



CLARENCE
PROPERTY

Product Disclosure Statement

Clarence Property Diversified Fund (CPDF)

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

www.clarenceproperty.com.au | 1300 853 069

About this Product Disclosure Statement (PDS)

This PDS contains important information about investing in CPDF, a stapled entity comprising Clarence Property Diversified Fund and Epiq Lennox Property Trust (**CPDF**). Information in this PDS can help prospective investors decide if CPDF meets their investment needs and can help compare to other investments they may be considering.

The information in this PDS is of a general nature only and does not take into account a prospective investor's personal objectives, financial situation or needs. Consequently, all prospective investors are encouraged to obtain appropriate financial advice before investing, and to consider how appropriate CPDF is to their objectives, financial situation and needs.

Before making a decision about investing or reinvesting in CPDF, all prospective investors should consider the information in the PDS and the Target Market Determination (**TMD**). A copy of the current PDS and TMD can be obtained free of charge, by contacting us on 1300 853 069.

IMPORTANT INFORMATION

Clarence Property Corporation Limited (**Clarence Property**) is the responsible entity of CPDF and issuer of this PDS. No person other than Clarence Property is responsible for the preparation and issue of this PDS or for any statements or representations made in this PDS.

CPDF is a stapled entity comprising two unlisted registered managed investment schemes, Clarence Property Diversified Fund and Epiq Lennox Property Trust. Each trust is structured as a unit trust and registered under the Corporations Act 2001 (Cth) (**Corporations Act**).

CPDF is subject to investment risks, which could include delays in repayment of capital, and loss of income and capital invested. Clarence Property does not guarantee the performance of CPDF or any particular rate of return. The repayment of capital is not guaranteed.

The offer in this PDS is available only to eligible persons as set out in this PDS, who receive the PDS (including electronically) within Australia, or in other jurisdictions, as set out below.

We cannot accept cash. All dollar amounts in this PDS are Australian dollars.

JURISDICTIONS OUTSIDE AUSTRALIA

This PDS is not intended to constitute an offer in any jurisdiction outside Australia where, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the units in CPDF or the offer of units in CPDF, or otherwise to permit an offering of the units in any jurisdiction outside Australia. The distribution of this PDS (electronically or otherwise) in jurisdictions outside Australia is limited and may be restricted by law. Anyone coming into possession of this PDS should seek advice on its provision and distribution, and observe any relevant legal restrictions on using, providing or distributing it. Failure to comply with such restrictions may constitute a violation of applicable securities law. It is your responsibility to comply with any laws of any country relevant to your application for units in CPDF.



Product Disclosure Statement

Clarence Property Diversified Fund

Contents

1.	About Clarence Property	4
2.	About CPDF.....	6
3.	At a glance	7
4.	Benefits of investing in CPDF.....	8
5.	CPDF profile.....	9
6.	ASIC benchmarks and disclosure principles	10
7.	Risks of investing	11
8.	Fees and other costs	17
9.	Taxation	24
10.	Distributions	28
11.	Other important information.....	29
12.	How to invest in CPDF.....	33
13.	Directory.....	34

1. About Clarence Property



Board of Directors

Jim Dougherty

Non-executive Chairman

Jim is a licensed real estate agent and Chartered Accountant with wide ranging experience in the property, accounting and finance industries. He has been an executive director of Westlawn Finance Limited since 1994 and has been chairman of directors of Clarence Property Corporation Limited since 2000.



Peter Fahey **Managing Director**

Peter has been involved in the property industry for more than 30 years. He has a wide range of property

experience, in both capital cities and regional areas, including sales, leasing, management, valuation, financing and development. Peter has been involved in property funds management since 1994 and was the founder of Clarence Property Corporation Limited.



Andrew Carlton **Non-executive Director**

Andrew is a licensed real estate agent and is a Senior Director at CBRE, the world's largest real estate services firm.

He commenced his real estate career with CBRE Brisbane in 1999 and has also held senior roles at Knight Frank. Across his 22-year career, Andrew's primary focus has been in the office sector, and he has been involved in numerous key leasing and development campaigns across the Near City markets.



Anthony Tippett **Non-executive Director**

Tony has been actively involved in the property industry for the last 27 years,

from project conception, feasibility, financing, marketing, to sales and delivery for a range of residential, commercial and retail projects up to \$350 million. He is a director of the Robina Group of Companies.



Darrell Irwin **Executive Director**

Darrell has 30 years' experience in advising, consulting, developing, selling, leasing & managing across all sectors

of the commercial property arena, including marketing properties domestically and internationally. Darrell has held leadership roles with development companies and is a former National Director and Director in Charge of the Gold Coast office of Colliers International, specialising in major commercial property transactions and large-scale development sites.

CPDF is managed by Clarence Property Corporation Limited.

Clarence Property has a strong and consistent track record in successful property investment and management. This success is delivered through an experienced team with extensive leasing capabilities, a strong development track record and access to off-market opportunities. The key foundation driving everything Clarence Property undertakes is to deliver regular property income to unitholders.

Today, Clarence Property has in excess of \$660 million of real estate assets under management, with both significant investment and development opportunities.

Clarence Property continues to focus on delivering regular property income to unitholders, whilst providing access for unitholders to large scale development opportunities in key locations. Over the years a strong, transparent and close

relationship has evolved with unitholders, with many unitholders having invested through multiple product disclosure statements.

Clarence Property:

- manages in excess of \$660 million of real estate assets on behalf of retail, wholesale and sophisticated unitholders;
- manages nine registered investment funds; and
- has a 27 year record of providing monthly distributions to unitholders.

Clarence Property has a highly experienced team of property and finance professionals who excel in the operation and management of retail, commercial and industrial properties, and residential development assets. The experience in these asset classes has been achieved over many years of acquiring and managing assets, predominantly in Northern New South Wales and South East Queensland. The Clarence Property team has had a sustained period of delivering value to unitholders.

2. About CPDF

Clarence Property Diversified Fund (formerly known as Westlawn Property Trust) was established in September 1994 and acquired its first property in October of that year. In January 2001, CPDF was registered as a managed investment scheme under the Corporations Act. It has paid monthly distributions to unitholders since 1994.

Units in CPDF were stapled to units in Epiq Lennox Property Trust in June 2018.

CPDF is not a fixed term investment. It is intended that a product disclosure statement be issued from time to time to raise funds for the acquisition of new properties and investments. There is no intention to wind up CPDF in the near future.

CPDF primarily invests in direct property, generally targeting assets which have high occupancy rates and stable income streams underpinned by leases to long term, secure commercial tenants.

To enhance returns to unitholders, CPDF has undertaken and will continue to undertake (in appropriate market conditions) land development activities.

To reduce investment risk, diversification is achieved through investment in properties with a range of performance and risk profiles, in different asset sectors predominantly throughout Northern New South Wales and South East Queensland.

3. At a glance

ISSUER AND RESPONSIBLE ENTITY	Clarence Property Corporation Limited ACN 094 710 942 – referred to in this PDS as ‘Clarence Property’.
FUND OR CPDF	The stapled entity comprising Clarence Property Diversified Fund ARSN 095 611 804 and Epiq Lennox Property Trust ARSN 626 201 974
INVESTMENT RETURN OBJECTIVE	To provide regular distributions, paid monthly.
WHO CAN INVEST?	Any legal entity including individuals and joint unitholders over 18 years of age, superannuation funds and trusts.
MINIMUM INVESTMENT AMOUNTS	New unitholders – 50,000 units Existing unitholders – 10,000 units
MANAGEMENT FEE	Up to 0.88% pa (including GST) of CPDF’s gross asset value. See Section 8 ‘Fees and other costs’ for details of all fees and costs.
DISTRIBUTION FREQUENCY	CPDF aims to pay distributions monthly (see Section 10 ‘Distributions’).
WITHDRAWALS	Unitholders may not withdraw or redeem their investment. Although there is no formal secondary market, unitholders may transfer (sell) all or part of their investment to a willing third-party buyer.
RISKS	Any investment in CPDF is subject to both general and specific risks relating to CPDF, the property portfolio and Clarence Property. These risks include but are not limited to: tenancy risks, property portfolio diversification, gearing, valuation risk and development risk. Refer to Section 7 ‘Risks of investing’ for further details.
ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES	ASIC has developed six ‘Benchmarks’ and eight ‘Disclosure Principles’ for unlisted property schemes to assist unitholders in understanding the risks involved with investing and whether this type of investment is suitable for them. Refer to Section 6 ‘ASIC benchmarks and disclosure principles’ for further details.

See Section 5 ‘CPDF profile’ for more information about CPDF.

4. Benefits of investing in CPDF

CPDF provides unitholders with:

Access to a diversified portfolio of property investments and developments.

As a unitholder in CPDF you benefit from accessing a professionally managed, diverse portfolio of property investments which have historically generated consistent income returns allowing the payment of monthly cash distributions to unitholders, together with the potential for capital growth.

Clarence Property's specialist real estate knowledge and broad investment expertise.

Clarence Property has an integrated property, finance and investment team to ensure the property assets are managed in the best interests of unitholders.

All investing involves risk, and you should consider investment risks before making an investment decision.

FURTHER INFORMATION

Section 7 of this PDS provides further information about some of the risks associated with an investment in CPDF, as well as information about other investment risks which you should be aware of.

If you have questions about investing in CPDF or require further information, please contact our Investor Relations team on 1300 853 069 between 9.00am and 5.00pm Monday to Friday, Sydney time or alternatively via email at invest@clarenceproperty.com.au.

Further information about CPDF is also available online at <https://clarenceproperty.com.au/cpdf/>. When reading CPDF performance information, please note that past performance is not a reliable indicator of future performance and should not be relied on when making a decision about investing in CPDF.

5. CPDF profile

CPDF'S INVESTMENTS

CPDF invests primarily in direct property within Australia, with the ability to also invest in cash, and listed and unlisted property securities. The portfolio design considers the real estate cycle, regional characteristics, investment opportunities and the illiquid nature of CPDF. CPDF may also invest in other property-related managed investment schemes or investment companies where consistent with CPDF's investment objectives.

CPDF's investments change from time to time, and are updated regularly online at www.clarenceproperty.com.au. These investments are set out in a document called CPDF Property Portfolio, which can be downloaded from this website. A copy is also available from Clarence Property free of charge upon request.

INVESTMENT GUIDELINES

Factors considered when determining CPDF's portfolio of property investments include:

- CPDF's targeted returns;
- diversification profile of CPDF;
- capital expenditure requirements;
- development potential; and
- market conditions.

ASSET EVALUATION

The following outlines CPDF's asset evaluation processes:

Initial asset screening

As part of initial analysis, an asset is reviewed to ensure there are no obvious obstacles to acquiring it and to confirm the asset acquisition opportunity fits CPDF's portfolio and overall investment strategy, and meets CPDF's required financial hurdles.

Due diligence

After initial screening, if a property or development opportunity fits CPDF's portfolio and overall investment strategy, due diligence commences. This includes analysis of the asset in order to mitigate

potential risks prior to the acquisition of the asset. An independent valuation of the asset is also obtained as part of due diligence.

The Board reviews the due diligence findings for the asset and determines whether to proceed with the acquisition.

Asset plan – transaction phase

Running simultaneously with due diligence, the management team formulates a plan to be implemented once the asset is acquired. The plan contemplates the potential to increase the asset's value through:

- engaging with tenants to determine their interest in extending their lease well in advance of any expiry;
- investigating the feasibility of adding to the area of the building, or converting low-value space into high-value space;
- undertaking physical enhancement works such as cleaning, painting and landscaping; and
- development works such as upgrading the environmental building rating of the property.

ASSET MANAGEMENT

Asset management begins with a detailed analysis of each asset in the portfolio and the preparation of a comprehensive business plan for each asset. For new assets, this is conducted simultaneously with due diligence as described above. The plans include:

- discounted cash flow analysis, which adopts a view on market rents and yields in its assumptions;
- a tenancy strategy, comprising a tenancy profile, lease expiry, vacancy forecasts and opportunities to maximise income and occupancy;
- a systematic assessment of real estate risk, which includes sensitivity to rental growth, discount rates and capital expenditure;
- a review of the opportunities to add value through minor or major asset development; and
- an investment strategy recommendation, advising whether to buy, sell or hold the asset.

6. ASIC benchmarks and disclosure principles

ASIC has released RG 46 Benchmarks and disclosure principles to assist unitholders in comparing risks and returns across investments in the unlisted property sector. The information below provides an overview of the benchmarks and disclosure principles.

- Gearing – indicates the extent to which CPDF is funded by debt.
- Interest cover – indicates CPDF's ability to meet interest payments from its earnings.
- Interest capitalisation - occurs when accrued or accumulated interest is added to CPDF's loan principal instead of being paid on a regular basis.
- CPDF borrowings - shows CPDF's borrowing maturity and finance facility expiry profile, together with any breaches of loan covenants which may have occurred. At the date of this PDS all borrowings are repayable within 5 years and there are no identified breaches of loan covenants.
- Valuations – information about CPDF's direct property valuation policy, including how often assets are valued.
- Related party transactions – information about transactions involving parties that have a close relationship with Clarence Property.
- Distributions – information about CPDF's distribution sources (also see the 'Distributions' section of this PDS).
- Portfolio diversification – information about CPDF's property portfolio diversification.

Further information on how these benchmarks and principles apply to CPDF and the most recent figures are contained in Clarence Property's Regulatory Guide 46 'Unlisted Property Schemes – Improving

Disclosure for Retail Investors' document. This document should be read together with the current PDS for CPDF, and is available online at www.clarenceproperty.com.au/forms-and-reports/. A copy of this document is also available free of charge from Clarence Property. RG46 updates are issued at least every six months.

ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

Decisions about whether to buy, hold or sell investments are based primarily on economic factors. Environmental, social and ethical considerations and labour standards are not directly taken into account by Clarence Property in making these decisions unless we believe these factors may have a material impact on the value of an investment. Clarence Property does not have any specific methodology for considering these factors.

Clarence Property acknowledges that environmental, social and ethical issues can affect the value and long term performance of investments. Consequently, Clarence Property indirectly takes these factors into account when assessing the economic factors relating to the investments and, accordingly, in our decision-making process in the selection, retention and realisation of investments.

7. Risks of investing

ALL INVESTING INVOLVES RISK

An investment in CPDF is subject to various risks. This section describes the risks which we currently believe are the key risks associated with an investment in CPDF. However, this summary is not exhaustive.

Many of these risks are outside the control of Clarence Property. If one or more of these risks eventuate, then the financial performance of CPDF may be adversely affected.

Applicants are strongly encouraged to read and consider the entire PDS, Clarence Property's Regulatory Guide 46 'Unlisted Property Schemes – Improving Disclosure for Retail Investors', and the TMD (available online at www.clarenceproperty.com.au/forms-and-reports/) and the risks contained in this section, having regard to their own appetite for risk and investment objectives, and their financial and taxation position, before deciding to invest in CPDF. Applicants are also encouraged to seek their own professional advice.

RISKS SPECIFIC TO CPDF AND CPDF ASSETS

The risks set out in this section relate specifically to an investment in CPDF under the offer:

Tenancy risk

The income of CPDF is heavily dependent on the rent received from tenants of the properties. If tenants were to default on their lease obligations, fail to pay rent or outgoings when due or at all, or break their lease, this could result in a decrease in rental income and possible capital loss for CPDF, which would adversely affect CPDF's financial performance.

Further, if a tenant leaves or does not renew their lease, there is a risk the tenancy will not be able to be re-let on equivalent terms,

or at all. This would have a negative impact on the income of CPDF.

In addition, if a property remains wholly or materially vacant for any significant period of time, this may impact on adjoining tenancies and may cause additional losses, reducing rents which could be achievable for the property generally. It may also impact on the valuation of the property, the net tangible assets of CPDF or CPDF's capacity to make distributions.

Portfolio diversification

The majority of the portfolio comprises direct real property assets in the commercial office, convenience retail, logistics/distribution, medical, childcare and development sectors, predominantly in Northern New South Wales and South East Queensland. The performance of CPDF will largely depend on the performance of these sectors and the geographical markets in which the properties are located.

In relation to other assets in the portfolio, if the securities in which CPDF has invested fall in value or distributions on those securities are suspended, this may adversely impact the income of CPDF and distributions to unitholders.

Gearing and borrowings

Clarence Property intends to seek further funding to assist in the acquisition of additional assets and to further develop existing assets. If Clarence Property is unable to secure such finance on acceptable terms and cost, this may adversely impact CPDF's ability to expand its portfolio or Clarence Property's ability to effectively manage CPDF.

In addition, if a number of significant tenants failed to pay rent under their leases, the income of CPDF may not be sufficient to meet interest payments on CPDF's borrowings. If there is a default in payment of such interest, the financier may be entitled to enforce its security over the assets.

Borrowings have been used to partly fund the purchase of a number of assets of CPDF. While this has enhanced the potential for distributable

income and capital gain for unitholders if the assets increase in value, it may also increase any capital loss in the event the value of the assets fall, compared to an investment which has no borrowings.

Capital expenditure

CPDF may incur capital expenditure in respect of properties relating to unforeseen structural problems arising from a defect in a building or alterations required due to changes in statutory and compliance requirements. Over time, capital expenditure may be required to maintain the properties, and also to improve the properties in order to retain and attract tenants. The risk that capital expenditure could exceed forecast expenditure may result in increased funding costs, decreased distributable income and property valuation write-downs due to valuation methodology.

In addition, Clarence Property might undertake significant refurbishments, building works or extensions and additions in respect of certain properties, and may acquire assets subject to development activities. These acquisitions may involve tenant pre-commitments or other risk mitigation strategies before any commencement of development activities. Committed tenants may ultimately not take up a lease on the terms contemplated, or at all.

Valuation risk

Clarence Property engages independent valuers to value the assets of CPDF in accordance with CPDF's valuation policy. These valuations are influenced by changes in property market drivers including supply, demand, capitalisation rates, occupancy levels, lease expiries, incentives and capital expenditure.

There is no guarantee a property will achieve a market or sale price approaching

the valuation, or that the valuation upon which CPDF purchases a property can be achieved in a subsequent sale. There is no guarantee a property's valuation will increase, or that it will not decrease as a result of the assumptions in the valuation proving to be incorrect.

Different valuers may value the same property differently, depending on their own internal criteria, research and experience. Valuations may change depending on the risks outlined in this section.

In addition, where an 'as if complete' valuation is obtained for a particular property, there is a risk the assumptions on which the valuation is based may prove to be inaccurate.

Environmental contamination

Despite the due diligence undertaken by Clarence Property when making new acquisitions, it is possible that environmental contamination may be found on a property. Remediation costs may be significant, and there may be consequential effects such as property closure and loss of rent (including potential costs of relocation of tenants in some circumstances) which could adversely affect the income from that property, distributions to unitholders or property valuations.

Development risks

There are numerous risks associated with every property development project. Clarence Property, in determining appropriate investments for CPDF, will identify the risks for each development project and will seek to mitigate risk.

Examples of risks which may apply in respect of development projects are:

PLANNING RISKS: All development projects require planning approval from the relevant authorities. There are risks that such approvals may not be obtained within expected timeframes, may not be granted in the form anticipated, or may not be granted at all. Each of these outcomes may have a negative effect on the performance of CPDF and returns to unitholders.

CONSTRUCTION COSTS ESCALATION RISK: There is a risk construction costs for a project will escalate during the development. If this occurs, returns to unitholders may be adversely affected.

PROJECT DURATION RISK: There is a risk the time to complete a project and sell the assets may exceed the scheduled timeframe. This may have a negative impact on the performance of CPDF and returns to unitholders.

VALUATION AND BORROWING RISK: If borrowings are obtained for development projects on an 'as if complete' basis, there is a risk the assumptions on which the valuation is based may prove to be inaccurate. If the property is sold before development is completed, this may have a negative impact on the performance of CPDF and returns to unitholders.

Cyber breach risk

There is a risk that, despite the technology and security measures implemented by Clarence Property, a data breach or cyber-attack could occur involving unauthorised access by an external party to sensitive and confidential information held by Clarence Property, and the misuse of that information. This may result in a loss to Clarence Property which could have a negative impact on CPDF.

Climate related risk

Potential climate change consequences include the risk of increased sea level and coastal inundation, increases in rainfall and flooding, bushfire weather, extreme storms and energy disruptions. Such matters may cause damage to property assets held by CPDF, which may negatively impact the performance of CPDF.

Risks relating to securities

Returns from an investment in securities are affected by the underlying strength of the cash flows, balance sheet and management of the underlying assets of the relevant entity.

In addition, it may be difficult to realise CPDF's investment in such securities within a reasonable period of time. As the unlisted securities in which CPDF is invested are illiquid, unitholders will only be able to redeem their investments when a withdrawal offer is made. Realising investments in unlisted securities inherently involves longer lead-times than listed securities. Accordingly, Clarence Property cannot guarantee when it will be able to realise CPDF's investments in these securities.

Interest rate risks

Fluctuations in interest rates will affect the performance of CPDF. To the extent that interest rates are not hedged, the financial position including the cost of debt will be affected, and could result in decreased distributions to unitholders. If hedged through fixed rates or interest rate swaps, and interest rates increase from current levels, similar terms may not be available upon extension/refinancing of that debt or the implementation of new hedging strategies.

Breach of debt covenants

As at the date of this PDS, CPDF is in compliance with all covenants under its finance facilities. If there is a decrease in asset values or rental income, this may cause covenants under CPDF's finance facilities to be breached. A breach of a finance facility covenant may result in a financier enforcing its security over the relevant assets. The financier may require repayment of the facility, possibly prior to its expected expiry. This could result in an early sale of a property at a less than optimal sale price (for instance, in a depressed market), additional equity being required, or distributions being reduced or suspended to repay the borrowings.

Conflicts of interest

CPDF may be affected by certain inherent conflicts of interest. Despite adhering to best corporate governance practices, there is a risk these conflicts may not be managed appropriately.

Responsible entity risk

By investing in CPDF, investment decisions are delegated to Clarence Property. The performance of CPDF is affected by the performance and reputation of Clarence Property and that of the external service providers engaged by Clarence Property. The performance of CPDF and Clarence Property cannot be guaranteed.

Litigation risk

Clarence Property may become involved in disputes and possible litigation during its management of CPDF. Clarence Property is under an obligation to protect the value of the assets, and may become involved in disputes in respect of the properties and buildings, such as for warranty or defects claims against builders and their subcontractors. The results of dispute processes and litigation are often uncertain, and are subject to appeal.

There is always a possibility that general business operations may be affected both financially and through the diversion of significant senior management time in running those proceedings.

Competition

An increase in the number of new properties or vacancies in properties in the markets where the properties are located may result in greater competition and difficulty in re-letting the properties, which may result in rental returns decreasing.

In addition, CPDF faces competition from new and existing property funds. Competition may make it difficult for CPDF to acquire assets and to increase its scale or diversification.

Forward looking statements

There can be no guarantee the assumptions and contingencies on which forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. Forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of Clarence Property.

RISKS ASSOCIATED WITH AN INVESTMENT IN UNITS IN CPDF

The risks set out in this section relate to an investment in units:

Lack of liquidity

CPDF is an illiquid property fund and should be regarded as a long term investment.

The constitutions of CPDF allow Clarence Property to make limited withdrawal offers to unitholders from time to time. Clarence Property does not anticipate making a withdrawal offer in the foreseeable future. In the event that Clarence Property decides to make a withdrawal offer in accordance with the constitutions, Clarence Property will specify the terms of the withdrawal offer including the redemption date. Unitholders may request Clarence Property redeem any units held in accordance with the offer. Clarence Property must pay the redemption amount for any units properly redeemed within 21 days of the redemption date.

Although there is no formal secondary market for the units, units are transferrable in accordance with the provisions of the constitutions.

Distributions

Clarence Property expects to make distributions using cash flow from the operations of CPDF and from realised capital gains, subject to CPDF's financial performance. If, for any reason, the income of CPDF was to decrease and CPDF found it difficult to meet its repayment obligations under its finance facilities, there is a risk CPDF would be unable to generate sufficient free cash flow from operations to meet the forecast distribution payments to unitholders.

NTA risk

The net tangible asset (NTA) backing of a managed investment scheme provides information about the value of the tangible or physical assets of the scheme. The NTA backing may be affected by various factors, and may increase and decrease from time to time as CPDF raises funds or acquires or disposes of assets.

Taxation treatment of units may change

The taxation summary included in this PDS is based on law current at the date of this PDS and on its interpretation by taxation advisers. Unitholders should be aware that changes in Australian taxation law (including changes in interpretation or application of the law by the courts or taxation authorities in Australia) may materially affect the taxation treatment of an investment in units, the holding or disposal of units or the treatment of distributions and the financial performance, financial position, cash flows, distributions, growth prospects and the value of units.

Ranking

If CPDF is wound up, unitholders will rank behind secured and unsecured creditors, who will be paid ahead of unitholders. If there is a shortfall of funds upon the winding up of CPDF, there is a possibility unitholders may receive less than the issue price or the net tangible asset value of their units, and could lose some or all of the capital they have invested.

ECONOMIC AND MARKET RISKS

This section outlines general economic and market risks which may impact the performance of CPDF and the return on or value of units:

Legal and regulatory risks

Adverse consequences to investments may occur because of amendments to statutes and regulations affecting CPDF, its assets or Clarence Property.

Changes to local, state or federal zoning or planning schemes, environmental controls, health and safety requirements, foreign investment controls, discrimination and equal opportunity initiatives, taxation regimes and accounting standards may impact on the performance of CPDF.

Economic conditions

The overall performance of CPDF may be affected by changing economic or property market conditions, which impact on asset returns and values.

These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of local, State, national and international economies. A general economic downturn may have a negative impact on the value of units.

Geopolitical risks

Military conflict internationally may affect the Australian economic and property environment, resulting in challenges to supply chains, increased costs and delays in property developments.

COVID-19 and pandemic risks

At the date of this PDS, the outbreak of the COVID-19 pandemic has continued, resulting in volatility within the Australian and global economies.

The risks set out in this section as well as other unknown risks may be heightened

as a result of COVID-19 or the outbreak of a similar health pandemic. CPDF and your investment may be adversely affected, including impacts on the frequency and levels of distribution payments to unitholders as well as on the value of CPDF's portfolio.

As at the date of this PDS, the World Health Organisation has declared COVID-19 as a pandemic. The future extent and impact of the COVID-19 pandemic is uncertain. The Federal and State governments have announced several fiscal measures to support the economy and manage the impact of COVID-19. Accordingly, CPDF faces risks to revenue and from possible further changes to government policy and regulations.

Further, it is unknown, due to the nature of this pandemic, what the overall impact of COVID-19 will be on CPDF, the portfolio and your investment. Applicants should carefully consider these COVID-19 risks in addition to the other risks stated in the PDS before making any decision to invest in CPDF.

Risk of partial ownership

CPDF may from time to time own a less than 100% interest in a property. While Clarence Property believes a partial interest may offer enhanced liquidity prospects (given a greater number of prospective purchasers may be attracted due to the lower purchase price) there is a risk that at any point in time a prospective buyer pool, on balance, may prefer to acquire a 100% interest in the property.

Further, any material dispute or litigation in relation to the co-ownership may affect the value of the property and/or the income of CPDF.

8. Fees and other costs

Because CPDF is a managed investment scheme, Clarence Property is required to include the below information in the format prescribed by the *Corporations Act*.

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 account 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 fees. Ask CPDF 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) Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

FEES AND OTHER COSTS

This section 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 CPDF 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.

Type of fee or cost ¹	Amount ²	How and when paid
Ongoing annual fees and costs		
MANAGEMENT FEES AND COSTS		
The fees and costs for managing your investment		
MANAGEMENT FEE	Up to 1.0% per annum of the gross asset value of CPDF's assets. Clarence Property intends to charge a fee of up to 0.8% per annum of the gross asset value for the period ending 30 June 2022	Calculated and payable monthly in arrears from CPDF revenue.
ACQUISITION FEE	Up to 3.0% of the purchase price of each asset purchased by CPDF	Payable following the settlement of the purchase of an asset.
DISPOSAL FEE	Up to 2.0% of the sale price of each asset sold by CPDF provided the sale price after deducting all selling costs exceeds the original purchase price	Payable following the settlement of the sale of an asset.
OPERATING COSTS AND EXPENSES	Approximately 0.19% of the gross asset value of CPDF for the financial year ended 30 June 2021	These costs and expenses are paid or reimbursed from CPDF revenue when incurred.
PERFORMANCE FEES Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
TRANSACTION COSTS The costs incurred by the scheme when buying or selling assets	Approximately 2.32% of the gross asset value of CPDF for the financial year ended 30 June 2021	These costs and expenses are paid or reimbursed from CPDF revenue when incurred.

Type of fee or cost ¹	Amount ²	How and when paid
Member activity related fees and costs (fees for no services or when your money moves in or out of the scheme)		
ESTABLISHMENT FEE The fee to open your investment	Nil	Not applicable.
CONTRIBUTION FEE The fee on each amount contributed to your investment	Nil	Not applicable.
BUY-SELL SPREAD An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	The buy-sell spread will be factored into the issue price or withdrawal price calculation on the issue or redemption of units in CPDF respectively.
WITHDRAWAL FEE The fee on each amount you take out of your investment	Nil	Not applicable.
EXIT FEE The fee to close your investment	Nil	Not applicable.
SWITCHING FEE The fee for changing investment options	Nil	Not applicable.

1. See 'Additional explanation of fees and costs' section below for further details as to fees and costs you may be charged.

2. All fees are inclusive of GST (less any reduced input tax credits) and stamp duty (where applicable).

Example of annual fees and costs

The Corporations Act requires CPDF to provide an example of the fees and costs which may be paid in the format set out below. These fees and costs are deducted from the revenue of CPDF prior to the payment of any distributions to you.

This table gives an example of how the ongoing fees and costs in the units for this product can affect your investment over a 1-year period. You should use this information to compare this product with other products offered by managed investment schemes.

Example		Balance of \$50,000 with a contribution of \$5,000 during the year
CONTRIBUTION FEES	Nil	For every additional \$5,000 you invest, you will be charged \$0
PLUS MANAGEMENT FEES AND COSTS	1.87% per annum ¹	And, for every \$50,000 you have invested, you will be charged or have deducted from your investment \$935 each year. In other words, \$935 will be deducted from the revenue of CPDF before any distributions are made to you.
PLUS PERFORMANCE FEES	Nil	And, you will be charged or have deducted from your investment \$0 in performance fees each year
PLUS TRANSACTION COSTS	2.32% of the gross asset value of CPDF	And, you will be charged or have deducted from your investment \$1,160, in transaction costs. In other words, \$1,160 will be deducted from the revenue of CPDF before any distributions are made to you.
EQUALS COST OF CPDF		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 and costs of \$2,095. In other words, \$2,095 will be deducted from the revenue of CPDF before any distributions are made to you.

¹ This includes Management Fee of 0.71% and Operating Costs and Expenses of 0.19%, Acquisition fees of 0.75% and Disposal fees of 0.22% based on CPDF's average gross asset value over the one-year period ended 30 June 2021.

Additional explanation of fees and costs

Under CPDF's constitutions, Clarence Property is entitled to all of the fees and reimbursement of expenses described in the tables in this section. All fees and costs are GST inclusive. For further information on tax, refer to the Taxation section of this PDS.

If Clarence Property provides a forecast distribution to unitholders, this forecast distribution is calculated on the basis that all fees and costs have been paid. In other words, the forecast distribution will not be reduced further by deducting any additional fees and costs.

Management fees and costs

MANAGEMENT FEES

Under the *Corporations Act*, 'management fees' are defined to include fees payable for administering the scheme, custodian fees, valuation and audit costs, insurance, and any amounts payable for investing in assets of the scheme. It includes any fees payable on the acquisition and disposals of assets in the scheme.

Clarence Property is entitled to be paid out of the assets of CPDF a management fee of up to 1.0% per annum of the gross asset value of CPDF's assets (i.e. \$100 p.a. out of every \$10,000 of gross assets).

The management fee is calculated and payable monthly in arrears out of CPDF's assets. The management fee must be paid up to the date of completion of the final winding up of CPDF.

However, Clarence Property at the date of this PDS, intends to waive its entitlement to the full 1.0% per annum management fee and instead charge a management fee of up to 0.8% per annum of the gross asset value of CPDF's assets for the financial year ended 30 June 2022 (i.e. up to \$80 p.a. out of every \$10,000 gross assets).

ACQUISITION FEE

Clarence Property is entitled to be paid an acquisition fee up to 3.0% of the purchase price of each asset purchased by CPDF. This fee is payable on settlement of the asset purchase.

For example, if the purchase price of the asset was \$5,000,000, the maximum acquisition fee would be calculated as follows:

$$\$5,000,000 \times 0.03 = \$150,000$$

For the financial year 2020/21 \$3.4m in acquisition fees were incurred.

If no assets are acquired in CPDF during a financial year, then no acquisition fees will be charged.

DISPOSAL FEE

Clarence Property is entitled to be paid a disposal fee up to 2.0% of the sale price of each asset of CPDF, provided the sale price after deducting all selling costs exceeds the original purchase price. This fee is payable on settlement of the asset sale.

For example, if the sale price of the asset was \$5,000,000, sale costs were \$50,000 and the original purchase price of the asset was \$3,000,000, the maximum disposal fee would be calculated as follows:

$$\$5,000,000 \times 0.02 = \$100,000$$

For the financial year 2020/21, \$1.0m in disposal fees were incurred.

If no assets are disposed of by CPDF during a financial year, then no disposal fees will be charged.

Operating costs and expenses

To the extent permitted by law, Clarence Property is entitled to recover all costs and expenses incurred in the administration and operation of CPDF and in the proper performance of its duties as responsible entity of CPDF. This includes but is not limited to costs and expenses in relation to:

- fees charged for administering and operating the managed investment scheme;

- fees and expenses of auditors, accountants and professional advisers or experts engaged by Clarence Property in the discharge of duties under the constitutions;
- maintenance of accounting records and registers, and preparation and lodgement of taxation returns; and
- capital raising and associated advertising costs;
- communicating with unitholders and convening any meeting of unitholders; and
- costs and expenses relating to the Custodian and compliance committee.

Clarence Property is entitled to recover all such expenses from the assets of CPDF.

Transaction costs

Transaction costs are costs incurred by CPDF when assets are bought and sold. They include brokerage, selling fees and costs, stamp duty, legal and tax advice and property settlement costs. Transaction costs will be higher if assets are sold or acquired during a particular financial year.

For the financial year 2020/21, CPDF acquired several properties. As a result, CPDF incurred a total of \$10.6 million in transaction costs. Included in this figure was \$8.3 million in stamp duty, which represented 79% of total transaction costs.

Total transaction costs represented 2.32% of the gross asset value of CPDF or \$1,160 per \$50,000 investment.

Transaction costs will be less if CPDF does not make any acquisitions or disposals during a financial year.

Indirect costs

Indirect costs are generally any amount Clarence Property knows or estimates will reduce CPDF's returns, that are paid from CPDF's assets or the assets of interposed vehicles and have been included in the management fees and costs above.

Buy-sell spread

The issue price and withdrawal price for managed funds are often adjusted for a buy spread and a sell spread. The buy and sell spreads reflect the amount of transaction costs which Clarence Property estimates will be incurred in buying and selling CPDF's assets as the result of an investor entering or leaving CPDF.

The purpose of the buy and sell spreads is to ensure that those investors transacting in a managed fund's units at a given time, proportionately bear the fund's costs of buying and selling assets as a result of their transaction.

The buy-sell spread for CPDF at the date of this PDS is Nil because the buy and sell spread is factored into the issue price or withdrawal price calculation on the issue or redemption of units in CPDF respectively.

Removal fee

Under CPDF's constitutions, Clarence Property is entitled to a fee of 2.0% of the total value of CPDF's real property assets, provided the current total value of the real property assets exceeds their purchase price, if Clarence Property is removed as the responsible entity of CPDF for any reason other than failing to properly perform its duties.

For example, if CPDF's current total value of real property assets is \$500,000,000 (and this total value exceeds their aggregate purchase price), Clarence Property would be entitled to receive a removal fee of \$10,000,000 if removed as responsible entity.

The management fees and costs row in the 'Fees and other costs' table above does not include any removal fee.

Other fees

Clarence Property (or an associate) may receive and charge fees in addition to other fees specified in this PDS and recover costs and outlays for any other services not reasonably contemplated by Clarence Property as being part of those duties for which it is remunerated where the services are provided by Clarence Property (or an associate) to CPDF.

Changes in fees

Fees may change during the term of CPDF.

Clarence Property will provide unitholders with notice of any proposed changes to the level of fees. Clarence Property cannot increase fees beyond the level allowed in the constitutions without the approval of unitholders.

Waiver of fees and expenses

Clarence Property may, at its discretion, waive fees and expenses which it is otherwise entitled to receive, or it may defer payment of those fees and expenses for any period of time. If payment is deferred, the fee may accrue until paid.

Performance fee

Clarence Property cannot charge a performance fee.

Can fees be different for different investors?

No.

Brokerage and adviser fees

No brokerage, service fees, up-front or trail commissions will be paid out of CPDF assets to financial advisers or advisory firms. Applicants may agree to pay their adviser a fee for financial advice or advice services provided to them.

Taxes

Government taxes such as stamp duty and GST may be applied as appropriate. Information relating to the taxation implications associated with an investment in CPDF is outlined in the 'Taxation' section. Unless otherwise stated, all fees in this section are GST inclusive.

Fees payable to related parties

Certain fees and expenses are payable by CPDF to certain related parties under transactions on arms' length terms.

9. Taxation

INTRODUCTION

This information is general in nature and unitholders should not rely on the information as it has not taken their specific circumstances into account. They should seek their own tax advice.

Taxation is complex and its application is dependent upon the facts and circumstances of the PDS.

Taxation law is subject to change. The information in this section is based on legislation, rulings, case law and other authorities at the date of its issue. We will not update the information for future changes in the law, rulings, cases or other authorities.

Unless otherwise stated, all legislative references in this letter are to the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997.

STAPLING AGREEMENT

The Clarence Property Diversified Fund (formerly known as Westlawn Property Trust) comprises Clarence Property Diversified Fund ("CPDF") and Epiq Lennox Property Trust ("EPT").

For taxation purposes CPDF and EPT are treated as separate taxation entities.

Under the stapling arrangement unitholders will retain the same proportionate interest in both trusts.

Investors will receive an annual distribution statement covering each of the trusts.

For completeness, set out below is a summary of the taxation position of investments in both CPDF and EPT.

TAXATION TREATMENT OF CPDF

Trust Income

The core business of CPDF is the

acquisition of commercial property for rent and investment in securities. The net income of CPDF may include:

- Net rental income that is attributable to the leasing of commercial property;
- Gains from the sale of commercial property held for rent; and
- Income from cash investments, and from investments in listed and unlisted securities.

Taxation of CPDF

Tax losses incurred by CPDF cannot be distributed to unitholders. Tax losses are trapped in CPDF but may be carried forward in CPDF and utilised to reduce tax gains made in later income years. The utilisation of carried forward tax losses is subject to the satisfaction of certain utilisation tests.

Acquisition of units

This information assumes that units held by Australian tax resident unitholders in CPDF will be considered capital assets of the unitholders and accordingly the capital gains tax ("CGT") provisions will apply upon sale, transfer or any other form of disposal of the units. For CGT purposes, the cost base (and reduced cost base) of each unit will include the amount the unitholder paid to acquire the unit plus any incidental costs of acquisition and disposal.

Unitholders that are presently entitled to the distributable income of CPDF will be required to include in their assessable income a proportionate share of CPDF's taxable income for each relevant income year. A unitholder's proportionate share of CPDF's net income will be determined by their proportional entitlement to the distributable income of CPDF. There may be circumstances where the calculation of CPDF's net income for tax purposes and the distributable income may vary.

Investors will generally be assessed in the same year in which CPDF derived the income. This will include CPDF distributions which a unitholder becomes presently entitled to but may not receive until after year end.

Each component of CPDF's net income should retain its tax character in the hands of the unitholders.

CPDF may also make cash distributions to unitholders in excess of the net income of CPDF for taxation purposes.

These distributions can arise as a result of:

- Tax deferred distributions (generally income sheltered by tax depreciation deductions); and
- CGT concessions (being the discount component of net capital gains derived by CPDF).

Tax deferred distributions do not give rise to assessable income in the hands of a unitholder. However, for CGT purposes they reduce the cost base (and where applicable the reduced cost base) of the unitholder's units in CPDF. If the cost base of the units is reduced to nil a capital gain will arise on any further tax deferred distributions received.

Distributions of the CGT concession amount are not assessable to unitholders and will not affect the cost base of their unitholding in CPDF.

Investors will receive distribution statements setting out the details of all CPDF distributions.

Sale of Units

A capital gain or capital loss will crystallise for the unitholder upon disposal of some or all of their units in CPDF. A capital gain will arise where the proceeds received from sale exceed the cost base of the units. A capital loss will arise where the proceeds received from sale are less than the cost base (or reduced cost base) of the units.

Investors with current year or carry forward capital losses may be able to apply these losses against any capital gain arising upon disposal of the units. Conversely, unitholders may carry forward to later income tax years

any unutilised capital loss arising upon disposal of the units.

Once the net capital gain or net capital loss of the unitholder in respect of all capital gains or losses has been aggregated for the year, this amount is included in the unitholder's assessable income. A net capital loss can only be offset against capital gains with the remaining amount to be carried forward and offset against future taxable capital gains (subject to any loss testing conditions being satisfied).

Individuals who hold units in their own name who dispose of their units in CPDF may be able to apply the 50% CGT discount where the disposed units have been held for at least 12 months prior to the date of disposal. This treatment also applies to individuals who receive distributions of capital gains arising from the disposal of CPDF units from a trust. Similarly, complying superannuation funds which dispose of the units in the CPDF may be eligible to apply a 33¹/₃% CGT discount.

There are no CGT discounts available for incorporated unitholders.

This summary does not consider the impact of disposal for unitholders holding units in CPDF on revenue account or for non-Australian tax resident unitholders. Such unitholders are encouraged to seek independent taxation advice regarding the disposal of the units.

Pay as You Go Withholding

Investors may provide their Australian Tax File Number ("TFN") or Australian Business Number ("ABN") to CPDF. Where this information is not provided, CPDF must typically withhold Pay As You Go ("PAYG") withholding tax from distributions made to the relevant unitholder at the highest marginal tax rate (currently 45% plus a 2.0% Medicare Levy).

Investors will typically be able to offset any PAYG tax withheld against their income tax liability upon preparation of their annual income tax return.

Goods and Services Tax

Goods and services tax (“GST”) is not directly applicable to a unitholder’s investment in CPDF when they invest or withdraw their investment. In particular, the acquisition of units and associated distributions made to unitholders will not be subject to GST. However, where the unitholder is registered for GST, it may not be entitled to claim input tax credits on costs associated with the acquisition of units in CPDF.

TAXATION TREATMENT OF EPIQ LENNOX PROPERTY TRUST

Trust Income

The business of EPT includes the acquisition and development of land for resale and/or rent. The net income of EPT may include gains from the sale of land held for development purposes.

Taxation of EPT

EPT is expected to be treated as a Public Trading Trust (PTT) in accordance with Division 6C of the *Income Tax Assessment Act 1936*.

PTTs are taxed in the same manner as companies, subject to certain modifications.

As EPT is undertaking land development activities, EPT will be liable to pay income tax on its taxable income derived in an income year. Income Tax will be levied on the taxable income of EPT at the Australian corporate taxation rate.

Distributions to unitholders relating to profits derived in years where the EPT is taxed as a PTT will be in the form of dividends. The ability of EPT to frank a dividend will be subject to it having sufficient franking credits in its franking account. EPT will be required to maintain a franking account which essentially

reflects the income tax paid by EPT (or attached to dividends received by EPT) less any franking credits which have been attached to distributions.

Tax losses incurred by EPT cannot be distributed to unitholders. Tax losses are trapped in EPT but may be carried forward in EPT and utilised to reduce tax gains made in later income years. The utilisation of carried forward tax losses is subject to the satisfaction of certain utilisation tests.

Acquisition of Units

This information assumes that units held by Australian tax resident unitholders in EPT will be considered capital assets of the unitholders and accordingly the CGT provisions will apply upon sale, transfer or any other form of disposal of the units. For CGT purposes, the cost base (and reduced cost base) of each unit will include the amount the unitholder paid to acquire the unit plus any incidental costs of acquisition and disposal.

We have not considered the tax implications where the unitholders are non-residents for tax purposes.

Distributions from EPT

Distributions of profit by EPT to unitholders will be made by way of dividend. These dividends comprise taxable income in the year in which they are received. As EPT will be taxed as a company, dividend distributions may be unfranked, partially franked or fully franked.

Australian tax resident unitholders in receipt of dividends will be required to include the grossed up dividend income (i.e. dividend amount plus the franking credits attached) as part of their taxable income in their annual income tax return in the year they are received.

Australian tax resident unitholders in receipt of a partially franked or full franked dividend from EPT may be able to offset the franking credits against their Australian tax payable. In certain circumstances where the marginal tax rate of an individual or superannuation entity unitholder is

less than the company tax rate and they are in receipt of fully franked dividends, the unitholder may be entitled to a refund of the excess franking credits not utilised.

As EPT distributions will be taxed as dividends, unitholders will not receive distributions of capital gains which qualify for CGT discounts.

The EPT may also make cash distributions to unitholders in excess of the statutory net profit as determined in accordance with Accounting Standards. Where these distributions are debited to the unit capital account they will not give rise to assessable income in the hands of a unitholder. However, for CGT purposes they reduce the cost base (and where applicable the reduced cost base) of the unitholders units in EPT. If the cost base of the units is reduced to nil a capital gain will arise on any further returns of capital received.

Sale of units

A capital gain or capital loss will crystallise for the unitholder upon disposal of some or all of their units in EPT. A capital gain will arise where the proceeds received from sale exceed the cost base of the units. A capital loss will arise where the proceeds received from sale are less than the cost base (or reduced cost base) of the units.

Investors with current year or carry forward capital losses may be able to apply these losses against any capital gain arising upon disposal of the units. Conversely, unitholders may carry forward to later income tax years any unutilised capital loss arising upon disposal of the units.

Once the net capital gain or net capital loss of the unitholder in respect of all capital gains or losses has been aggregated for the year, this amount is included in the relevant year's tax return. A net capital gain is included in the unitholder's assessable income. A net capital loss can only be offset

against capital gains with the remaining amount to be carried forward and offset against future taxable capital gains (subject to loss testing conditions being satisfied).

Individual unitholders who dispose of their units in EPT may be able to apply the 50% CGT discount where the disposed units have been held for at least 12 months prior to the date of disposal. This treatment also applies to individuals who receive distributions of capital gains arising from the disposal of EPT units from a trust. Similarly, complying superannuation funds which dispose of units in EPT may be eligible to apply a 33¹/₃% CGT discount.

There are no CGT discounts available for incorporated unitholders.

This summary does not consider the impact of disposal for unitholders holding units in EPT on revenue account or for non-Australian tax resident unitholders. Such unitholders are encouraged to seek independent taxation advice regarding the disposal of the units.

Pay as You Go Withholding

Investors may provide their Australian TFN or ABN to EPT. Where this information is not provided, EPT must typically withhold PAYG withholding tax from distributions made to the relevant unitholder at the highest marginal tax rate (currently 45% plus a 2.0% Medicare Levy).

Investors will typically be able to offset any PAYG tax withheld against their income tax liability upon preparation of their annual income tax return.

Goods and Services Tax

GST is not directly applicable to a unitholder's investment in EPT when they invest or withdraw their investment. In particular, the acquisition of units and associated distributions made to unitholders will not be subject to GST. However, where the unitholder is registered for GST, it may not be entitled to claim input tax credits on costs associated with the acquisition of units in EPT.

10. Distributions

CPDF aims to pay distributions monthly.

You should be aware that although CPDF's objective is to pay distributions monthly, the amount of each distribution may vary or no distribution may be payable in a distribution period.

Distributions will normally be made mid-month after the end of the month. The amount distributed to each unitholder will be based on the number of units held by the unitholder at the end of the previous month. For example, your June distribution will be calculated based on units you own at 30 June and the distribution will be paid to you by mid-July.

Any distributions you receive may affect the social security benefits to which you are or may be entitled to, and you should consider discussing this with your financial adviser, Centrelink or the Department of Veterans' Affairs before investing.

Payment of distributions

You can choose to have distributions:

- paid directly into your nominated account as completed in your Application Form (or as subsequently notified to Clarence Property); or
- reinvested in CPDF,

by indicating your selection on your Application Form. If no selection is made, distributions will be reinvested.

Reinvestment

Under CPDF's constitutions, the issue price for reinvested distributions is determined by the Board. The current issue price of units in CPDF is available on www.clarenceproperty.com.au/cpdf

11. Other important information

ISSUE PRICE

The issue price is determined under CPDF's constitutions by reference to the net asset value pertaining to the number of units on issue.

Clarence Property may exercise certain discretions in determining the issue price (the 'Unit Pricing Policy' is available on request). The current issue price of units in CPDF is available on www.clarenceproperty.com.au/cpdf

Unit Pricing Policy

Clarence Property may exercise certain discretions in determining the unit price of units on application and withdrawal in CPDF. The Unit Pricing Policy, which can be obtained free of charge by contacting us, sets out the types of discretions that Clarence Property may exercise and in what circumstances Clarence Property exercises the discretions and the reasons why it considers the policies are reasonable. Clarence Property is required to keep a record of any instance where a discretion is exercised in a way that departs from these policies.

Cooling off rights

Applicants should note there is no cooling-off period in relation to applications made under this PDS.

Timing of issue (allotment) of units

Units are allotted on the first day of the month following receipt of a completed Application Form and your investment funds. CPDF may pay you interest on your investment funds from the date of receipt to the end of that month (although the payment of any interest is not guaranteed).

Retaining this PDS

You should keep this PDS and any replacement or supplementary PDS, as you may need to refer to information about CPDF for ongoing investing. We will send you a current PDS and any replacement or supplementary PDS free of charge, on request.

Changes to the information in a PDS

Before making an investment decision, it is important to read a current PDS, as information provided in a PDS may change from time to time. Updates which are not materially adverse to unitholders, will be updated online at <https://clarenceproperty.com.au/forms-and-reports/> ('Updates'). However, if a change is considered materially adverse to unitholders, Clarence Property will issue a replacement or supplementary PDS which will be available online. You can also obtain a copy of the replacement, supplementary PDS or any updated information free of charge, by contacting us.

Clarence Property may change CPDF's investment return objective or investment approach from time to time, if it considers it to be in the best interests of unitholders. If it does so, it will advise unitholders.

Questions about your investment

Please contact our Investor Relations team on 1300 853 069 between 9.00am and 5.00pm Monday to Friday, Sydney time or alternatively via email at invest@clarenceproperty.com.au if you have questions relating to your investment.

Transfer of units

Although there is no formal secondary market for units, units are transferrable (ie. able to be sold) to third parties. A transfer of units form is available for download online at <https://clarenceproperty.com.au/forms-and-reports/> or contact us with any transfer questions.

Keeping you informed

CPDF's registry provider is Boardroom Pty Limited (Boardroom). InvestorServe is Boardroom's online service portal, accessed via www.investorserve.com.au.

Through InvestorServe, you can:

- update and manage your contact information;
- update and manage payment preferences;
- view holdings and transactions;
- view CPDF updates and reports; and
- view distribution and taxation statements.

The Boardroom (InvestorServe) portal provides 24/7 access to your investment and meets all legislative requirements regarding data security and privacy. It is important for investors to appreciate the protocols employed by Boardroom ensure your investment is protected and secure.

Once you receive your initial CPDF holding statement, it is important you register for access to InvestorServe.

Investment information

Boardroom will send unitholders the following information:

- confirmation of your initial investment;
- a confirmation statement after each additional investment;
- if your distributions are paid into your bank account, a distribution statement once payment has been made (typically mid-month);
- if your distributions are reinvested through the Distribution Reinvestment Plan, a distribution statement once your new units have been allotted (typically on the 1st of each month); and
- by 30 September each year, an annual tax statement to help you with your tax return.

Reporting

We will provide unitholders with the following information free of charge, on request:

- CPDF's financial reports;
- additional investment or distribution statements; and
- a paper copy of any updated information.

Trusts' constitutions

CPDF's constitutions provide the framework for the operation of CPDF, and together with CPDF's PDS, the *Corporations Act* and other relevant laws, sets out the relationship between Clarence Property and unitholders. We will send you a copy of the constitutions free of charge, on request.

Overview of the constitutions

The key provisions of CPDF's constitutions relate to:

- the rights and liabilities of unitholders;
- where taxes or other amounts can be deducted from payments to unitholders;
- where transfers and applications may be refused;
- the liability of Clarence Property to unitholders in relation to CPDF, which is limited to any liability imposed by the *Corporations Act*, so long as Clarence Property acts in good faith and without gross negligence;
- the powers, rights and liabilities of Clarence Property, including its power to invest the assets of CPDF, to deal with itself and its associates, to be paid fees and to be reimbursed or indemnified out of the assets of CPDF;
- the right of Clarence Property to be reimbursed by a unitholder or former unitholder for tax or expenses it incurs as a result of the unitholder's request, action or inaction, or to redeem units to satisfy amounts due to Clarence Property from a unitholder;
- changing the constitutions, including in some cases without unitholder approval, such as to meet regulatory changes;
- the ability of Clarence Property to terminate CPDF at any time;
- when Clarence Property can terminate CPDF or retire, and what happens if this occurs; and
- voting rights.

The constitutions limit a unitholder's liability to the value of their units.

Compliance plan

Clarence Property has a compliance plan for CPDF, which sets out the measures which will apply in operating CPDF to ensure compliance with the *Corporations Act* and the constitutions. The compliance plan is lodged with ASIC and is audited by independent auditors annually to determine compliance with it.

A compliance committee monitors the operation of CPDF and overall compliance with the compliance plan. The majority of the members of

the compliance committee must be, and are, independent of Clarence Property. The compliance committee has the obligation to monitor compliance with the compliance plan and to report certain breaches of the *Corporations Act* and the compliance plan to ASIC.

Related party transactions

Clarence Property may engage related parties to undertake services on behalf of CPDF. Any such services must be on arm's length terms, and fees for these services are charged at normal commercial rates as if the two parties were unrelated.

Clarence Property Works Pty Ltd (a wholly owned subsidiary of Clarence Property) acts as property asset and leasing manager of properties within the portfolio.

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

INTERESTS OF DIRECTORS

As at the date of this PDS, each of the parties below or entities associated with them held units in CPDF on the same terms and conditions as all other unitholders.

The number of units held by directors directly and indirectly was as follows:

Name	Number of units	% of issued units
Jim Dougherty	951,781	0.22%
Peter Fahey	1,518,647	0.36%
Andrew Carlton	138,052	0.03%
Anthony Tippet	4,267,173	1.00%
Darrell Irwin	1,325,664	0.31%
Total	8,201,317	1.92%

INTERESTS OF RELATED PARTIES, FAMILY AND STAFF

Directors, officers and staff of Clarence Property and their families may acquire units but only on the same terms as other unitholders.

As at the date of this PDS, related parties, directors, officers and staff of Clarence Property and their families collectively held 37,624,100 units in CPDF, which represented 8.82% of the total units on issue.

Continuous disclosure obligations

Units in CPDF are 'ED (Enhanced Disclosure) securities' under the *Corporations Act*. CPDF is therefore a disclosing entity and subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to CPDF can be obtained from, or inspected at, an ASIC office.

Unitholders have a right to obtain various financial reports lodged with ASIC for CPDF including a copy of the following documents:

- the financial reports of CPDF most recently lodged with ASIC; and
- any continuous disclosure notices given by CPDF.

Clarence Property will satisfy its continuous disclosure obligations for CPDF by publishing material information on its website at <https://clarenceproperty.com.au/forms-and-reports/>.

Accordingly, given the disclosure of material information will be made on Clarence Property's website, Clarence Property will not be required to lodge with ASIC continuous disclosure notices for CPDF.

Complaints procedure

If you have a complaint about any aspect of your investment in CPDF, please write to us at:

The Dispute Resolution Officer
PO Box 1478
Ballina NSW 2478

Alternatively, you can phone us on 1300 853 069.

We are a member of, and participate in, the Australian Financial Complaints Authority (**AFCA**), an independent complaints resolution organisation. If you feel your complaint has not been satisfactorily resolved you are entitled to make a complaint to AFCA at:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, VIC 3001

Phone: 1800 931 678

Email: info@afca.org.au

A copy of Clarence Property's Internal Dispute Resolution Procedural Program can be downloaded from the website <https://clarenceproperty.com.au/dispute-resolution/>

Your privacy

The main purpose of collecting personal information is to allow us to set up and administer your investment account. If you do not provide the required information, we may not be able to process your application. If you would like us to not use your personal information for direct marketing purposes, please contact us.

Our Privacy Policy, which can be obtained by contacting us or online at <https://clarenceproperty.com.au/privacy-policy/>, sets out our policies on management of personal information. This information may be disclosed to financial advisers where applicable, to external service suppliers (including offshore suppliers) who supply administrative, financial or other services which assist us in providing services to you, and to anyone you have authorised or if required by law.

Under the *Privacy Act 1988 (Cth)* (**Privacy Act**), you may access personal information held about you, although the *Privacy Act* does set out some exemptions to this. If you believe information held about you is inaccurate, incomplete or out of date, please contact us.

12. How to invest

Complete the online application form located at the top of our website www.clarenceproperty.com.au

Click 'INVEST NOW' (top right-hand side of home page) for both new and existing investors.

As a new investor you will need to provide, as a minimum, the following information:

- Contact details so we can contact you about the application;
- Investor details such as name, entity information;
- Banking information for distributions; and
- Tax file number.

Existing investors will need their Unitholder identification details.

If you don't have online access, please call Clarence Property on 1300 382 862 for assistance in processing your application.

You can make initial or additional investments via direct deposit, BPAY or cheque by following the payment instructions provided once the online application is completed.

Your application will only be processed and finalised on receipt of both the completed online application form and your investment amount.

All investments are made on the basis of the PDS current at the time of contributing your investment amount.

We may, in our absolute discretion, reject in whole or in part any application. We need not give any reason for rejection.

Minimum investment amounts:

- New unitholders – 50,000 units
- Existing unitholders – 10,000 units

Clarence Property reserves the right to accept lower investment amounts.

13. Directory

Responsible entity and issuer

Clarence Property Corporation Limited
AFSL 230212

Responsible Entity of Clarence Property
Diversified Fund ARSN 095 611 804 and Epiq
Lennox Property Trust ARSN 626 201 974

Tel. 1300 853 069

Email: invest@clarenceproperty.com.au

Website: www.clarenceproperty.com.au

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PROPERTY**

www.clarenceproperty.com.au | 1300 853 069

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