

Falcon Capital Limited
Level 13, 350 Collins Street,
Melbourne, 3000, Victoria
AFSL 302538



18 May 2021

Dear Unitholder,

Notification of important changes to your investment

We are writing to you in our capacity as Responsible Entity for the Chiodo Diversified Property Development Class (CDPD).

We wish to advise you of some important changes which become effective 18 May 2021 for the CDPD Class in which you are a Unitholder.

We are of the opinion that these changes are not adverse to your interests in the Class and do not result in any increase in fee or charges. According to the *Corporations Act 2001* we, as the issuer of the product may provide notice of these changes between 3 and 12 months after implementation of such changes. We however believe it is appropriate to provide the information in a timely manner and accordingly provide you with this letter.

What will be changing to this Class:

- The annual management fee will be reduced from 1.1% + GST of Net AUM to 0.2% + GST of Net AUM. This represents an 81.8% reduction in annual management fees.
- The investment management role will change from CF Property Capital Pty Ltd to First Guardian Capital Pty Ltd.
- Two new property specialists (detailed below) will join the management team for the Class, bringing with them significant project management and development experience.
- The Class will be re-named to the First Guardian Australian Development Class
- Capital and realised profits from the Class's current projects will be returned to unitholders upon completion of each project as interim distributions. This differs in that prior to this change, capital was to be reinvested and only realised profits were to be returned to Unitholders as semi-annual distributions.

What will remain the same:

- The target return for the Class although the reduction in the annual management fee should only increase the actual return. The above changes are being taken to benefit the Class

- The Responsible Entity for the Class remains Falcon Capital Limited.
- Allowable investments for the Class, being residential and commercial property assets in Australia.
- The Class' liquidity and redemption policy. By its very nature, the Class holds a portfolio of illiquid real estate and real estate development projects. While it is the intention of the manager to return capital and realised profits to its investors, the processing of redemptions continues to be reliant upon sufficient capital being made available through the completion of these projects.
- The risk level for the Class. We still expect the Class to be suitable for growth focused investors with a preference for real estate exposure.

Future Developments:

- The Class is in the final stages of proceeding with a new project valued at approximately \$4.5M that will further diversify exposure within the sector. With the prospect of new investments being made, there will also be an injection of new funds to entirely secure the value of the new projects.

Benefits to you:

- More broadly diversified portfolio of assets within the Class
- Significant fee reduction
- Improved prospect of achieving the Class' target returns throughout the portfolio realisation phase.

Please find attached a Replacement Product Disclosure Statement (PDS) & Financial Services Guide (FSG) which incorporates the proposed changes. Attached is an updated unit certificate, reflecting the new name for the Class. You are not required to take any action in relation to these changes but if you do have any questions regarding the contents of this letter, please contact us on: (03) 9988 7753.

This advice is general and does not take into account your objectives, financial situation or needs. You should consider whether the advice is suitable for you and your personal circumstances before you make any decision about whether to acquire a certain product, you should obtain and read the relevant product disclosure statement.

Should you seek further understanding of what these changes mean for you personally, you should seek your own advice from a qualified financial adviser.

Yours sincerely,

Falcon Capital Limited
AFSL 302538

Profiles of Property Specialists responsible for managing the Class

Faris Dedic

Head of Strategic Capital Delivery and Investment (Property)

Faris Dedic is the director of multi award winning Red Door Financial Group and Capital Advisory Group DIGCAP. Faris has completed financial delivery of over \$782,000,000 of debt across his group of entities which span the Residential, Commercial, Industrial and Corporate Debt Sector. To date all deals transacted via DIGCAP/RDFG or Faris have not lost any capital. The minimal defaulting facilities have been closed out successfully, each delivering the expected rate of return to the lenders through Faris' hands on management and discipline in ensuring transactions are closed out within maturity terms. His speciality lies in strategic deal introduction and delivery through providing capital structures and solutions through methods of access to equity, debt or hybrid capital. With his experience spanning the entire debt / equity capital spectrum he fulfills the extensive niche for an investment manager that assesses the transaction flow from the viewpoint of a broker, a developer, and a lender.

Rob Vujic

Corporate Advisor to The First Guardian Australian Development Fund
Head of Project and Development Management

Rob Vujic is the director of Vujic Property Group and a registered builder. Vujic Property Group Pty Ltd is an award-winning construction company that specialises in creating luxury homes, apartments and offices developments. Rob Vujic's commitment to outstanding craftsmanship has afforded him the enviable reputation of being one of Australia's most knowledgeable and highly-regarded builders and developers. His strong work ethic, disciplined approach and eye for detail grant him a professional signature recognisable by his ability to construct architectural masterpieces whose stature and elegance stand the test of time. Offering a full range of construction services, Vujic Property Group delivers an exemplary standard of workmanship and is proudly benchmarked within the industry as being an exponent of exceptional quality. To date Rob has completed and successfully delivered over \$81,510,000 of contracts, and over \$191,500,000 of projects on time and on budget.