CLARENCE PROPERTY DIVERSIFIED FUND ARSN 095 611 804

FUND UPDATE

AUGUST 2024 - ASIC REGULATORY GUIDE 46

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Fund Update - August 2024

Clarence Property Diversified Fund

1 Introduction

In March 2012, ASIC revised Regulatory Guide 46: Unlisted property schemes – improving disclosure for retail investors. The Regulatory Guide sets out six benchmarks and eight disclosure principles which responsible entities of unlisted property schemes are required to report against in order to help retail investors understand the risks, assess the rewards being offered and decide whether these investments are suitable for them.

Since 30 June 2018 the units in Clarence Property Diversified Fund and Epiq Lennox Property Trust, collectively known as the Clarence Property Group ("Group"), have been stapled. The number of units in each Trust is equal and the unitholders identical. The units in each Trust cannot be traded separately.

This document has been prepared by Clarence Property Corporation Limited (the Manager) as the responsible entity of Clarence Property Diversified Fund and Epiq Lennox Property Trust in order to update investors on the Group's position against these benchmarks and disclosure principals.

The table below details the Group's position against each of the benchmarks and disclosure principals:

Gearing	Benchmark	**<70%**
	Current	**34%**
	Benchmark met	**Yes**
	Additional information	**See section 2**
Interest Cover	Benchmark	**>1.0**
	Current	**4.5 times**
	Benchmark met	**Yes**
	Additional information	**See section 3**
Interest Capitalisation	Benchmark	**Does the Group capitalise Interest**
	Current	**No**
	Benchmark met	**Yes**
	Additional information	**See section 4**
Scheme Borrowing	Borrowings summary:	
	Borrowings due in < 5 years	**$324m**
	Borrowings due in > 5 years	**$0m**
	Additional information	**See section 5**
Portfolio Diversification	Benchmark	**N/A**
	Current	**N/A**
	Benchmark met	**N/A**
	Additional information	**See section 6**
Valuation Policy	Benchmark	**Comply with Valuation Policy**
	Current	**Compliant**
	Benchmark met	**Yes**
	Additional information	**See section 7**
Related Party Transactions	Benchmark	**Comply with Conflicts of Interest Policy**
	Current	**Compliant**
	Benchmark met	**Yes**
	Additional information	**See section 8**
Distribution Practices	Benchmark	**Comply with Distribution Policy**
	Current	**Compliant**
	Benchmark met	**Yes**
	Additional information	**See section 9**
Withdrawal Arrangements	Benchmark	**N/A**
	Current	**N/A**
	Benchmark met	**N/A**
	Additional information	**See section 10**
Net Tangible Assets	Benchmark	**N/A**
	Current	**N/A**
	Benchmark met	**N/A**
	Additional information	**See section 11**

2 Gearing

2.1 Gearing Policy

Unlisted property schemes tend to use credit facilities (borrowings) to partly finance the purchase of properties. It is important for responsible entities to have policies in place which address the risks associated with these arrangements and to comply with these policies. It is also important for investors in these schemes to understand these policies.

The Manager maintains and complies with a written policy that governs the level of gearing at an individual credit facility level. The policy states the gearing ratio of the Group shall not exceed 70%.

2.2 Gearing Ratio

The gearing ratio set out in section 1 indicates the extent to which the Group's assets are funded by interest bearing liabilities. A ratio of 0% indicates zero debt funding and a ratio of 100% indicates that an entity is entirely debt funded.

Higher gearing levels may indicate a higher risk that the entity will become unable to adequately service its debt facilities, as a highly geared scheme has a low asset buffer to rely upon in times of financial stress.

The gearing ratio is calculated by dividing the total interest bearing liabilities of the Group by the total assets of the Group. The assets and borrowings used to calculate the gearing ratio are consistent with those included in the Group's latest audited financial statements (30 June 2024). The gearing ratio of the Group at 30 June 2024 was 34%.

Based on 31 August 2024 management accounts the gearing ratio has risen to 40% due to the acquisition of 120 Edward Street, Brisbane. The Group drew on a newly obtained debt facility of $54.5m and drew $12m against existing undrawn facilities to assist with the funding of this acquisition.

3 Interest Cover

3.1 Interest Cover Policy

Another key aspect relating to credit facilities used by unlisted property schemes to finance the purchase of property is interest cover. It is important for responsible entities to have policies in place that address the risks associated with these arrangements and to comply with these policies. It is also important for investors in these schemes to understand these policies.

The Manager maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level. The policy states the interest cover ratio of the Group shall at all times exceed 1.00.

3.2 Interest Cover Ratio

Interest cover gives an indication of the Group's ability to meet interest repayments from earnings. The Interest Cover Ratio (ICR) is calculated using the following formula:

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

EBITDA (earnings before interest, tax, depreciation and amortisation) and interest expense used in the calculation are consistent with those included in the Group's latest audited financial statements (30 June 2024).

Interest cover measures the ability of the Group to service interest on debt from its earnings. It is therefore a critical indication of the Group's financial health and key to analysing the sustainability and risks associated with the Group's level of borrowing. The higher the ratio, the easier it is for the entity to service its debt. The lower the ratio, the higher the risk the entity may be unable to adequately service its debt.

3 Interest Cover (continued)

A ratio of greater than 1.00 indicates the scheme is earning enough to cover interest payments and may be in a position to pay investors a distribution. The higher the ratio is above 1.00, the higher the possibility a distribution can be made. The interest cover ratio for the year ended 30 June 2024 was 4.5 times and since then has not materially changed.

4 Interest Capitalisation

When a scheme capitalises its interest expense, it is important for investors to understand how the scheme will meet its interest obligations when deciding whether to invest in the scheme.

The interest expense of the Group from its borrowings in relation to its development properties is not capitalised and is paid from earnings prior to any investor distributions.

The interest expense of the Group from its borrowings in relation to its rental investment properties is not capitalised and is paid from earnings prior to any investor distributions.

5 Scheme Borrowings

5.1 Debt Facilities

The Group has the following debt facilities as at August 2024:

	Maturity Date(s)	Facility Limit	Amount Drawn	Amount Undrawn	Hedged %	Post-hedging Interest Rate %
Common Terms Facility	Sep-25 to Sep-27	$232.6m	$219.6m	$13.0m	87%	4.28%
Edward Street Facility	Jul-28	$54.5m	$54.5m	$0.0m	N/A	5.95%
Logan Marketplace Facility	Jul-27	$8.0m	$7.8m	$0.2m	N/A	6.10%
Epiq Marketplace Facility	Sep-25	$19.8m	$19.8m	$0.0m	100%	3.95%
Epiq Childcare Facility	Aug-26	$2.3m	$2.3m	$0.0m	N/A	6.61%
Development Facility	Aug-26	$45.0m	$20.0m	$25.0m	100%	6.17%
Total	**N/A**	**$362.2m**	**$324.0m**	**$38.2m**	**71%**	**4.80%**

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5 Scheme Borrowings (continued)

5.2 Debt Facility Terms

The Group's borrowings are secured against its assets. This means that repayment of the borrowings ranks ahead of unitholders' interests in the Group. As a result, the borrowing maturity and finance facility expiry profiles of the Group are important factors to consider. For example, finance facilities which are due to expire within a relatively short timeframe can be a significant risk factor, especially in periods when finance is more difficult and expensive to obtain. A failure to renew finance facilities can adversely affect a scheme's viability. All finance facilities are non-recourse to unitholders.

A breach of a borrowing covenant may result in the banks charging default interest, requiring immediate repayment of the facilities or imposing a freeze on any further draw-down on the facilities. The banks also have a right to invoke an event of default in the event unitholders exercise their right to change the responsible entity.

The Group continues to meet its key obligations under the facility agreements.

Key Terms of Common Terms Facility

Secured bilateral loan facilities are held with multiple banks by the Group. The banks providing finance under the Common Terms Deed are secured pari passu by first registered mortgages over a specific pool of investment properties held by the Group. All principal amounts outstanding are due at the expiry of each facility.

	Facility Terms	Required	Aug-24
Common Terms Facility	First Ranking Mortgage	Y [1]	Registered
	Interest Cover Ratio	>2x [2]	2.98x
	Headroom to Covenant (ICR)		32.9% [3]
	Loan to Value Ratio	<55%	52%
	Headroom to Covenant (LVR)		4.9% [4]
	Group Loan to Value Ratio	<60%	42%
	Headroom to Covenant (Group LVR)		30.4% [5]

	Facility Terms	Required	Aug-24
Edward Street Facility	First Ranking Mortgage	Y [10]	Registered
	Interest Cover Ratio	>1.65x	2.98x
	Headroom to Covenant (ICR)	N/A	44.6% [3]
	Loan to Value Ratio	<60%	50%
	Headroom to Covenant (LVR)		16.7% [4]

	Facility Terms	Required	Aug-24
Logan Marketplace Facility	First Ranking Mortgage	Y [6]	Registered
	Interest Cover Ratio	>1.5x [7]	2.03x
	Headroom to Covenant (ICR)		26.2% [3]
	Loan to Value Ratio	<55%	54%
	Headroom to Covenant (LVR)		2.6% [4]

	Facility Terms	Required	Aug-24
Epiq Marketplace Facility	First Ranking Mortgage	Y [7]	Registered
	Interest Cover Ratio	>2.0x	2.81x
	Headroom to Covenant (ICR)		28.9% [3]
	Loan to Value Ratio	<60%	51%
	Headroom to Covenant (LVR)		15.6% [4]

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5 Scheme Borrowings (continued)

	Facility Terms	Required	Aug-24
Epiq Childcare Facility	First Ranking Mortgage	Y [8]	Registered
	Interest Cover Ratio	N/A	1.72x
	Headroom to Covenant (ICR)	N/A	N/A
	Loan to Value Ratio	<62%	47%
	Headroom to Covenant (LVR)		23.4% [4]

	Facility Terms	Required	Aug-24
Development Facility	First Ranking Mortgage	Y [9]	Registered
	Interest Cover Ratio	>1.25x	1.39x
	Headroom to Covenant (ICR)		10.1% [3]
	Loan to Value Ratio	<45%	19%
	Headroom to Covenant (LVR)		57.4% [4]

Notes to the Key Terms of Scheme Borrowings

[1] First ranking security over a specific pool of investment properties owned by the Group.
[2] Monitored half yearly.
[3] The operating cashflow of the secured properties would need to decrease by this percentage for the Group to be in breach of this covenant.
[4] The value of the secured properties would need to decrease by this percentage for the Group to be in breach of this covenant.
[5] The value of the Group's assets would need to decrease by this percentage for the Group to be in breach of this covenant.
[6] First ranking mortgage over the property known as 'Logan Village Marketplace'.
[7] First ranking mortgage over the property known as 'Epiq Marketplace'.
[8] First ranking mortgage over the property known as 'Epiq Childcare Centre' .
[9] First ranking mortgage over the Group's development properties located at Lennox Head, Yamba Quays, Brunswick Heads, Newmans Road and North Boambee Road.
[10] First ranking mortgage over the property located at 120 Edward Street, Brisbane.

6 Portfolio Diversification

6.1 Portfolio Composition

Below is a summary of the Group's property portfolio at August 2024. Specific information in relation to each of the properties can be found on our website www.clarenceproperty.com.au.

Geographic Diversification (by Value)

Location	No. of Properties	Valuation
Northern Rivers New South Wales	22	$293,561,632
Brisbane	19	$320,229,088
Gold Coast	4	$115,545,000
Central New South Wales	2	$24,650,000
North Queensland	1	$24,750,000
Melbourne	2	$14,425,000
Perth	1	$6,500,000
Total Direct Portfolio	**51**	**$799,660,720**

Sector Diversification (by Value)

Property Sector	No. of Properties	Valuation
Commercial Office	11	$295,720,000
Commercial Other	1	$5,490,000
Retail	7	$153,355,000
Logistics/Distribution/Other	10	$113,999,000
Childcare & Medical	11	$85,350,000
Development	11	$145,746,719
Total Portfolio	**51**	**$799,660,720**

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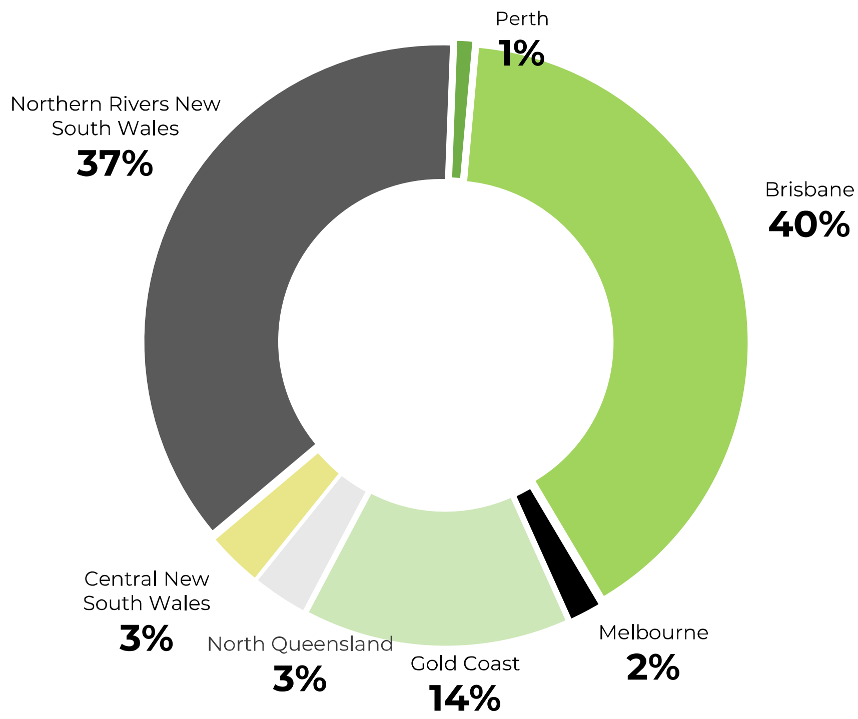
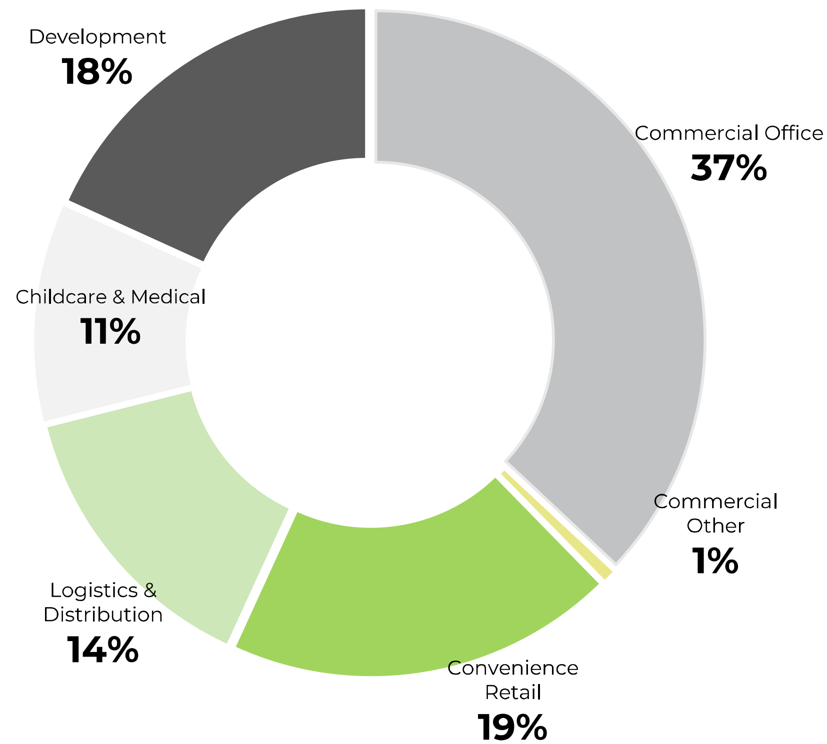
6 Portfolio Diversification (continued)

Below is a graphical summary of the Group's property portfolio at August 2024. Specific information in relation to each of the properties can be found on our website www.clarenceproperty.com.au.

Geographic Diversification (by Value)



Sector Diversification (by Value)



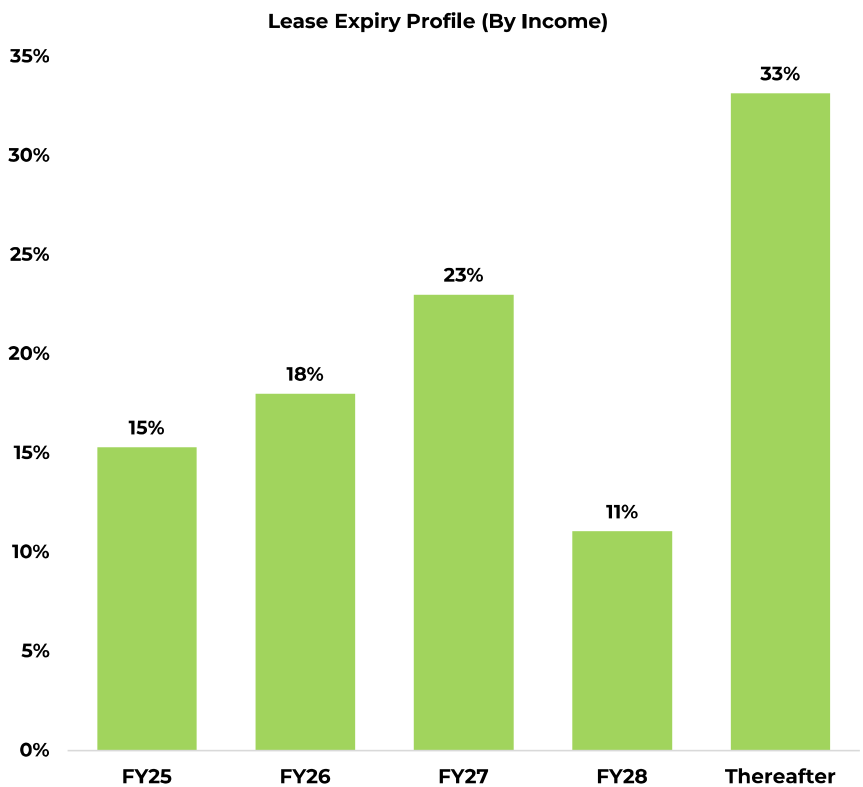
6 Portfolio Diversification (continued)

6.2 WALE (Weighted Average Lease Expiry)

The WALE of the portfolio as at August 2024 is 3.6 years by income.

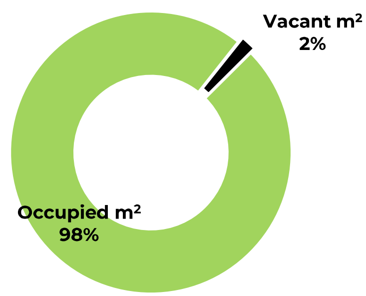
6.3 Lease Expiry Profile

The following graph demonstrates the portfolio lease expiry profile in yearly periods calculated on the basis of income at August 2024:



6.4 Portfolio Occupancy

The occupancy of the portfolio by lettable area as at August 2024 is 98%.



6.5 Top Tenants by Income

Below are the tenants which individually constitute 5% or more by income of the portfolio, determined at August 2024. Where tenants are part of a common corporate group or government body, those tenants have been aggregated:

Tenant	Area (m^2)	Percentage of Income
Woolworths group	10,268m²	8%
Federal Government (including Centrelink, Family Law Court, NIAA & NDIS)	8,801m²	8%
Government Properties NSW (including Legal Aid, Aboriginal Legal Service, Services NSW, Departments of Housing, Education, Planning, Transport, Community Services, Climate Change, Energy, the Environment and Water	7,583m²	6%
All other tenants	121,137m²	78%
Total Portfolio	**147,789m²**	**100%**

6 Portfolio Diversification (continued)

6.6 Property Valuations

Below is a summary of the valuations of the Group's significant properties as at August 2024.

Asset	Sector	Occupancy	Valuation	Cap. Rate	Date	Type of Valuation
120 Edward St, Brisbane	Commercial Office	92%	$119,000,000	8.00%	May-24	Independent Valuation
The Rocket, Robina	Commercial Office	99%	$81,900,000	8.00%	Jun-24	Directors' Valuation
Yamba Fair	Convenience Retail	100%	$40,300,000	6.25%	Jun-24	Independent Valuation
EPIQ Marketplace, Lennox Head	Convenience Retail	100%	$39,080,000	6.25%	Jun-24	Independent Valuation
31 Paringa Rd, Murarrie	Logistics/Distribution	100%	$22,100,000	7.75%	Jun-24	Directors' Valuation
East Tamworth Medical Centre	Childcare & Medical	100%	$15,600,000	9.50%	Jun-24	Independent Valuation

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6 Portfolio Diversification (continued)

6.7 Development Assets

Epiq, Lennox Head

The property, when acquired in November 2014, comprised an 80.48 hectare development site situated approximately 1.5 kilometres south of the Lennox Head town centre, an expanding coastal township approximately 15 kilometres north of Ballina and 20 kilometres south of Byron Bay on the New South Wales Far North Coast.

Development Update

Super Lot 7 - The 33 residential lots have been taken to market and 30 lots have settled. 1 of the remaining 3 lots is under unconditional contract of sale and is due to settle in September 2024. A further lot is being marketed for sale and the final lot has plans to construct a dwelling for a house and land package sale. Design and tendering work continues on the 26 Live/Work lots. Development approval for the construction of a tavern on one of the commercial lots has been received and an EOI sales compaign has commenced.

All prior stages are sold and settled.

Yamba Quays

The property, when acquired, comprised a 21.75 hectare residential development site located at Witonga Drive, Yamba on the New South Wales North Coast. The site is development application approved for 136 home sites, with 107 having water frontage with easy and direct access to the Clarence River and Pacific Ocean. The site was acquired in two tranches. The first tranche, comprising 42 lots known as Stage 1, settled in January 2019. The second tranche (comprising Stages 2 – 5) settled in June 2020.

Development Update

Stage 3 - All lots have now settled.

Stage 4 - Practical completion of the civil works programme was achieved in late April 2024. Titles are anticipated in September 2024. 15 lots of the 33 lots in this Stage are now under contract, with sale details agreed on a further 3 lots.

Stage 5 - The original lot design has been revised and a development application has been lodged for a reconfigured 23 lot layout.

All prior stages are sold and settled.

Wallum Brunswick Heads

In July 2021 the Group acquired a 30.2ha residential subdivision site at Brunswick Heads, just north of Byron Bay in Northern NSW, for $33m.

Development Update

Wallum is the final component of the Bayside Brunswick development approved in 2013 and commenced in 2014. The site is approved for 123 house lots and 3 medium density lots, which once developed will help ease the critical residential land supply shortage in Byron Shire. Wallum is included in Byron Shire’s Residential Strategy 2041 adopted in March 2024, as one of only two already-approved residential development sites in Brunswick Heads. On 8 February 2024 Byron Council issued the first construction certificate for the development. Since then, political activists have hampered commencement of any meaningful onsite work. The matter is now before the courts. A marketing and sales campaign was launched in December 2022 with 18 lots now under unconditional contracts of sale, with a further lot having sale details agreed.

6 Portfolio Diversification (continued)

The "Hub", Heathwood

In November 2021 the Group acquired a 68.9ha commercial subdivision site at Heathwood, in South Brisbane QLD, for $30m.

Development Update

18 of the 24 industrial lot have now been sold. 2 further lots are under unconditional sales contracts and will settle in September and October 2024. 4 further lots have been retained by the Group and their highest and best use is currently being evaluated.

Newmans Road, Woolgoolga

In January 2022 the Group acquired a 9.2ha residential subdivision site at Newmans Road Woolgoolga, on the Coffs Coast in Northern NSW, for $6.05m.

Development Update

Planning activity and liaison with Coffs Harbour City Council regarding the development application for the construction of 79 residential lots has continued. No marketing for this project has commenced and no contracts of sale have been offered to enquiring parties for the lots.

290 North Boambee Road, Boambee Valley

In July 2022 the Group settled the purchase of a 55ha residential subdivision site at 290 North Boambee Road, Boambee NSW for $10.5m. A development application has been lodged, and RFIs are being responded to.

Development Update

Planning activity and liaison with Coffs Harbour City Council regarding the development application for the construction of 267 (amended to 259) residential lots has continued. No marketing for this project has commenced and no contracts of sale have been offered to enquiring parties for the lots.

Bark Hut Road, Woolgoolga

In October 2022 the Group settled the purchase of a 16.4ha residential subdivision site on Bark Hut Road, Woolgoolga NSW for $14.5m. In January 2023 the Group settled the purchase of an additional 3.7ha residential subdivision site at 36 Bark Hut Road, Woolgoolga NSW, adjacent to the Group's existing Bark Hut Road development. The purchase price was $5.05m with $2m of this being deferred for 4 years. A planning proposal for this site has been lodged with Coffs Harbour City Council.

Development Update

A development application for 132 residential lots was lodged with Coffs Harbour City Council in May 2024.

Funding Arrangements

The Group has a $45m finance facility in place to assist with land development acquisitions and construction works. The facility is drawn to $20m with a maturity date of August 2026. The LVR of the facility is 19%. The facility requires a minimum of 60% of the net sale proceeds from settlements to be used to repay the $25m construction component of the facility.

Development risks

Investment in property development invariably involves a higher degree of risk than investment in passive income-earning real estate. For example, there is a possibility that funding could be obtained for these sites which is based on a loan-to-value ratio exceeding 70% of the 'as is' valuation of the property. If the property is not developed to completion and the facility is in default, the financier would have the right to require the sale of the property in order to be repaid. This could have an adverse impact on the financial returns to the Group.

The Manager undertakes all reasonable steps to mitigate such risks, including entering into pre-sale contracts where appropriate and adopting disciplined financial and practical oversight and management of the projects involving regular on-site visits, meetings and updates with contractors and consultants, and Council liaison.

6 Portfolio Diversification (continued)

6.8 Investment Strategy

The Group's investment policy requires the Manager to promote diversification within the property portfolio. The objective of the Group is to provide monthly income to unitholders and to maximise returns to unitholders on a sustainable basis. In order to achieve its investment objective, the Group has adopted the following key principles. It will:

- ▸invest in a diverse range of property including convenience retail, large format retail, childcare, medical, commercial office, warehousing/logistics and residential/commercial development in geographically diverse locations throughout Australia, but particularly in New South Wales and Queensland;
- ▸grow the rental income of the Group by attracting and retaining financially sound government and corporate tenants on competitive leasing terms;
- ▸increase the value of real property assets through active management (including leasing campaigns and asset refurbishments) over the medium to long term;
- ▸invest only in properties and investments which are reasonably expected to achieve satisfactory levels of income and capital growth over the medium to long term;
- ▸acquire additional real property assets which meet the Group's investment criteria in terms of building quality, tenant profile, development potential, location and contribution to net cash earnings;
- ▸invest in listed and unlisted entities which predominantly hold real property, or mortgages secured by real property, and which meet the Group's investment criteria;
- ▸review and re-balance the portfolio, including through the timely disposal of assets to ensure that progress and performance is consistent with the Group's investment objectives;
- ▸undertake thorough due diligence enquiries prior to any acquisition or investment; and
- ▸utilise the expertise and experience of the board and senior management of the Manager in asset and capital management.

7 Valuation Policy

The value of real property assets can fluctuate, particularly when access to credit is constrained and more properties are on the market. A significant fall in valuation will mean an increase in the gearing ratio and may trigger a breach of loan covenants.

The Manager maintains and complies with a written valuation policy. A summary of the policy is below and a full copy can be obtained by contacting the Manager.

The Manager must arrange for a valuation or revaluation of an asset where it considers it to be in the best interests of unitholders, or in any event at least once every three years in accordance with the Group's compliance plan.

The Group's valuation policy:

- ▸requires that valuations be undertaken by an independent valuer who is registered in the relevant State, and has at least five years continuous experience in valuations;
- ▸sets out procedures for managing conflicts of interest;
- ▸requires rotation and diversity of valuers;
- ▸requires that an independent valuation be obtained for each property before the property is purchased; and
- ▸requires that an independent valuation be obtained within two months after the directors of the Manager form a view there is a likelihood there has been a material adverse change in the value of the property.

Valuers are instructed to undertake their valuation in accordance with industry standards, and to outline their valuation methodology within their valuation report.

The fair value of the properties within the portfolio will be reviewed by the Manager every six months. The directors' assessment of fair value is periodically confirmed through the engagement of independent valuers to review and compare the directors' assessment of fair value across the portfolio.

7 Valuation Policy (continued)

Additionally, the Manager will assess the value of an asset upon becoming aware of circumstances which would significantly impact on the value of the asset and the value of units.

If an 'as-if-complete' valuation is obtained for a particular property, the Manager will also obtain an 'as-is' valuation of the property. Unitholders should note that 'as-if complete' valuations carry a risk the assumptions on which the valuation is based may prove to be inaccurate.

Where the Group invests in the securities of other entities, the assets held by those entities are subject to separate valuation policies administered by those entities. Investments in unlisted securities will be valued based on the most recent financial statements of the relevant entity and where applicable, the current valuation of the underlying assets owned by that entity. If listed, the value of the securities will be their market price.

8 Related Party Transactions

A related party transaction is a transaction involving parties which have a close relationship with the Manager. This includes circumstances where a fund managed by Clarence Property Corporation Limited invests in other funds for which Clarence Property Corporation Limited is the responsible entity or trustee.

The relevant policies and procedures applying to related party transactions are contained in the Manager's Conflicts of Interest policy. This policy requires the parties to transact on terms which would be reasonable if they were dealing at arm's length, and that regulatory requirements be complied with and the interest of unitholders protected. Actual or potential conflicts and related party matters must be considered by the directors in accordance with the Conflicts of Interest policy.

The Manager has entered into the following material related party transactions in relation to the Group:

- Clarence Property Works Pty Ltd (a wholly owned subsidiary of the Manager) is appointed to manage and/or oversee the management of the investment properties within the portfolio.
- Clarence Property Corporation Ltd (the Manager) is appointed to manage and/or oversee the development of the Group's residential and commercial development projects.

The services provided by the above entities are on arm's length terms, and fees for these services are charged at normal commercial rates.

Additionally the Manager, its directors, shareholders, employees and related parties hold units in the Group either directly or beneficially. In the opinion of the directors, an investment in the Group by these parties assists to ensure the interests of unitholders in general are aligned with those of the Manager and related parties.

The value of the financial benefit of related party transactions are detailed in the Group's financial statements which can be obtained from your online BoardRoom InvestorServe account.

9 Distribution Practices

9.1 Distribution Policy

The Group anticipates it will generate income from sources including rental income from the properties in the portfolio, profits from the sale of investment properties from time to time, profits from the sale of stages of its development sites from time to time, and interest and distribution income from securities investments.

The Group aims to pay distributions out of cash from operations and realised capital gains. It is the intention of the Manager that distributions will be made monthly in arrears, subject to the financial performance of the Group.

The Manager is responsible for determining the amount of distributions. In making this decision, the Manager has regard to the future requirements and the overall financial position of the Group. It is the Manager's intention to equalise monthly distributions to the extent reasonably possible within a financial year.

The Manager is of the view the annualised cash distribution rate of 6.10 cents per unit, effective from and including the August 2024 distribution, is sustainable to 30 June 2025. Franking credits may be available to unitholders in addition to the cash distributions. It should be noted, however, the Manager provides no guarantees regarding the amount and frequency of future distributions, as a number of considerations (such as the number of settled land sales, forecast capital expenditure, property yields and overall financial market conditions) may affect the financial performance of the Group, and its ability to pay the current distribution rate or to pay any distributions at all.

9.2 Distribution Reinvestment Plan

Under the Group's distribution reinvestment plan, unitholders may choose to reinvest their distribution entitlement in additional units, rather than receiving cash distributions. A copy of the Group's distribution reinvestment plan rules may be obtained by contacting the Manager. Unitholders may vary their participation in the Group's distribution reinvestment plan by providing notice to the Manager in accordance with the terms of the plan. If for any reason in the future the Manager terminates or suspends the distribution reinvestment plan, all distributions from the Group will be paid into the nominated bank accounts of unitholders.

10 Withdrawal Arrangements

CPDF is an illiquid fund with no consumer withdrawal rights. Unitholders may sell or transfer their investment to third parties in accordance with the provisions of CPDF's constitution.

11 Net Tangible Assets (NTA)

An NTA calculation helps investors understand the value of the assets upon which the value of their units is determined. Open-ended schemes regularly disclose the NTA for the scheme or a similar measure such as net asset backing or net asset value to support pricing of units in the scheme. The measure is not generally disclosed for closed-end schemes. NTA is calculated using the following formula:

$$\text{NTA} = \frac{\text{net assets -intangibles assets +/- any other adjustments}}{\text{Number of units in the scheme on issue}}$$

The NTA of $1.07 is consistent with the Group's latest audited financial statements (30 June 2024).

Based on 31 August 2024 management accounts the Group's NTA is $1.04. The reduction from $1.07 results from the expensing of acquisition costs (principally stamp duty) associated with the July 2024 acquisition of 120 Edward Street, Brisbane.

The unit price quoted is the adjusted net tangible asset value before providing for deferred tax. Adjustments have been made for the fair value of the Group's development assets which under current Accounting Standards are required to be held on the Group's balance sheet at the lower of cost and net realisable value.

The movement in NTA from one period to another may indicate the level of risk of the scheme. Generally, the larger the movement the higher the risk.

NOTES

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