# Target Market Determination
# First Business SMSF 40 Loan

This Target Market Determination (TMD) has been prepared by First Federal as part of its product governance framework. It describes the class of customer for whom the First Business SMSF 40 Loan is likely to be appropriate, having regard to their likely objectives, financial situation and needs.

This TMD does not constitute financial, legal or credit advice and does not take into account the individual circumstances of any customer. Customers should consider the relevant loan terms and their own circumstances before deciding whether the product is appropriate.

In this TMD, references to "customer" include the borrower, company, directors and/or guarantors as relevant.

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| **Product** | First Business SMSF 40 loans are non-code business loans (up to 40 years) designed for corporate trustee SMSF borrowers seeking long-term funding for commercial property purchases and refinances.<br><br>This product is not regulated under the National Consumer Credit Protection Act 2009 (NCCP Act), as the credit is provided wholly or predominantly for business purposes. |
| **Issuer** | Capital Securities Mortgages Pty Ltd ACN: 651 179 298 |
| **Distributor** | First Federal Home Loans Pty Ltd ACN: 160 925 146 ACL: 504317 |
| **Date Effective** | 1 October 2026 |
| **Objectives, financial situation and needs of the target market (Class of customer)** | This product is designed for customers who:<br>• operate through a corporate trustee SMSF structure and require long-term funding; and<br>• meet First Federal's credit assessment and applicable legal requirements.<br><br>Customers will likely need this product for:<br>• Purchase of a commercial security property, which is 'business real property' within the meaning of the Superannuation Industry Supervision Act (SIS Act); or<br>• Refinance of a facility previously used to purchase a commercial security property. |

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| | The financial situation of the target market is customers operating a complying SMSF with demonstrated capacity to service the proposed loan from rental or other verifiable income |
| **Credit assessment criteria for target market** | Customers in the target market must:<br>• Be:<br>  ○ a complying SMSF with a corporate trustee, regulated under the SIS Act;<br>  ○ an Australian registered company with an active Australian Company Number (ACN), for both the trustee of the SMSF and legal holder of the security property;<br>  ○ directors and/or guarantors are over the age of 18; and<br>  ○ Australian citizens or Australian permanent residents.<br>• Borrowers, directors and/or guarantors must meet First Federal's credit assessment and applicable legal requirements.<br>• Meet First Federal's credit assessment, serviceability, risk appetite and applicable legal requirements.<br>• Have acceptable commercial property security to secure the loan, with all loans secured by a first registered mortgage.<br>• Have an LVR of up to 65% for commercial security. |
| **Key Features of the product** | • Loan amounts from $150,000 – $2,000,000.<br>• Maximum LVR of 65% (commercial security).<br>• Loan term of a minimum of 10 years and a maximum of 40 years.<br>• Variable interest rate.<br>• Interest-only repayments for up to 5 years.<br>• Ability to make additional repayments without penalty.<br>• Borrowing capacity based on affordability and individual circumstances.<br>• Establishment, application, risk, valuation, legal fees and ongoing fees may apply. |
| **Why this product is likely to match the objectives, financial situation and needs of the target market** | • The product has been designed for customers seeking long-term commercial property finance through a complying SMSF structure.<br>• The variable interest rate and longer-term repayment structure align with the needs of customers seeking a long-term funding solution.<br>• The product is available for the purchase or refinance of commercial property held in accordance with applicable SMSF requirements. |
| **Classes of Customer this product may not be suitable for** | This product may not be suitable for customers who:<br>• do not operate an SMSF through a corporate trustee structure;<br>• are seeking short-term lending (<10-year loan terms);<br>• are seeking fixed interest rate products;<br>• are seeking offset accounts or transactional banking features;<br>• are seeking construction funding or progressive draw loans; or<br>• do not meet the credit assessment and eligibility criteria. |

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| **Distribution Conditions/Restrictions for the product** | This product may only be distributed through:<br>• accredited mortgage brokers;<br>• approved aggregator partners; or<br>• other approved distribution partners,<br><br>who are appropriately trained, competent and authorised to engage in credit activities.<br><br>These distribution arrangements are appropriate because they ensure distributors:<br>• understand the product's key features and target market;<br>• hold the required authorisations;<br>• are able to assess whether applicants are likely to fall within the target market; and<br>• take reasonable steps to ensure distribution is consistent with this TMD.<br><br>Distributors must:<br>• only submit applications where the customer is reasonably assessed as being within the target market; and<br>• ensure the customer meets First Federal's credit assessment requirements.<br><br>First Federal's credit assessment process includes controls designed to identify applicants who fall outside the target market.<br><br>Distribution outcomes, complaints and significant dealings inconsistent with this TMD are monitored as part of First Federal's ongoing review process. |
| **Review triggers** | This TMD will be reviewed:<br>• in line with any ASIC or regulatory (including RG) requirements;<br>• where there is a material increase in complaints indicating potential customer harm;<br>• where there are material changes to the product or regulatory requirements;<br>• where the product is no longer considered appropriate for the target market; or<br>• where there are significant dealings inconsistent with this TMD. |
| **Review cadence** | If a review trigger occurs, or First Federal becomes aware of an event or circumstance suggesting this TMD may no longer be appropriate, First Federal will conduct a review as soon as practicable and within 10 business days (or as otherwise required).<br><br>First Federal will complete a review at least annually, or more frequently where required to ensure ongoing appropriateness of the TMD. |

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<tr><td></td><td>Next review: October 2027<br><br><table><tr><td>Document created</td><td>October 2026</td></tr></table></td></tr>
<tr><td>Distribution Information Reporting Requirements</td><td>The following information must be provided to First Federal in writing by distributors:<br><br>• complaints relating to key terms, features or risks of the product as soon as practicable and no later than 10 business days after becoming aware;<br>• reporting to include:<br>  ○ number and nature of complaints;<br>  ○ circumstances and substance of complaints; and<br>  ○ general feedback on product performance (reported quarterly);<br>• any significant dealing inconsistent with this TMD, including:<br>  ○ date;<br>  ○ description;<br>  ○ why it is significant;<br>  ○ how it was identified; and<br>  ○ actions taken to remediate.</td></tr>
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