Transfer of Units**

You can transfer the ownership of your Units at any time provided that the transferee meets the requirements of an Investor in the Fund and the transfer has been approved by the Responsible Entity. The Responsible Entity may, at its discretion, refuse to register any transfer of Units.

## 2.14. Borrowing & interest cover ratio

The 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 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.

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

The Manager considers a long-term gearing ratio of between 35% and 55% to be an optimal level of debt at an individual credit facility level. 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.

As at the date of this PDS the Fund has the following debt facilities in relation to 601 Coronation Drive, Toowong, QLD:

- Tranche 1 - with a facility limit of \$25,930,000 has a term of 3 years expiring 30 September 2024 drawn to \$25,930,000 as at 31 December 2021. The interest rate is a floating rate of BBSY Bid Rate + 1.95% margin and approximately 2.06% per annum.
- Tranche 2 - with a facility limit of \$3,000,000 has a term of 3 years expiring 30 September 2024 and is undrawn as at 31 December 2021. The interest rate is a line fee of 1.00% per annum which is capitalised until drawn and increasing to BBSY Bid Rate + 1.95% margin once drawn.
- Tranche 3 - with a facility limit of \$1,000,000 has a term of 3 years expiring 30 September 2024 and is undrawn as at 31 December 2021. The interest rate is a line fee of 1.00% per annum which is capitalised until drawn and increasing to BBSY Bid Rate + 1.95% margin once drawn.

Tranche 2 is an undrawn tranche to be used for any ACP remediation capital expenditure in relation to 601 Coronation Drive, Toowong, QLD. Please refer to Section 3.2 under the heading 'Fund assets as at the date of this PDS' for further information on the ACP remediation works.

Tranche 3 is an undrawn tranche to be used for working capital or to satisfy redemptions.

The line fees for Tranches 2 and 3 are being capitalised until they are drawn. The Manager expects both Tranche 2 and tranche 3 to be drawn prior to the year ending 30 June 2022 which will mean the line fee is no longer capitalised.

As at 31 December 2021 the amount of capitalised line fees were \$9,760 as compared to the net operating income for the Fund of \$1.29m for the half year period ended 31 December 2021. Therefore, the Manager does not consider there to be any risks associated with the capitalisation of the line fee amounts as they are not material amounts.

Also, as outlined in the Fund accounts for the period ended 31 December 2021, the Fund has adequate cash flow to make payments against any capitalised amounts once these tranches are drawn.

All borrowings are non-recourse to Investors, however Investors rank behind the lender in the event the Fund defaults on its loans.

The following table provides a summary of the Fund's drawn debt facilities as at 31 December 2021:

<b>Facility Limit</b>	<b>Drawn Amount</b>	<b>Undrawn Amount</b>
<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Tranche 1 - \$25.94m	\$25.94m	\$0.00m
Tranche 2 <sup>1</sup> - \$3.00m	\$0.00m	\$2.99m
Tranche 3 - \$1.00m	\$0.00m	\$1.00m
<b>Total</b>	<b>\$25.94m</b>	<b>\$3.99m</b>

<sup>1</sup> The undrawn amount is less than the facility limit due to capitalised line fee interest

The Fund's gearing level is 49.4% as at 31 December 2021 which is within the Fund's long-term target of 35-55% on its direct property investments.

The Fund meets this gearing ratio benchmark because the gearing is less than the Fund's maximum gearing limit of 55%.

The interest cover ratio for the Fund for the period from 1 July 2020 to 30 June 2021 was 3.87 times.

The interest cover ratio is calculated as follows:

$$\text{Interest cover ratio} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}},$$

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.

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 coverage ratio of 3.87 times indicates that there is \$3.87 of earnings to pay every \$1.00 of interest payments on debt.

The Fund meets this interest coverage ratio benchmark because it can meet its interest payments at a rate higher than the minimum interest cover ratio of 2.0 times at an individual credit facility level as prescribed by the Fund's interest cover policy and debt facility.

## 2.15. Target LVR

The Fund targets an LVR ranging from 35% to 55%.

On occasions, the Fund may exceed this long-term LVR target, for example when a new property asset has been acquired and the Fund is raising equity to complete the purchase.

## 2.16. Valuations

The Responsible Entity maintains and complies with a written valuation policy that complies with the prescribed requirements.

The Responsible Entity's adopted valuation principles include that it will be conservative, consistently applied and independently verified where appropriate. Wherever possible, the methodology applied is to maximise the use of relevant

observable data inputs and minimise use of unobservable inputs and subjective adjustments.

The Responsible Entity will ensure the Fund's assets will be valued on a regular basis, at market value and where appropriate, will appoint suitably qualified valuers to prepare independent valuations in accordance with industry accepted and appropriate valuation methodologies.

In the event the Fund's administrator is not independent from the Responsible Entity and the Fund's assets are not exchange traded, the Responsible Entity will obtain an independent valuation service provider to value those assets.

In relation to the valuation of real property assets, the Responsible Entity will require that the valuer be suitably qualified with at least 5 years' appropriate experience, authorised to practice as a valuer and certified with the Australian Property Institute, holding appropriate professional indemnity insurance and independent from the Responsible Entity and the Manager. To avoid any potential conflict of interest, the Responsible Entity will require the Manager to rotate valuers to preserve the valuer's independence.

Investors can obtain a copy of the Responsible Entity's valuation policy by contacting the Responsible Entity.

## 3. Investment Strategy

### 3.1. Overview

This section provides a description of the investment strategy for the Fund, including the types of property assets that the Fund may invest into.

### 3.2. Investment strategy

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

As at the date of this PDS, the Fund is targeting a return of 6.00% p.a. (net of all fees and expenses). The Manager expects the return to be derived principally from income.

The Target Return for the Fund will be reviewed from time to time. Any change to the Target Return will be posted on the Manager's website at [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund) and any material change will be updated via a supplementary PDS available on both the Manager's and Responsible Entity's websites.

The indicative weighting of the Fund's property assets is outlined in the table below:

	Asset types	Weighting	
		As at date of PDS	Indicative weighting
Property Assets	<p><b>Direct properties</b>, the Fund may acquire and directly hold (subject to LVR details below the table) office, retail, industrial and other commercial properties including:</p> <ul style="list-style-type: none"><li>(a) <b>Office buildings</b>, primarily located within proximity of major capital cities, metropolitan cities and major regional centres;</li><li>(b) <b>Industrial buildings</b>, strategically located within proximity to key metropolitan industrial precincts;</li><li>(c) <b>Other commercial property assets</b>, such as healthcare &amp; social infrastructure; and</li><li>(d) <b>Fund-through property acquisitions</b>, 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</li></ul>	97%	60%-90%

	development returns.		
	<b>Listed property funds</b> , where the Fund may invest in ASX listed property funds.	0%	0% - 20%
	<b>Unlisted property funds</b> , where the Fund may invest into unlisted property funds including those that may be controlled by or related to the Responsible Entity and/or the Manager.	0%	0% - 10%
<i>Property debt related assets</i>	<b>Property backed mortgages</b> , where the Fund may invest into property backed mortgage funds including those that may be controlled by, or related to, the Manager and mortgage investments generally, or originate property backed investments.	0%	0% - 20%
<i>Cash and cash-like products</i>	Cash, term deposits	3%	0% - 20%

Please note that the above indicative Fund weightings are a guide only and at times, the actual Fund weightings may be outside the ranges indicated above. The Manager reserves the right to change the indicative Fund weightings in the future.

## Key investment strategies

### (a) Stabilised quality property assets

The Fund will primarily, although not solely, invest in stabilised properties located in proximity to major capital cities, metropolitan cities and major regional town centres.

The Manager considers that a 'stabilised property asset' is a property which:

- does not require any significant capital works in the short to medium term and its leasing profile appropriately reflects the quality of the property accommodation; and
- has no significant rental reversions, vacancies or major tenants that are not natural long-term occupiers of the property.

Returns from stabilised property assets are expected to be derived principally from rental income combined with longer term capital growth.

### (b) Re-positioning of property assets

With the aim of creating both capital growth and improved income for the Fund, the Fund may, on occasion, acquire buildings in good quality locations and improve the amenities, infrastructure, and leasing profiles etc. of the subject property.

To re-position a property, the Manager may implement capital works upgrades involving:

1. Foyer, lift landing and lift upgrades

2. Implementation of end of trip facilities – i.e. change room facilities, secure bike storage facilities and secure locker storage facilities
3. Toilet upgrades
4. Refurbishments of tenant fit-outs

Returns from re-positioning property assets are expected to be derived principally from short to medium term income growth combined with medium to longer term capital growth.

### **(c) Fund-through deals**

The Fund does not intend to develop an internal property development team and therefore in a limited capacity, the Fund may consider 'fund-through deals', which usually involve either entering into a development agreement with a trusted partner or providing equity or debt funding for the construction of a building or the development of other property assets.

An example may be where the Fund acquires a block of land with approval for the construction of an office building. The Fund may engage a professional development manager to manage the development (for a fee) and deliver the completed project.

Another example may be where the Fund partners with a trusted partner and both partners contribute capital (either equity or debt) in order to complete a property development.

Fund-through deals may allow the Fund to enjoy a share of the potential development profit.

The benefits of a fund-through deal include:

1. The ability to own quality property assets for the Fund
2. The ability to outsource property development risk
3. The potential to enjoy a share of any potential development profit
4. The potential to enjoy stamp duty savings by acquiring the property based on the pre-construction land value
5. Potential increased depreciation costs through the acquisition of a newly built property and associated plant and equipment

### **(d) Other property assets**

The Fund may also invest into other property assets such as property backed mortgage investments.

To assist with liquidity, the Fund will also hold cash, cash-like products and listed property securities.

The Manager may revise the investment strategy from time to time, having regard to the best interests of Investors.

Changes to the investment strategy will be communicated to Investors via the Manager's and the Responsible Entity's websites at [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund) and [www.oneinvestment.com.au/CPFDiversifiedFund](http://www.oneinvestment.com.au/CPFDiversifiedFund) or in writing.

## Fund assets as at the date of this PDS

As at 31 December 2021, the Fund wholly owns an A grade office property located at 601 Coronation Drive Toowong QLD (the **Property**) valued at \$51,250,000 as at 30 June 2021.

Located approximately 3.5 km from the Brisbane CBD, the Property is 100% fully leased and presents a modern, six storey commercial office building comprising a ground level and five upper levels of A grade style office accommodation, and three basement levels of car parking.

Constructed in 2007, the Property sits on a site area of 2,654 sqm and provides large efficient floor plates of approximately 1,282 sqm and enjoys an abundance of natural light and picturesque views over the Brisbane River and towards the Brisbane CBD.

The Property also enjoys excellent access to Brisbane's public transport network, with bus, train and ferry services all within short walking distance. Notably, the Toowong train station is located directly behind the Property.

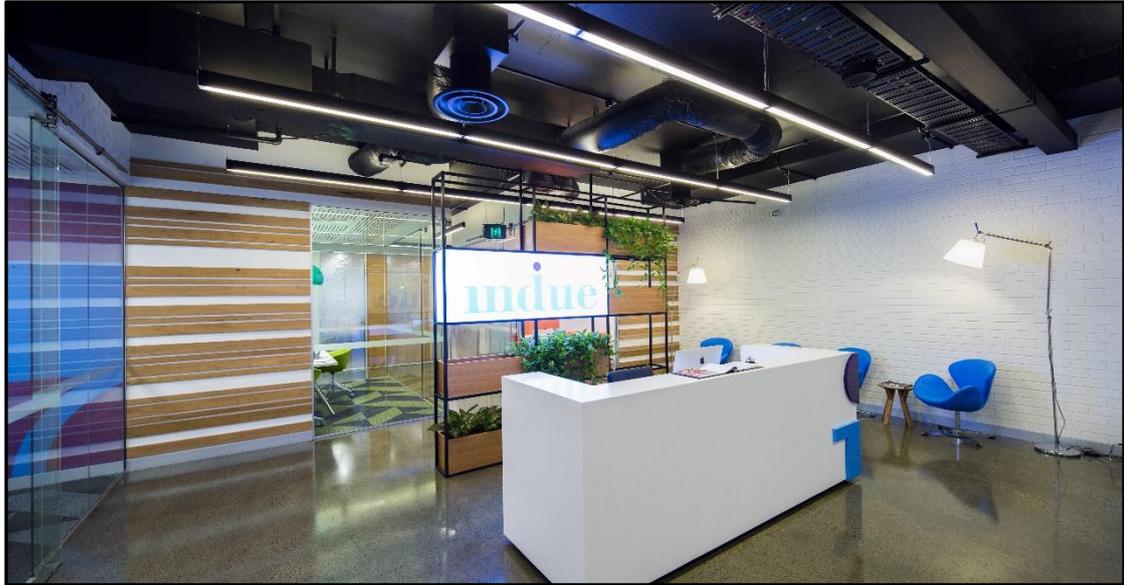
Toowong is a vibrant commercial and retail hub and provides extensive transport amenities. Toowong Village Shopping Centre adjoins the Property and is serviced by 1,709 car spaces. This sub-regional shopping centre provides tenants of the Property with a large number of retail outlets, including David Jones, Kmart, Coles and over 50 speciality outlets.



A photo of the Property

### Fund highlights

- Since inception in August 2016 – the Fund met its target income returns;
- The Fund's gearing ratio was 49.4% and the LVR was 50.6% as at 31 December 2021;
- Occupancy of the Property was 100% as at 31 December 2021;
- The weighted average lease expiry by income was 2.9 years as at 31 December 2021;
- The independent valuation of the Property was \$51,250,000 as at 30 June 2021; and
- NAV per Unit was \$1.02 as at 31 December 2021.



A photo of a tenant's foyer within the Property

### **Aluminium composite panels (ACP) remediation**

As at the date of this PDS, the Property is clad in ACP and testing has confirmed that the majority of the ACP are fire-retardant panels and the balance of the ACP is combustible, along with the insulation. The combustible ACP and insulation will need to be replaced with solid aluminium panels. Whilst it was initially thought that the fire engineer and Queensland Fire and Emergency Services could approve the fire-retardant panels remaining in place, it is likely all ACP will be required to be removed in order to access the insulation which needs to be replaced behind these panels.

The Manager appointed a project manager to provide an ACP remediation scope of work and tender the package in preparation for undertaking the remediation works, along with a panel of consultants required to undertake the project. The tender packages were sent out to suitably qualified groups and the tender closed. The preferred tenderer was appointed in February 2022.

The Manager does not expect the remediation works to impact on the Target Return for the Fund and it is possible that upon completion of the remediation works, there may be a small valuation uplift in the Property.

# 4. Management of the Fund

## 4.1. About the Responsible Entity

One Managed Investment Funds Limited is the issuer of Units under this PDS and is the responsible entity and performs self-custody services in respect of the Fund. The Responsible Entity is responsible for the overall corporate governance of the Fund. The Responsible Entity manages the Fund in accordance with its duties to Investors. The Responsible Entity is also subject to numerous duties under the Corporations Act, including duties to act honestly, exercise care and diligence and act in the best interests of Investors. Further details of the Constitution and the Responsible Entity's obligations are specified in Section 8.1.

Under the Corporations Act, a responsible entity is required to either have a board of directors, not less than half of which comprises external directors, or to appoint a compliance committee with a majority of external representation. One Managed Investment Funds Limited has a compliance committee with a majority of external members.

The Responsible Entity's role includes the following:

- Acting honestly and in the best interests of Investors and in doing so, exercising the degree of care and diligence that a reasonable person would exercise if they were in the Responsible Entity's position.
- Monitoring the operations, financial position and performance of the Fund.
- Overseeing the risk management and compliance of the Fund.
- Ensuring that the Constitution meets the requirements of the Corporations Act and that the Responsible Entity complies with the Constitution.
- Ensuring that the Fund's compliance plan meets the requirements of the Corporations Act and that the Responsible Entity complies with the compliance plan.

The Responsible Entity is a member of One Investment Group (**OIG**) which is an independent funds management business specialising in providing responsible entity, trustee, custody and administration services. OIG is responsible for in excess of 300 funds and \$35 billion in a wide range of underlying asset classes including infrastructure, real estate, equities, fixed income, private equity and fund of funds. OIG is not a fund manager and its clients include global and Australian listed companies, sovereign wealth funds, banks, insurance companies, pension funds, private equity firms and boutique managers.

To find out more:

Visit [www.oneinvestment.com.au](http://www.oneinvestment.com.au)

Phone 02 8277 0000

Post PO Box R1471  
Royal Exchange NSW 1225

## 4.2. The Manager

The Responsible Entity has appointed Capital Property Funds Pty Limited ACN 162 323 506 as manager of the Fund under the Investment Management Agreement. The Manager is an authorised representative of Libertas Financial Planning Pty Ltd ACN 160 419 134, the holder of AFS licence number 429718 and has been given authorised representative number 000457306.

The Manager develops the investment strategy for the Fund and implements the investment strategy on the terms and conditions set out in the Investment Management Agreement (a summary of which is set out in Section 8.3).

The Manager is also responsible for the following:

- (a) Implementing the investment strategy, including actively managing and supervising the Fund's investments and in this regard, is responsible for:
- property asset origination;
  - property asset management including tenant leasing negotiations, capital works programs, managing new tenant fit outs, liaising with external consultants such as architects, interior designers and property agents, managing capital expenditure programs etc;
  - managing the Fund portfolio generally;
  - managing the debt position of the Fund;
  - managing the cash holdings and liquidity of the Fund;
  - managing the Investor returns including the quarterly income distributions;
  - raising equity for the Fund; and
  - Investor relations and Fund reporting.
- (b) Regularly updating the Responsible Entity regarding the Fund and providing all information necessary for the maintenance of the Fund's financial accounts to be completed.
- (c) Providing administrative support to assist and ensure the maintenance of the Fund's records and compliance with the Corporations Act.

### 4.3. The Manager's team

The Manager's key management team has an average of over 20 years' experience in the property, managed funds and financial services industries including extensive experience in establishing and managing property funds and their portfolios.

Further details on the Manager are available at [www.capitalpropertyfunds.com.au](http://www.capitalpropertyfunds.com.au).

#### **(a) Julia Novella – Capital Property Funds Pty Limited – Head of Funds Management**



Julia holds a Bachelor of Business (Land Economics), a Masters of Property Development and is a certified Property Agent.

Julia is well qualified and has extensive knowledge of the property industry spanning over 25 years.

Julia commenced her career in property and asset management working with major real estate agencies such as Raine & Horne Commercial, Stanton Hillier Parker and CBRE.

Prior to Capital Property Funds, Julia held senior roles specialising in the asset management of commercial, retail and industrial properties.

Julia worked on the Meridian Investment Trust at Global Funds Management, and following several mergers & acquisitions, moved to Tyndall Investment, James Fielding and Mirvac. She has over 15 years' asset management experience specialising in the funds management area.

Julia has implemented management systems and provided input into strategic business planning, while maintaining an overall view of property market trends and opportunities in an effort to maximise the performance of property assets.

## **(b) Andrew Kerr – Executive Director of Capital Property Funds Pty Limited – Corporate Finance**



Andrew has a Bachelor of Commerce (Valuation & Property Management), a Masters of Commerce (Finance) from the University of New South Wales and is also a Chartered Financial Analyst (CFA).

Andrew has extensive knowledge and over 25 years' experience within the financial services and real estate industries. Andrew was previously Managing Director, Head of Real Estate, Merrill Lynch, Sydney, and has held senior real estate investment banking positions at UBS and Goldman Sachs.

Prior to his investment banking experience Andrew was previously an Equity Analyst at UBS responsible for the Infrastructure & Utilities sectors and Director and Head of Strategic Investment Advice division at Jones Lang LaSalle. Andrew was a founding Managing Director of Telopea Real Estate Partners, a real estate group covering real estate advisory and investment management, capital markets transactions, initial public offerings, principal investing, development, asset repositioning, investment sales and funding for all major property types and classes. He is a former director of the ASX-listed Becton Property Group and Living and Leisure Australia Group.

Andrew is a member of the Capital Property Funds Investment Committee and is responsible for overseeing all structuring and financing of property transactions.

## **(c) Joe Christie – Executive Director of Capital Property Funds Pty Limited – Funds Management, Distribution and Investor Relations**



Joe has a Bachelor of Commerce (major in Accounting), a CPA qualification and also has a Graduate Certificate in Applied Finance.

After completing university, Joe spent the early years of his career in chartered accounting with KPMG (Sydney) and subsequently moved into financial services where he has spent the past 15 years.

Immediately prior to Capital Property Funds, Joe worked at Trilogy Funds Management Limited as a business development manager for approximately 8 years,

Prior to Trilogy Funds Management, Joe was the national business development manager for Oasis Asset Management Limited.

Joe is responsible for establishing an investment fund once an opportunity has been identified by the origination team and this includes preparing the scheme documents, negotiating any debt facilities and liaising with third party research providers. Joe also assists the property & loan origination team conduct financial feasibility analysis of potential property acquisitions or lending opportunities.

## **4.4. Custodian**

The Responsible Entity performs self-custody in respect of the Fund's assets. The Responsible Entity may appoint and/or change an appointed custodian from time to time without notice to you. If the Responsible Entity appoints an external custodian, then the role of that custodian is limited to holding assets of the Fund and it has no supervisory role in relation to the operation of the Fund. The custodian does not make investment decisions in respect of the assets held or manage those assets, and has no liability or responsibility to Investors in the Fund.

## 5. Fees & other costs

Please note that to assist with comparability with the current PDS for the 601 Coronation Drive Fund, fees and costs have been shown for compliance with the current Schedule 10 to the *Corporations Regulations 2001* (Cth) (as amended by ASIC Class Order [CO 14/1252] and the transitional version of ASIC Regulatory Guide 97 *Disclosing fees and costs in PDSs and periodic statements* (RG 97)). However, if the restructure proposal is passed and this PDS is issued, it is proposed that the PDS be updated for compliance with the new RG 97 regime as set out in the ASIC *Corporations (Disclosure of Fees and Costs) Instrument 2019/1070*, which applies to all PDSs given on or after 30 September 2022.

Please note that the new RG 97 regime contains different presentation rules and calculation methodologies for certain components of fees and costs, and the fees and costs that are disclosed in the PDS that is issued may differ from the fees and costs set out in this draft PDS as a result, including potentially increase. However, any changes to the fees and costs figures set out in this draft PDS will be as a result of the application of the new RG 97 regime, and the quantum of the fees charged by the Responsible Entity and Manager in the issued PDS will not change from those currently disclosed in this draft PDS.

### 5.1. Consumer advisory warning

#### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features, such as superior investment performance, or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable.

Ask the fund or your financial adviser.

#### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### 5.2. What are the fees and costs of the Fund?

#### Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment, or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

The fees and costs in the below table are inclusive of the net effect of GST (i.e. inclusive of GST and net of any input tax credit, or reduced input tax credit, as applicable) and where applicable have been rounded to two decimal places.

<b>CPF Diversified Property Fund</b>		
<b>Type of fee or cost</b>	<b>Amount</b>	<b>How and when paid</b>
<b>Fees when your money moves in or out of the product</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Management costs</b>		
<i>The fees and costs of managing your investment<sup>1</sup></i>	<b>Management fee</b> 0.56% p.a. of the gross asset value of the Fund.	Calculated and accrued daily and paid to the Manager monthly in arrears out of the Fund's assets.
	<b>Property acquisition fee</b> For direct property acquisitions: up to 2.05% of the gross purchase price of any property assets acquired by the Fund. For fund-through deals: up to 2.05% of the final value of the completed property asset.	For direct property acquisitions, payable to the Manager upon completion of a property asset by the Fund. For fund-through deals, payable to the Manager in two instalments - the first upon completion of the initial acquisition of the property asset, and the second upon completion of the construction/project.
	<b>Sale fee</b> 1.03% of the gross sale price of any property assets sold by the Fund.	Payable to the Manager on settlement of a property asset of the Fund.

**CPF Diversified Property Fund**

Type of fee or cost	Amount	How and when paid
	<p><b>Performance fee</b> 20.5% of the Fund's outperformance (if any) over the Performance Fee Hurdle.</p>	<p>Calculated and payable to the Manager for each 12 month period ending 30 June, if applicable.</p>
	<p><b>Responsible Entity fee</b> The higher of the following:</p> <ol style="list-style-type: none"> <li>1. \$75,240 p.a. plus \$10,446 p.a. for each additional property owned by the Fund. This fee is indexed to the higher of 3% or CPI on 1 July each year; or</li> <li>2. 0.05% p.a. on the gross asset value of the Fund up to \$100 million and 0.03% p.a. thereafter of the gross asset value of the Fund.</li> </ol>	<p>Calculated and accrued daily and paid to the Responsible Entity monthly in arrears out of the Fund's assets.</p>
	<p><b>Custody fee</b> The higher of the following:</p> <ol style="list-style-type: none"> <li>1. \$15,990 p.a. indexed to the higher of 3% or CPI on 1 July each year; or</li> <li>2. 0.03% p.a. on the gross asset value of the Fund up to \$50 million and 0.02% p. a. on the gross asset value of the Fund over \$50 million.</li> </ol>	<p>Calculated and accrued daily and paid to the Responsible Entity monthly in arrears out of the Fund's assets.</p>
	<p><b>Expenses</b> 0.36% p.a. of the gross asset value of the Fund.</p>	<p>Expenses generally include:</p> <ul style="list-style-type: none"> <li>• Fund accounting and administration fees;</li> <li>• costs of maintaining the register of Investors;</li> <li>• development management fees for fund-through deals;</li> <li>• external audit fees;</li> <li>• property valuation fees;</li> <li>• ad hoc legal fees; and</li> <li>• other general Fund expenses.</li> </ul>

CPF Diversified Property Fund		
Type of fee or cost	Amount	How and when paid
		These fees are generally paid as incurred or reimbursed to the Responsible Entity or the Manager (as applicable) from the assets of the Fund.
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

<sup>1</sup>The fees and costs that are based on the gross assets of the Fund are based on the gross assets as at 31 December 2021 of \$52,485,081 and are inclusive of the net effect of GST.

### 5.3. Example of annual fees and costs

This table gives an example of how the fees and costs for this product can affect your investment over a one-year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example - CPF Diversified Property Fund		
Balance of \$50,000 with a contribution of \$5,000 during the year		
Contribution Fee	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management Costs	2.36% per annum. <sup>1</sup>	<b>And</b> , for every \$50,000 you have in the CPF Diversified Property Fund you will be charged \$1,180 each year. <sup>1</sup>
<b>EQUALS</b> Cost of the CPF Diversified Property Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$1,180*

<sup>1</sup> Based on the Fund having net assets of \$25,687,834 as at 31 December 2021.

\*Additional fees may apply. Please also note that the above example assumes that the additional \$5,000 is contributed at the end of the year and that the value of the investment does not change over the year.

## 5.4. Additional explanation of fees and costs

### (a) Management costs

Management costs are comprised of fees payable to the Responsible Entity and the Manager (including performance fees), as well as expenses. Management costs do not include transactional and operational costs. Further details on the various components of the management costs are set out below.

<b>Breakdown of Management Costs</b>	<b>As a % of NAV</b>
Management Fee	1.24%
RE Fees	0.31%
Custody	0.07%
Expenses	0.74%
<b>Total</b>	<b>2.36%</b>

The above table does not include any potential performance fees, sale fees or property acquisition fees as these fees are not forecast to be incurred for the financial year ending 30 June 2022.

### (b) Acquisition fee

#### Direct property acquisitions

For direct property acquisitions, the Manager can be paid a maximum acquisition fee of up to 2.05% (inclusive of the net effect of GST) of the gross purchase price of any property purchased by the Fund. This fee is paid to the Manager by the Fund on completion of the acquisition of a property.

#### Fund-through deals

For fund-through deals, the Manager can be paid a maximum acquisition fee of up to 2.05% (inclusive of the net effect of GST) of the final value of the completed property asset. This will be paid in two instalments.

The first instalment will be calculated on the initial acquisition price and paid upon completion of the initial acquisition of the property asset (for example, on acquisition of a vacant block of land). The second instalment will be calculated on the improved value of the property asset and paid upon completion (for example, upon completion of a building or construction of a project).

### (c) Sale fee

This fee is payable to the Manager upon settlement of the sale of a property asset owned by the Fund. This fee is 1.03% (inclusive of the net effect of GST) of the gross sale price of a property owned by the Fund and is paid out of the assets of the Fund.

### (d) Management fee

The Manager is entitled to receive a management fee of 0.56% p.a. (inclusive of the net effect of GST) of the gross asset value of the Fund for acting as investment manager of the Fund.

For example: if the gross assets of the Fund were \$51,250,000 then the Manager would be entitled to an annual fee equating to \$288,922 inclusive of the net effect of GST.

The management fee is calculated and accrued daily and paid monthly in arrears from the Fund's assets.

The Manager may at its discretion waive or defer the management fee either in whole or in part.

**(e) Performance fee**

In addition to the management fee, the Manager may be entitled to be paid an annual performance fee, which forms part of the management costs for the Fund.

The performance fee (if any) is calculated and payable out of the assets of the Fund during each 12 month period ending on 30 June.

The performance fee is equal to 20.5% (inclusive of the net effect of GST) of the amount the Fund provides a return above the Performance Fee Hurdle for each 12 month period ending on 30 June.

The Performance Fee Hurdle is a total return benchmark, and as at the date of the PDS, is 8.00% p.a.

The Performance Fee Hurdle for the Fund is reviewed each 12 month period ending 30 June and is published on both the Manager's and the Responsible Entity's websites.

**Example of the performance fee calculation**

Assumptions:

- The Performance Fee Hurdle is 8.00% p.a.
- On 1 July of the performance year, the Unit Price of the Fund is \$1.00
- During the performance year the Fund distributed income of 6.00% p.a.
- On 30 June of the performance year, the Unit Price of the Fund is \$1.03
- The subscribed equity for the Fund is \$25,000,000

Based upon the above example the performance fee would be calculated as follows:

	%	\$
Performance Fee Hurdle	8.00%	\$2,000,000 (this is the total return required)
Income	6.00%	\$1,500,000
Capital Growth	3.00%	\$750,000
		+
		=
Total Return	9.00%	<u>\$2,250,000</u>
Out Performance	1.00%	\$250,000
Performance Fee	@20.5% (incl GST)	<b>\$51,250</b> (inclusive of GST)

In the above example the Manager would be entitled to a performance fee equating to 20.5% of the outperformance being \$51,250 (inclusive of the net effect of GST).

#### **(f) Responsible Entity fee**

The Responsible Entity is entitled to receive a monthly responsible entity fee equating to the higher of the following:

1. \$75,240 p.a. (inclusive of the net effect of GST), and \$10,446 p.a. (inclusive of the net effect of GST) for each additional property owned by the Fund. This fee is indexed to the higher of 3% or CPI on 1 July each year; or
2. 0.05% p.a. (inclusive of the net effect of GST) of the gross asset value of the Fund up to \$100 million and 0.03% p.a. (inclusive of the net effect of GST) of the gross asset value of the Fund thereafter.

For example: if the gross assets of the Fund were \$51,250,000 then the Responsible Entity would be entitled to an annual fee equating to \$75,240 (inclusive of the net effect of GST).

The gross value of the Fund's assets includes the gross value of the assets of any sub-entities, adjusted if relevant, and based on the proportional direct or indirect ownership of the Fund in the sub entity.

This fee is calculated and accrued daily and paid to the Responsible Entity monthly in arrears from the Fund's assets.

#### **(g) Custody fee**

The Responsible Entity is also entitled to receive a monthly custody fee for the provision of custodial services equating to the higher of the following:

1. \$15,990 p.a. (inclusive of the net effect of GST) indexed to the higher of 3% or CPI on 1 July each year; or
2. 0.03% p.a. (inclusive of the net effect of GST) on the gross asset value of the Fund up to \$50 million and 0.0205% p.a. (inclusive of the net effect of GST) on the gross asset value of the Fund over \$50 million

For example: if the gross assets of the Fund were \$51,250,000 then the custody fee would equate to \$15,990 (inclusive of the net effect of GST).

The gross value of the Fund's assets includes the gross value of the assets of any sub entities, adjusted if relevant, and based on the proportional direct or indirect ownership of the Fund in the sub entity.

This fee is calculated and accrued daily and paid to the Responsible Entity monthly in arrears from the Fund's assets.

#### **(h) Expenses**

The expenses of the Fund are estimated to be 0.36% p.a. (inclusive of the net effect of GST) of the gross asset value of the Fund for the financial year ending 30 June 2022.

Expenses include but are not limited to the following:

- Fund accounting & administration fees.
- Costs of maintaining the register of investors.
- Development management fees for fund-through deals.
- External audit fees.
- Property valuation fees.
- Ad hoc legal fees.

- Other general Fund expenses.

Expenses are generally paid from the Fund's assets when incurred or reimbursed from the Fund's assets to the Responsible Entity or the Manager (as the case may be).

On some occasions the Responsible Entity may also incur abnormal or infrequent expenses such as costs associated with any meetings of Investors, costs of litigation to protect Investors' rights, costs to defend claims in relation to the Fund, legal fees, once off or non "business as usual" fees, and termination and wind up costs. No estimate has been made in respect of abnormal expenses. However, all abnormal expenses will be charged to the Fund as and when they are incurred.

**(i) Transactional and operational costs**

The Responsible Entity estimates the Fund will not incur any transactional or operational costs. Investors will be advised of any changes which may take the form of a notice at [https://www.capitalpropertyfunds.com.au/CPF\\_diversified\\_property\\_fund](https://www.capitalpropertyfunds.com.au/CPF_diversified_property_fund).

There were no transactional or operational costs incurred in the previous financial year ended 30 June 2021 and the Manager does not forecast any transactional or operational costs for the financial year ending 30 June 2022.

If the Fund were to acquire a property, costs such as;

- stamp duty;
- agent's fees;
- brokerage; and
- other acquisition costs,

would be incurred by the Fund. Such costs would be recoverable from the Fund and would be an additional cost to Investors in the Fund, although it would be taken into account in the Unit Price and not separately charged to Investors.

**(j) Buy/Sell spread**

The buy/sell spread reflects the transaction costs the Fund incurs in buying or selling investments as a result of Investors subscribing or redeeming Units, and the administrative costs associated with issuing or redeeming Units in the Fund. Any buy/sell spread will not be paid to the Responsible Entity but rather remains as an asset of the Fund.

At the time of this PDS, there is currently no buy/sell spread. However, the buy/sell spread is reviewed on a regular basis and may be charged by the Responsible Entity when the Responsible Entity considers it appropriate. Changes to the buy/sell spread will be updated on the Manager's website.

**(k) Goods and services tax**

Unless otherwise stated, all fees set out in this section are inclusive of the net effect of GST. This includes GST, net of input tax credits or reduced input tax credits as applicable. The Fund may not be entitled to claim a full input tax credit in all instances. Further information on the tax implications associated with an investment in the Fund is set out in Section 7.

**(l) Waiver or deferral of fees**

The Responsible Entity and the Manager may, at their discretion, accept lower fees and expenses than they are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid.

**(m) Maximum fees**

- The Constitution allows the Responsible Entity to charge the following maximum fees: An ongoing responsible entity fee of 5% p.a. (exclusive of GST) of the gross value of the Fund's assets.
- A custody fee of 0.03% p.a. (exclusive of GST) of the gross value of the Fund's assets.

The Responsible Entity has executed an agreement with the Manager that limits the responsible entity fees and custody fees payable to the Responsible Entity, as well as the fees payable to the Manager, to the fees which have been disclosed in this PDS.

The Responsible Entity may change the fees without consent of the Investors provided it first obtains the written consent of the Manager and the fees remain below the maximum fee. The Responsible Entity will provide at least 30 days' notice if it intends to increase the fees in those circumstances.

# 6. Risks

## 6.1. Overview

Neither the Responsible Entity nor the Manager guarantee that distributions will be paid and/or the return of your capital either in whole or part.

Like any investment, there are risks associated with investing in the Fund. There are a number of risk factors that could affect the performance of the Fund and the repayment of your capital. Many risk factors fall outside of the Responsible Entity's and Manager's control and cannot be completely mitigated.

The following is a non-exhaustive list of the main risks associated with an investment in the Fund. You should consider and weigh them up carefully and make your own assessment as to whether you are comfortable with them.

Investors should read this PDS in its entirety and consider the following risk factors and, if necessary, consult their accountant, financial adviser, stockbroker, lawyer or other professional adviser prior to making an investment in the Fund.

## 6.2. Significant risks relating to the investment strategy and the Manager

The investment strategy adopted by the Manager on behalf of the Fund includes inherent risks. These include, but are not limited to, the following:

1. The Fund's success and profitability is reliant upon the ability of the Manager to devise and maintain investments that achieve the investment objective and investment strategy.
2. The ability of the Manager to continue to manage the Fund which may be compromised by such events as the loss of key staff.

There is no guarantee the investment strategy will be managed successfully or will meet its investment objectives. Failure to do so could negatively impact the performance of the Fund.

The Manager may not manage the Fund's assets in a manner that consistently meets the investment objectives of the Fund. In addition, the Manager may cease to manage the Fund, requiring the Responsible Entity to find an alternative replacement manager, and this may affect the Fund's success and profitability.

If the Manager ceases to manage the Fund and the Investment Management Agreement is terminated, then termination fees may be payable by the Fund and the Responsible Entity will need to identify and engage a suitably qualified and experienced manager to manage the Fund and continue to implement the investment strategy.

## 6.3. Significant risks relating to the Fund

The following risks relate to an investment in the Fund and may impact the performance of the Fund:

### **Management risk**

The Manager is responsible for managing the Fund's investments on a day-to-day basis. If the Manager fails to do so effectively, then this could negatively affect the Fund's performance. In particular, there is a risk that the Manager may fail to anticipate movements in the property market, fail to manage the investment risks appropriately or fail to properly execute the Fund's investment strategy. These factors could have an adverse impact on the financial position and performance of the Fund.

### **Availability of investments**

There is no guarantee the Manager will find sufficient investment opportunities.

If this were the case, the Fund may accumulate excess cash holdings which may dilute the investment return payable to Investors. The Manager will attempt to mitigate this cash drag by investing in ASX listed REITS, property based mortgage investments & fixed interest securities.

### **Distribution risk**

Distributions will be paid at the discretion of the Responsible Entity on advice from the Manager. The Responsible Entity's ability to pay a distribution from the Fund is contingent on the income the Fund receives from the Fund's property assets. No guarantee can be given concerning the future earnings of the Fund or the return of your investment.

The Manager seeks to minimise this risk by using the collective experience of the investment team to select appropriate property assets.

### **Liquidity and withdrawal risk**

Many of the Fund's underlying assets, being property based, may be illiquid in nature, meaning they cannot be readily converted to cash, either at all or quickly enough to meet liabilities.

The Manager will manage, analyse and monitor the liquidity position of the Fund and will take such action as may be required to enable the Fund to discharge its liabilities and meet its cash flow requirements in the best interests of Investors of the Fund as a whole.

In the event there are insufficient liquid assets held in the Fund, the Responsible Entity may suspend withdrawals or postpone/delay the payment of withdrawals.

There is no right for Investors to require their Units to be purchased by the Responsible Entity or by any other person.

### **Fund risk**

The Fund could terminate, or the fees and expenses paid from the assets of the Fund could change.

### **Regulatory and economic risk**

There is the risk that the value of an investment may be affected by changes in domestic or international policies, regulations or laws (including taxation laws). There is also a risk that a downturn in domestic or international economic conditions may adversely affect investments. These factors are outside the control of the Manager, but they may have a negative impact upon the operation and performance of the Fund.

### **Taxation risk**

The returns to Investors may be affected by changes to taxation legislation. Changes to taxation legislation may necessitate a change to the Fund's structure to ensure Investor interests are protected.

### **Litigation risks**

From time to time, the Responsible Entity or the Manager may be involved in litigation. This litigation may include, but is not limited to, contractual claims. If a claim is pursued against the Responsible Entity or the Manager, then the litigation may adversely impact on the profits and financial performance of the Fund. Any claim, whether successful or not, may adversely impact on the Unit Price and/or the return on your investment.

## **6.4. Significant risks relating to the Fund's investments**

The following risks relate to the Fund's investments and may impact the performance of the Fund:

### **Property market risk**

A general downturn in the property market or a fall in property values may have an adverse effect on the value of properties owned by the Fund.

If a significant downturn was to occur, Investors may experience a loss of capital and also a loss of income.

### **Insurance risk**

The performance of the Fund may be adversely affected where losses are incurred due to uninsurable risks, uninsured risks or under-insured risks.

### **Liquidity risk**

There is a risk that the Investors may not be able to exit the Fund via the limited withdrawal mechanism. For example, there is a risk that there may be too many Investors wishing to exit the Fund at the same time and not all redemption requests are able to be satisfied in full.

### **Capital expenditure risk**

Capital expenditure on any real property asset held by the Fund could exceed expectations.

## **Economic and market risk**

The overall investment performance of the Fund may be impacted by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

## **Disaster risk**

Disasters such as natural phenomena, acts of god and terrorist attacks may damage or destroy any real property assets held by the Fund. It is not possible to insure real property assets against some of these events. Occurrence of these events could also lead to insurance becoming unavailable for such events in the future, or premiums increasing above levels expected.

## **Distribution risk**

There is no guarantee that the Fund will pay distributions at the rate forecast or at all. Further, there is a risk that the Manager is not able to secure assets that provide the same yield as the Property and that the overall yield paid to Investors is reduced.

## **Asset selection risk**

An open-ended fund provides CPF, as investment manager of the Fund, with discretion to invest in other property and property-based assets. CPF may invest in assets that do not perform and reduce the investment return for Investors or increase the risk exposure of the Fund.

## **Fees and costs risk**

There is a risk that the Fund incurs greater fees and costs as a proportion of the overall asset base of the Fund which could result in reduced investment returns for Investors.

## **Tenant risk**

There is a risk that a tenant may default on a lease agreement and as a result is unable to meet their obligations under the lease agreement such as paying rent or 'making good' the premises at the end of the lease agreement.

In order to mitigate this risk, the Manager usually requires a bank guarantee for all leases executed by the Fund.

The bank guarantee may be called by the Fund and used to help secure a new tenant and also supplement any lease default.

As at the date of the PDS, the Fund owns a property located at 601 Coronation Drive Toowong QLD. Two major tenants within the property have leases that will expire in November & October 2023. There is a risk that if the tenants do not renew their leases, the Fund may not meet its Target Return for the year ending 30 June 2024.

## **Development risk**

The Fund may take on development risk, where the Fund may provide debt finance for a development project, or the Fund may enter into a 'fund-through deal' in order to acquire a property.

There is a risk that the Fund does not control the development risk appropriately and as a consequence the Fund may suffer a loss or a lower return that is not commensurate for the risk taken on.

## **Valuation risk**

The valuation of the property acquired by the Fund may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. If the valuation is incorrect, then the Fund may 'over pay' for the property and this would have a negative impact on Investor returns.

Valuation risk may also apply to other investments made by the Fund. For example, an ASX listed REIT investment may be suspended from trading, interest rate rises may cause fixed income investments to become expensive and mortgage backed securities to have underlying defaults.

## **Due diligence risk**

In all investments there exists a risk that material items that could affect the performance of individual investments are not identified during the investment analysis process and that these risks are not mitigated by the Responsible Entity or Manager.

## **Market risk**

Market risk is a generic term to describe the risk factors affecting the securities markets generally that could adversely affect the value of investments in the Fund. These factors include inflation rate increases, real or perceived unfavourable market conditions, investor behaviour, economic cycles and climate, movements in interest rates and foreign exchange rates, changes in domestic and international economic conditions which generally affect business earnings, political and natural events and changes in government monetary policies, taxation and other laws and regulations.

## **Interest rate risk**

Currently both domestic and global interest rates are at historic lows. There is a risk that interest rates rise and this may have a negative economic impact on both the domestic and global economy which could cause the capital value of properties owned by the Fund to decrease in value.

Further, a significant increase in interest rates could cause a general economic downturn which could impact both the income returns payable by the Fund and also the capital growth delivered by the Fund.

## **Debt & borrowing risk**

The Fund has incurred borrowings in order to acquire property assets. A material fall in the value of the property(s) of the Fund or the net income derived from those property(s) could result in a breach of the Fund's debt facility.

If there is a default of the debt facility, the financier may enforce its security against the Fund's assets and, amongst other things, sell one or more of the Fund's assets.

Market volatility may also impact the Manager's ability to refinance existing debt or secure debt to acquire further properties at what the Manager considers to be reasonable interest rates.

## 6.5. General risks

In addition to the specific risks identified above, general risks can affect the value of an investment in the Fund. These include the following:

- (a) The state of the Australian and world economies.
- (b) Inflation movements.
- (c) Negative consumer sentiment, which may keep the value of assets depressed.
- (d) Natural disasters and man-made disasters that are beyond the control of the Responsible Entity.
- (e) The illiquidity and cost of capital markets.

## 6.6. COVID-19

Any number of unknown risks may arise as a result of the current COVID-19 pandemic or any future pandemics which may adversely impact the Fund and returns to Investors.

**The performance of the Fund, the repayment of capital or of any particular rate of return, is not guaranteed by the Responsible Entity, the Manager or their directors or associates. Investment, including in property related assets, by its nature carries a level of risk and no guarantee is or can be given that an investment in the Fund will not decrease in value and that Investors will not suffer losses.**

# 7. Taxation

The following section provides a summary of the Australian tax matters and is not to be relied upon as a complete statement of all tax laws that impact the Fund.

The summary provides a general overview for Australian tax resident investors that hold their investment in the Fund on capital account and is based on Australian tax laws as at the date of this memorandum.

Investors should seek their own independent tax advice in relation to their investment in the Fund. Australian tax laws are complex and different outcomes may apply based on the investor's personal circumstances. Any non-resident investors will need to obtain independent advice in relation to the tax impacts of their investment in the Fund.

## 7.1 Taxation of the Fund

### *General taxation*

The Fund is an Australian resident unit trust. The Fund will generally not be liable to pay income tax on the basis that its Investors will be presently entitled to all the Fund's distributable income each income year.

Further, the ownership of the Fund is not intended to be such that the Responsible Entity is subject to tax under Division 6C of Part III of the Income Tax Assessment Act 1936 as a public trading trust (which is taxed like a company).

### *Tax losses*

For Australian tax purposes, tax losses incurred by the Fund (whether revenue or capital) cannot be distributed to Investors but may accumulate in the Fund. Accumulated losses may be carried forward to offset the Fund's future taxable income (subject to the satisfaction of the loss recoupment rules).

### *Managed Investment Trust status*

The Fund expects to qualify as a Managed Investment Trust (**MIT**) for Australian income tax purposes, however, it does not guarantee that this will be the case. The Fund also intends to make an irrevocable election to apply the Attribution MIT (**AMIT**) to the Fund.

This means that the Fund will be:

- a) eligible to make a capital account election under the Australian MIT provisions;
- b) able to withhold tax from "Fund payments" to non-resident Investors at the concessional MIT withholding tax rate; and
- c) able to determine that trust components be attributed to certain members of the Fund

If the Fund does not qualify to utilise the AMIT regime or ceases to qualify to use it at a later point, each member of the Fund would be entitled to the net income of the Fund based on present entitlement. This could have negative tax consequences to the

member, which include being taxed on its proportion of all gains made by the Fund, not just those that relate to its redemption or disposal of Units.

## **7.2 Tax on distributions**

Investors may have a tax liability when they receive a distribution from the Fund. The Investor will be liable to tax on their proportionate share of the taxable income of the Fund. The Investor's share of taxable income will be assessed in the financial year in which the entitlement arises, even though the Investor may not have received the income in the same financial year.

Distributions from the Fund may comprise of different components. These include interest, net capital gains, other income, and tax deferred amounts.

Tax deferred amounts should not form part of the Investor's taxable income in the year that the distribution, rather, the Investor's cost base in the Units is reduced by the tax-deferred component. If the Investor's cost base is reduced to nil, tax deferred amounts are considered taxable income in the year they are attributed to the taxpayer.

## **7.3 Tax on disposal or redemption of Units**

An Investor may be subject to tax if they dispose of or redeem Units in the Fund. Investors are required to include any realised capital gains or losses on disposal or redemption in calculating their net capital gain or loss for an income year.

Gains that arise from the disposal or redemption on the sale of Units that the Investor has held for greater than twelve months may be entitled to a 50% discount for individuals and trusts or one third for superannuation entities. There is no discount available to gains made by corporate taxpayers.

## **7.4 Tax file number**

Investors may provide the Manager with their tax file number (**TFN**), or TFN exemption, or if investing in the Fund in the course of an enterprise, quote an Australian Business Number (**ABN**). It is not compulsory for Investors to quote a TFN, TFN exemption or ABN, however, if an Investor does not provide the Manager with this information, the Responsible Entity is required to deduct tax from any distribution payable to that Investor at the highest marginal tax rate plus the Medicare levy (and any other applicable levies). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws.

## **7.5 Goods and Services Tax**

The issue and withdrawal of Units in the Fund, and the receipt of distributions will not be subject to Goods and Services Tax (**GST**). However, GST is generally payable on various acquisitions made by the Fund. The Fund may be able to claim input tax credits and/or Reduced Input Tax Credits (**RITCs**) of at least 55% of the GST incurred.

## **7.6 US Foreign Account Tax Compliance Act**

In order for the Fund to comply with the requirements of the US Foreign Account Tax Compliance Act (**FATCA**), the Responsible Entity:

- a) may collect certain information about Investors and undertake certain due diligence procedures to determine an Investor's status for FATCA reporting purposes;
- b) will report annually to the IRS, via the ATO, in relation to relevant Investors' financial information (if any) in respect of investments in the Fund; and
- c) may withhold tax on US connected payments to non-participating foreign financial institutions.

By making an application to invest in the Fund, each Investor agrees to provide the Responsible Entity with the identification documents and related information that is required for the Responsible Entity to comply with its FATCA obligations.

## **7.7 Common Reporting Standard**

The Common Reporting Standard (**CRS**) is a global standard for the collection, reporting and exchange of financial account information on foreign tax residents. The requirements are like those which exist under FATCA (i.e., collecting and providing certain information about foreign tax residents to the ATO). Under the CRS, the ATO may exchange information with the tax authority of each of the jurisdictions that has adopted CRS legislation.

By making an application to invest in the Fund, each Investor agrees to provide the Responsible Entity with the identification documents and related information that is required for the Responsible Entity to comply with its CRS obligations.

# 8. Important documents

## 8.1. Constitution

The Fund has been registered with ASIC as a managed investment scheme pursuant to Chapter 5C of the Corporations Act. The rights and obligations of both the Responsible Entity and Investors are determined by the Constitution and the Corporations Act, together with any relief issued by ASIC and the general law relating to trusts. If you invest in the Fund, then you agree to be bound by the terms of the Constitution.

Set out below is a brief summary of the key features of the Constitution. However, Investors should confirm all information by reference to the Constitution itself, a copy of which is available free of charge from the Responsible Entity. Investors are advised to seek advice from a legal or financial adviser and obtain a copy of the Constitution.

### (a) Units

The beneficial interest in the Fund is divided into Units. A Unit confers on the unitholder an undivided beneficial interest in the Fund as a whole, subject to trust liabilities. No single Investor has a claim on any specific asset of the Fund. An Investor holds a Unit subject to the rights and obligations attaching to that Unit. Units may be issued at a price determined by the Responsible Entity, subject to the provisions of the Corporations Act and any ASIC relief.

The Constitution gives power to the Responsible Entity to issue new Units, subject to the terms and conditions of the Constitution. The Responsible Entity is exercising this power to make the Offer under this PDS.

### (b) Liability of Investors

The liability of each Investor is limited to its invested equity in the Fund. Investors are not required to indemnify the Responsible Entity or a creditor of the Responsible Entity against any liability in respect of the Fund, however, this type of provision has not been tested by the courts.

### (c) Powers of the Responsible Entity

The Responsible Entity has all the powers in respect of the Fund it is possible under the law to confer on a natural person or corporation as though it was the absolute and beneficial owner of the assets of the Fund acting in its personal capacity. These include the power to invest in any property (whether real or personal) located in any jurisdiction, to borrow or raise money, grant a security interest over the Fund assets, enter into underwriting arrangements, to give guarantees and incur liabilities and obligations of any kind. The Responsible Entity may also authorise any person to act as its agent or delegate.

### (d) Responsible Entity remuneration and recovery of expenses

The Constitution makes provision for the maximum fees payable to the Responsible Entity. However, the Responsible Entity has agreed to charge the fees set out in Section 5.4. The Responsible Entity may (only with the written consent of the Manager) change the fees without consent of the Investors provided the fees remain below the maximum fee. The Responsible Entity will provide at least 30 days' notice if it intends to increase the fees in those circumstances. In addition, all costs, charges, expenses and outgoings properly incurred by the Responsible Entity in the proper performance of its duties may

be payable or reimbursable out of the Fund assets.

**(e) Responsible Entity's liability**

Except in the case of fraud, negligence or breach of trust, the Responsible Entity is indemnified out of the Fund assets for any liability (including tax liability) properly incurred by it or through any agent, manager, adviser or delegate in relation to the Fund. This indemnity is in addition to any indemnity under law (see Section 9.5).

**(f) Meetings**

The Constitution includes provisions which regulate the calling, holding and voting at meetings of Investors. It also confirms the quorum for a meeting is two Investors who hold or represent at least 20% (by value) of the Units in issue.

## **8.2. Compliance plan**

The Responsible Entity has a compliance plan for the Fund lodged with ASIC. The compliance plan describes the procedures used by the Responsible Entity to comply with the Corporations Act and the Constitution. The matters covered in detail in the compliance plan include:

- (a) promotion of the Fund and respective disclosures;
- (b) information technology;
- (c) the Constitution;
- (d) AFS licence requirements;
- (e) corporate governance and compliance agents and external service providers;
- (f) education, training and recruitment;
- (g) complaints handling;
- (h) record keeping;
- (i) custody;
- (j) investment management;
- (k) fees and Fund performance;
- (l) investment risks;
- (m) valuation of Fund assets; and
- (n) applications, redemptions and distributions.

An audit of the compliance plan is carried out on an annual basis by the compliance plan auditor and an audit report is lodged with ASIC providing an opinion on whether the Responsible Entity has complied with the compliance plan throughout the year and if the compliance plan continues to comply with the requirements of the Corporations Act and other relevant laws.

Copies of the compliance plan are available, free of charge, on request from the Responsible Entity.

## **8.3. Investment Management Agreement**

The Responsible Entity has appointed the Manager to provide investment management

services to the Fund pursuant to the Investment Management Agreement.

The IMA outlines the duties and obligations imposed upon the Manager by the RE. These obligations are designed to help ensure that the Fund is operated in a manner compliant with applicable law and this PDS.

The RE has also included obligations that are intended to help safeguard the interests of Investors.

## 9. Additional information

### 9.1. Conflicts of interests and related party transactions

The Responsible Entity may from time to time face conflicts between its duties to the Fund as the responsible entity, its duties to other funds they manage (if applicable) and its own interests.

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. The policy ensures that any actual or potential conflicts of interest are identified and appropriately dealt with.

The Responsible Entity may from time to time enter into other transactions with related entities. All transactions will be effected at market rates or on a commercial arm's length basis, and in accordance with the Corporations Act. By investing in the Fund, to the maximum extent permitted by law, Investors will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to the existence of any such conflict of interest.

### 9.2. Your privacy and disclosure of personal information

The *Privacy Act 1998* (Cth) regulates, among other things, the collection, disclosure and access to personal information.

Certain laws require us to collect, store and disclose information about you (including personal information), for example, the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Law**), the Corporations Act, the Foreign Account Tax Compliance Act (**FATCA**) and the *Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016* (Cth) (**CRS**). We may be required under the AML/CTF Law to provide information about you (including personal information) to the Australian Transaction Reports and Analysis Centre, the body responsible for regulating the AML/CTF Law. In respect of Investors who are ordinarily resident in a country other than Australia, both FATCA and CRS may require us to collect and disclose to the Australian Taxation Office information about you (including personal information) obtained from you.

If you do not provide the information requested in our Application Form, we (and our service providers) will not be able to process your Application (including any Application for additional Units) and your Application may be delayed or rejected. Where Applications are delayed or

refused, we are not liable for any loss you suffer (including consequential loss) as a result. Alternatively, if we accept your Application to the Fund when you have not provided all of the requested information, we may provide information about you to the relevant regulator.

We will be required to share information about you (including personal information) with service providers to the Responsible Entity in respect of the Fund (including the Manager) to ensure you receive the appropriate information and assistance in respect of your holding in the Fund.

By applying to invest in the Fund, you consent to your information (including your personal information) being collected, used and disclosed by the Unit Registry and by the Responsible Entity for the purposes disclosed above and in their respective Privacy Policies.

You are entitled to access, correct and update all personal information we hold about you. You can contact us to find out what personal information we hold about you or if you have any concerns about the completeness or accuracy of the information we hold. If you want us to correct any personal information we hold, please contact us using the details in this PDS.

A copy of our Privacy Policy is available on our website at [www.oneinvestment.com.au](http://www.oneinvestment.com.au) and a paper copy will be sent to you free of charge on request.

### 9.3. Complaints handling

The Responsible Entity takes complaints seriously and aims to resolve all complaints as quickly as possible. In the first instance, if you have a complaint, then you should notify the Responsible Entity immediately using the following contact details:

Address	Level 16, 1 Farrer Place Sydney NSW 2000
Post	Complaints Officer PO Box R1471 Royal Exchange NSW 1225
Phone	02 8277 0000
Email	<a href="mailto:complaints@oneasset.com.au">complaints@oneasset.com.au</a>

Once the Responsible Entity receives a complaint, the Responsible Entity will acknowledge it as soon as practicable and investigate the complaint with a view to resolving it and responding as soon as possible.

If you are a Retail Investor and are not satisfied with the Responsible Entity's response, then you can refer your complaint to the Australian Financial Complaints Authority, an external complaints handling body of which we are a member. The role of this body is to provide you a free and independent assessment of your complaint. The Australian Financial Complaints Authority can be contacted as follows:

Post	Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001
Phone	1800 931 678
Email	<a href="mailto:info@afca.org.au">info@afca.org.au</a>
Website	<a href="http://www.afca.org.au">www.afca.org.au</a>

### 9.4. Cooling-off

If the Fund is liquid and if you are investing as a Retail Investor, then a 14 day cooling-off period applies on an investment you make in the Fund, during which time you may change your mind about your Application and request the return of your money.

Generally, the cooling-off period runs for 14 days from the earlier of the time you receive the investment confirmation statement, or the end of the fifth Business Day after your Units are issued. The amount refunded to you may be less than your investment amount due to market movements, adjusted for Fund expenses, applicable taxes and transaction costs incurred and any changes in the value of the issued Units between the date of the Application and the date of withdrawal.

Interest earned on Application Money will form part of the Fund's assets and will not be paid to an Investor if an Application is rejected.

Indirect Investors should consult with their master trust or wrap service provider about any right to cooling-off, which may differ from those applying to Investors who purchase Units in the Fund directly.

Cooling-off rights do not apply to Wholesale Investors or while the Fund is not liquid.

## **9.5. Indemnity**

The Responsible Entity is indemnified out of the Fund against all liabilities incurred by it in properly performing or exercising any of its powers in the proper performance of its duties in relation to the Fund. This indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Subject to the law, the Responsible Entity may retain or pay out from the assets of the Fund any sum necessary to effect such an indemnity.

## **9.6. Environmental and ethical considerations**

Whilst the Responsible Entity and Manager each intend to conduct their affairs in an ethical and sound manner, the Fund's investment criteria does not include giving additional weight to labour standards, environmental, social or ethical considerations when making or realising an investment of the Fund.

## **9.7. Consents**

Each of the parties referred below has given and not, prior to the date of this PDS, withdrawn its written consent to the inclusion of the statements in this PDS made in the capacity specified below in the form and content in which the statements appear:

- (a) Capital Property Funds Pty Limited – the investment manager of the Fund.
- (b) Unity Fund Services Pty Ltd – the administrator for the Fund.
- (c) One Registry Services Pty Limited – the unit registry for the Fund.

## **9.8. Continuous disclosure**

As a disclosing entity under the Corporations Act, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Unitholders have a right to obtain a copy of the following documents:

- the annual financial report most recently lodged with ASIC by the Fund;
- any half-year financial report for the Fund lodged with ASIC by the Fund after the lodgement of that annual financial report and before the date of this PDS; and
- any continuous disclosure notices given by the Fund after the lodgement of that annual report and before the date of this PDS.

# 10. Glossary

<b>\$</b>	Australian dollars. All amounts in this PDS are in Australian dollars unless otherwise stated.
<b>Additional Application Form</b>	This is a form used by an existing Investor looking to make an additional investment into the Fund.
<b>Administrator</b>	Unity Fund Services Pty Ltd ACN 146 747 122.
<b>AEDT</b>	Australian Eastern Daylight Time.
<b>AEST</b>	Australian Eastern Standard Time.
<b>AFS licence or AFSL</b>	Australian financial services licence.
<b>AML</b>	Anti-money laundering.
<b>APIR Code</b>	OMF0020AU
<b>Applicant</b>	A person who submits an Application Form or Additional Application Form, and required Application Money pursuant to this PDS.
<b>Application</b>	An application for Ordinary Units under this PDS under an Additional Application Form or Application Form.
<b>Application Form</b>	The Application Form accompanying or provided with this PDS for Investors to apply for Ordinary Units.
<b>Application Money</b>	Money submitted by Applicants in respect of an Application pursuant to the Offer in cleared funds.
<b>APRA</b>	The Australian Prudential Regulation Authority.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ATO</b>	Australian Taxation Office.
<b>Business Day</b>	A day, other than a Saturday, Sunday or public holiday on which Australian banks are open for business in Sydney, Australia.
<b>Constitution</b>	The constitution of the Fund as amended from time to time.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth) for the time being in force together with the regulations.
<b>CPI</b>	Consumer Price (All Groups) Index.

<b>CRS</b>	Common Reporting Standard.
<b>FATCA</b>	U.S. income tax laws commonly referred to as the Foreign Account Tax Compliance Act.
<b>Fund</b>	CPF Diversified Property Fund ARSN 610 941 654.
<b>GST</b>	Goods and Services Tax.
<b>IDPS</b>	Investor-directed portfolio service.
<b>Indirect Investor</b>	An Investor who makes an investment into the Fund via a master trust, IDPS or other type of investment platform.
<b>Investment Management Agreement or IMA</b>	The agreement between the Responsible Entity and the Manager, a summary of which is included in Section 8.3.
<b>Investor</b>	A person who holds or subscribes for Ordinary Units in the Fund.
<b>LVR</b>	Loan-to-valuation ratio.
<b>Manager, Capital Property Funds or CPF</b>	Capital Property Funds Pty Ltd ACN 162 323 506, authorised representative number 000457306. The Manager is an authorised representative of Libertas Financial Planning Pty Ltd ACN 160 419 134 AFS licence number 429718.
<b>NAV</b>	Net asset value.
<b>NTA</b>	Net tangible assets.
<b>Ordinary Unit</b>	An ordinary unit in the Fund.
<b>Offer</b>	The offer to invest in the Fund and subscribe for Ordinary Units.
<b>OIG</b>	The One Investment Group of companies.
<b>Performance Fee Hurdle</b>	This is a total return benchmark which must be achieved before the Manager is eligible for the payment of a performance fee. The Performance Fee Hurdle is set for the Fund on 1 July each year and is 8.00% p.a. as at the date of the PDS.
<b>PDS</b>	This Product Disclosure Statement dated TBC 2022 and any replacement or supplementary product disclosure statement.
<b>Property</b>	The property at 601 Coronation Drive, Toowong, Queensland
<b>RBA Cash Rate</b>	The interest rate which banks pay to borrow funds from other banks in the money market on an overnight basis as published by the Reserve Bank of Australia.

<b>Responsible Entity or RE</b>	One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042.
<b>Retail Investor</b>	An Investor who is not a Wholesale Investor.
<b>RITC</b>	Reduced input tax credits.
<b>Target Return</b>	This is the return including income and growth that the Manager is targeting for the Fund for a given annual period ending on 30 June.
<b>TMD</b>	Target Market Determination.
<b>Underwriting Units</b>	An underwriting unit in the Fund, which may be redeemed in priority to Ordinary Units.
<b>Unit</b>	A unit in the Fund, being Ordinary Units and/or Underwriting Units (as the context requires).
<b>Unit Price</b>	The price of a Unit in the Fund.
<b>Unit Registry</b>	One Registry Services Pty Limited ACN 141 757 360.
<b>Valuation Date</b>	The last Business Day of each calendar month.
<b>Wholesale Investor</b>	An Investor who is a wholesale client for the purposes of Section 761G of the Corporations Act.
<b>Withdrawal Date</b>	The last Business Day of the relevant Withdrawal Period.
<b>Withdrawal Period</b>	A period ending 30 September and 31 March of each year.
<b>Withdrawal Request Form</b>	A request to withdraw from the Fund, the form of which can be found at <a href="http://www.oneregistryservices.com.au">www.oneregistryservices.com.au</a>