



**CLARENCE
PROPERTY**

JUNE 2023

TARGET MARKET DETERMINATION

CLARENCE PROPERTY DIVERSIFIED FUND

A stapled entity comprising the following funds, referred to hereafter as CPDF (formerly known as Westlawn Property Trust):
Clarence Property Diversified Fund ARSN 095 611 804
Epiq Lennox Property Trust ARSN 626 201 974

Issued 5 June 2023
Clarence Property Corporation Limited ABN 67 094 710 942 AFSL 230212

TARGET MARKET DETERMINATION

This Target Market Determination (TMD) describes the consumers that make up the target market of Clarence Property Diversified Fund (CPDF or the Fund) and sets out some other matters relevant to CPDF's distribution and ongoing review of the TMD.

This document is available to the public free of charge. It does not form part of the Product Disclosure Statement (PDS) for the Fund and does not list all the terms and features of CPDF.

It forms part of Clarence Property Corporation Limited's design and distribution arrangements for CPDF as required by section 994B of the Corporations Act 2001 (Cth).

The information in this document does not consider any person's individual investment objectives, financial situations or needs. Consumers should read the Fund PDS before making any decision regarding investing in CPDF (the Product). The PDS can be obtained from our website www.clarenceproperty.com.au.

FUND AND ISSUER IDENTIFIERS

Issuer	Clarence Property Corporation Ltd (referred to as 'we', 'us' or 'our')
Issuer ACN	094 710 942
Issuer AFSL	230212
Fund	A stapled entity comprising Clarence Property Diversified Fund ARSN 095 611 804 and Epiq Lennox Property Trust ARSN 626 201 974, collectively referred to as Clarence Property Diversified Fund (CPDF)
Approval Date	5 June 2023
Version	4
Status	APPROVED

SECTION 1 - TARGET MARKET

This product is likely to be appropriate for a consumer who:

- is seeking to invest in an actively managed portfolio of diversified Australian income-producing property (with some exposure to property development projects) located predominantly in Queensland and New South Wales, managed by experienced property managers;
- is seeking monthly income with potential for capital growth;
- can tolerate and understand fluctuations in the property cycle and the risk of capital and rental loss;
- is an Australian resident;
- has sufficient liquid funds (minimum \$55,000) to invest directly, through an online application;
- understands the most appropriate investment timeframe is 5 years or more; and
- understands the investment is illiquid, although units can be transferred/sold.

The table below describes the likely objectives, financial situation and needs of consumers, and indicates whether or not they are likely to fall within CPDF's target market:

CONSUMER ATTRIBUTES	TMD INDICATOR	CPDF TARGET MARKET
CONSUMER'S INVESTMENT OBJECTIVE		
Capital guaranteed	Not considered in Target Market	<p>CPDF is designed for consumers looking for regular income by investing in a diversified property trust which holds quality income-generating Australian real property assets (with some exposure to property development projects) which are actively managed. CPDF generates regular income and aims to pay distributions to consumers monthly. A distribution reinvestment plan is available.</p> <p>Consumers must understand and be able to tolerate the fluctuations in the property cycle and the risk of capital and rental loss.</p>
Capital growth	Not considered in Target Market	
Capital preservation	In Target Market	
Income distribution	In Target Market	
PRODUCT AS A PERCENTAGE OF A CONSUMER'S PORTFOLIO		
< 25% of a consumer's funds available for investment	In Target Market	<p>The portfolio diversification of CPDF is low as it is a single asset class (real property) in a single country (Australia) over a moderate number of properties.</p> <p>However, the Product itself is a diversified property portfolio as CPDF invests in a portfolio of income-producing properties in different property sectors including Convenience Retail, Office, Logistics, Medical, Childcare and Property Development, predominantly across Northern NSW and South-East Queensland. The Fund may also invest in cash, unlisted and listed property securities. The Target Market includes consumers seeking to invest in CPDF as part of a broader portfolio.</p> <p>While the investment objective of CPDF may align with a consumer's overall portfolio objectives, it does not come without capital and income risks. In extreme circumstances, this may result in capital loss or the suspension of income distributions. Consumers should seek to spread this risk across an appropriate portfolio of investments.</p>
> 25% - < 50% of a consumer's funds available for investment	In Target Market	
> 50% of a consumer's funds available for investment	Not considered in Target Market	

CONSUMER ATTRIBUTES	TMD INDICATOR	CPDF TARGET MARKET
CONSUMER'S INVESTMENT TIMEFRAME		
CONSUMER'S INVESTMENT TIMEFRAME		
0 – 5 years	Not considered in Target Market	CPDF is designed for consumers who are looking to make a long-term investment (typically 5 years or more). CPDF is an illiquid fund with no current consumer withdrawal rights. Unitholders may sell or transfer their investment to third parties in accordance with the CPDF Constitution. However, there are no liquidity facilities currently in effect.
> 5 years	In Target Market	
CONSUMER'S WISH TO WITHDRAW MONEY		
Daily	Not considered in Target Market	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. A consumer can transfer units in the Fund to another person by providing the fund manager with a completed standard transfer form signed by both the transferor and the transferee. The fund manager reserves the right to decline transfer requests at its discretion. The consumer is looking to invest long term (being greater than five years), with no need to access capital.
Weekly	Not considered in Target Market	
Quarterly	Not considered in Target Market	
Annually	Not considered in Target Market	
> Annually	Not considered in Target Market	
> 5 years	In Target Market	
CONSUMER'S RISK AND RETURN PROFILE (ABILITY TO BEAR LOSS)		
<p>Very low risk The consumer is conservative in nature, and is unlikely to have the ability to bear any loss over a 20-year period.</p>	Not considered in Target Market	<p>When considering an investment opportunity, consumers should consider the risk of an investment against their risk profile. A risk is generally the volatility or variability of an investment return, and the possibility of a loss on your investment occurring. A consumer's risk profile refers to their ability to withstand the risks of investing. These risks include lower than expected rates of return, fluctuations in the income generated from a return, fluctuations in the frequency of income payments, or a decrease in the value of an investment. These risks can arise from various economic, social, government or legal changes.</p> <p>The Australian Prudential Regulation Authority (APRA) suggests risk should be measured on the possible number of negative annual returns over a 20-year period. In assessing the risks of CPDF, one of the indicators we have adopted is the "Standard Risk Measure" (SRM) to calculate the level of risk,</p>
<p>Low risk The consumer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile. Consumer typically prefers defensive assets such as cash and fixed income.</p>		

CONSUMER ATTRIBUTES	TMD INDICATOR	CPDF TARGET MARKET
<p>Moderate to medium risk The consumer is moderate to medium risk in nature, seeking to minimise potential losses (e.g., has the ability to bear up to 4 negative returns over a 20-year period (SRM 3 to 5)) and is comfortable with a moderate target return profile. Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>	In Target Market	<p>using the methodology laid out in the <i>Standard Risk Measure Guidance Paper for Trustees</i> (see: https://www.superannuation.asn.au/ArticleDocuments/359/FSC-ASFA_StandardRiskMeasures_July2011.pdf.aspx?Embed=Y).</p>
<p>High risk The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher return profile. Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p>	In Target Market	<p>Consumers should recognise this is not a comprehensive assessment of risk. For example, it does not take into account the size of a possible negative return, return volatility, the fact that CPDF has withdrawal limitations, or the risk that returns may be positive but not meet a consumer's objectives, financial situation and needs. In addition, CPDF's ability to make distributions to unitholders may be adversely impacted in times of market stress, such as:</p> <ul style="list-style-type: none"> • if tenants of CPDF properties fail to pay rent or break their lease, this could result in a decrease in rental income and possible capital loss for CPDF; • if unforeseen structural issues occur in CPDF properties requiring significant capital expenditure, this may result in a decrease in income distributions; • if delays occur in obtaining regulatory approvals for CPDF's development activities, this may reduce CPDF's distributable income.
<p>Very high risk The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors (such as leverage). Consumer typically prefers growth assets such as shares, property and alternative assets.</p>	In Target Market	<p>For those reasons, consumers must consider their individual investment goals and risk profile. To assist in that, consumers should read the Risks of Investing section (section 7) of our PDS which supplements the SRM. Taking into account the factors laid out in our PDS, CPDF is considered a medium risk investment.</p> <p>CPDF is designed for consumers seeking to balance a portfolio of diversified investments, and who are seeking regular income. CPDF primarily invests in direct property generating regular income, has some exposure to property development projects, and may also invest in cash and unlisted and listed property securities. Consumers with a very low to low risk profile do not fall within CPDF's target market.</p>

SECTION 2 – APPROPRIATENESS

Clarence Property Corporation Limited has assessed the Product and formed the view that an investment in CPDF is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above. Set out below is an explanation as to why Clarence Property Corporation Limited believes CPDF is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market:

REQUIREMENT	EXPLANATION
Target market and Product	<p>Clarence Property considers CPDF, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market on the basis of:</p> <ul style="list-style-type: none"> • the relationship between the key attributes of CPDF and the target market as set out in this TMD; • the terms of issue of units in CPDF; • the investment mandate of CPDF; • the investment capability of the manager of CPDF; • an assessment of the risks and benefits of CPDF; • an assessment of the likely unitholder outcomes of CPDF based on: <ul style="list-style-type: none"> ○ CPDF's historical performance and financial modelling of the Fund's forecast performance based on the assets in the Portfolio; and ○ results of stress testing and scenario analysis of the liquidity risk, market and investment risk, operational risk, strategic risk, and governance risk of CPDF.
Target market and distribution conditions and restrictions	<p>Clarence Property considers the distribution conditions will make it more likely that the consumers who acquire interests in CPDF are in the target market because:</p> <ul style="list-style-type: none"> • the Fund's advertisements and website content are directed towards consumers in the Fund's target market; • all advertisements and promotional material undergo a compliance check to ensure the information in that material aligns with the target market and would not make it likely for consumers outside the target market to invest in CPDF; • the online and paper application forms for CPDF include filtering questions and alerts relevant to the distribution conditions which may encourage consumers to contact Clarence Property if they want to proceed with their application. Select Clarence Property representatives are also available to speak with applicants prior to investment.

SECTION 3 - DISTRIBUTION CHANNELS AND CONDITIONS

DISTRIBUTION CHANNEL	
Direct (non-intermediated) retail and wholesale consumer	<p>The minimum initial investment is 50,000 units accompanied by a completed on-line Application Form which is accessible via www.clarenceproperty.com.au.</p> <p>This Product is designed to be distributed only via:</p> <ul style="list-style-type: none"> • Clarence Property contact centres, by calling 1800 864 122 or 1300 853 069; • Clarence Property's website at www.clarenceproperty.com.au; or • Clarence Property offices in Robina Qld, Brisbane Qld or Lennox Head NSW. <p>Only select Clarence Property representatives can promote and distribute this Product as they understand the target market the Product has been designed for, have been trained by Clarence Property in the relevant acceptance criteria and have the appropriate levels of authority. Regular training is delivered to all such representatives.</p>

	<p>Some of the key acceptance criteria relating to this Target Market Determination include:</p> <ul style="list-style-type: none"> • General level of investment experience; • General level of investment risk acceptance; • Prior investment history; and • Liquidity requirements and understanding of the illiquid nature of CPDF. <p>Clarence Property monitors those consumers from whom applications are received to ensure they fall within the target market, and to assess whether distribution arrangements are adequate and appropriately identify consumers who may or may not fall within the target market.</p>
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SECTION 4 - REVIEW TRIGGERS AND REVIEW PERIODS

We will review this TMD in the event any of the below circumstances occur, which would indicate this current TMD is no longer appropriate.

REVIEW TRIGGERS (required by section 994B(5)(d) of the <i>Corporations Act 2001 (Cth)</i>)	
Periodic review	Within 12 months from the last review date.
Significant product change	If we make a significant change to CPDF including Fund objectives, fees and charges, distribution channels, consumer satisfaction and acceptance criteria.
Regulatory change	If a change in law or other regulatory requirement materially affecting CPDF commences, unless this TMD has already been reviewed in anticipation of that change.
Trust performance	If CPDF has significantly and consistently not achieved its investment objectives.
Significant breach	If we commit a significant breach of financial services law where the breach relates to the design or distribution of CPDF.
Significant dealings outside the TMD	If we identify significant dealings outside this TMD.
Complaints from consumers	If we receive a significant and unexpected number of complaints, in respect of one or more calendar quarters, in relation to CPDF's design (including its features, terms or conditions) or the manner in which CPDF is distributed.
Notification from ASIC	If we receive a notification from ASIC raising serious concerns regarding the design or distribution of CPDF.
MANDATORY REVIEW PERIODS	
Initial review	Within 1 year and 3 months from the start date.
Subsequent review	After initial review, within every 3 years and 3 months.

SECTION 5 - REPORTING REQUIREMENTS

REPORTING REQUIREMENT	REPORTING PERIOD	WHICH DISTRIBUTORS THIS REQUIREMENT APPLIES TO
<p>Complaints (as defined in section 994A(1) of the <i>Corporations Act</i>) received during a calendar quarter relating to Fund design or Fund distribution. The distributor must provide full details of the complaints, having regard to privacy.</p>	<p>Clarence Property takes all complaints seriously and has a complaints procedure in place to ensure every complaint received is handled in a timely and efficient manner.</p> <p>As all distributors are Clarence Property representatives, complaints will be addressed in accordance with Clarence Property's complaints procedure.</p>	<p>All distributors</p>
<p>Significant dealing outside of target market, under section 994F(6) of the <i>Corporations Act</i>.</p>	<p>As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.</p>	<p>All distributors</p>
<p>To the extent a distributor is aware of dealings outside the target market, these should be reported to Clarence Property, including the reason why the consumer is outside of the target market, and whether the investment occurred as a result of personal advice.</p>	<p>Within 10 business days following end of calendar quarter.</p>	<p>All distributors</p>
<p>Distributors must provide other information requested by us.</p>	<p>Distributors must provide other information reasonably requested by us to meet our legal obligations, such as:</p> <ul style="list-style-type: none"> • a summary of the steps taken to ensure the distributor's conduct is consistent with this TMD (as required under section 994E(3) of the <i>Corporations Act</i>); and • feedback on consumer experience with the Fund which suggests the TMD may no longer be appropriate. 	<p>All distributors</p>