



CFMG
Funds
Management

CFMG Land & Opportunity Fund

ARSN 602 610 006

Supplementary Product Disclosure Statement Millwood Rise Units

This Supplementary Product Disclosure Statement ('SPDS') supplements the Product Disclosure Statement dated 25 January 2018 for the Trust issued by the Responsible Entity. Together, the PDS and this SPDS contain all of the information about the Offer of Class P Units ('Millwood Rise Units') in the Trust in one allotment or across up to five allotments (each of individual subclasses of those Class P Units).

Capitalised terms used in this SPDS have the meaning given to those terms as set out in the Glossary of the PDS.



CFMG Equity and Income Funds Limited ACN 112 753 876, the holder of Australian Financial Services Licence (AFSL) no. 291390, is the responsible entity of CFMG Land and Opportunity Fund ARSN 602 610 006 (Trust).

Overview

The information presented below in this SPDS outlines an offer to acquire Millwood Rise Units in the Trust to facilitate the Trust loaning up to \$4,500,000 to Millwood Rise Developments Pty Ltd A.C.N 651 150 168 ('**Millwood Rise SPV**') to carry out the Property Development (Loan). The loan agreement between the Trust (as lender) and Millwood Rise SPV (as borrower) ('**Loan Agreement**') will require interest at the fixed rate of 13.35% per annum payable on the loan amounts as advanced in tranches ('**Principal**'). The Principal advanced to Millwood Rise SPV will be used to fund the Property Development.

The Property Development relates to the purchase of real property, comprising approximately 9.305 hectares (with the registered owner of the Property having agreed with the owner of a neighbouring property to realign the boundary to rectify an encroachment of a retaining wall over an area of approximately 111m²) ('**Property**').

The Millwood Rise SPV has contracted with the registered owners of the Property to pay \$4,850,000 (plus GST) with settlement due on the later of 28 September 2021 or the date which is seven (7) days after the date the registered owner of the Property gives notice that the boundary realignment has been registered.

The Property has the benefits of an existing development approval for the subdivision into 52 residential allotments together with a balance land component which is anticipated to be subdivided into a further 12 residential allotments generally in accordance with the Concept Plan in this SPDS.

The Loan of up to \$4.5m to be advanced in tranches by the Trust to Millwood Rise SPV is to be applied to the costs associated with payment of stamp duty on the purchase contract, towards payment of the purchase price to the registered owners of the Property under the purchase contract, towards the development costs associated with the Property Development and to funding associated working capital.

A fixed interest rate of 13.35% per annum on the Principal is contractually required to be paid to the Trust by Millwood Rise SPV under the Loan Agreement.

The repayment of the Principal by Millwood Rise SPV is to be paid, in respect of each tranche drawn down under the Loan Agreement, on the date which is twenty (20) months after that tranche of Principal is advanced or earlier at the election of the Millwood Rise SPV (provided such repayment will not occur until at least 12 months after the drawdown of the relevant Principal). The Responsible Entity may agree with Millwood Rise SPV to extend a repayment date by up to 12 months. Please note that whilst Millwood Rise SPV, upon repayment of the Loan is required to make an interest payment to the Trust calculated at 13.35% per annum on the Principal as drawn down over the term of the Loan Agreement, the return is not guaranteed by the Responsible Entity, and Millwood Rise SPV's ability to make these payments is totally dependent on successful completion of the Property Development and sale of the Property.

The Millwood Rise Units have a targeted rate of return of 9.25% per annum, which is based on the fixed interest rate payable under the Loan Agreement by the Millwood Rise SPV less the Asset Identification and Negotiation Fee, Management Fee and administrative fees and costs the Responsible Entity is entitled to be reimbursed for in operating the Trust. The payment of any returns to Unit Holders are totally dependent on Millwood Rise SPV meeting its interest and Principal repayment obligations. An interim distribution by the Trust is expected to be paid in June 2022. This interim repayment is intended to be funded by a component of the advanced Principal being retained by the Trust and not provided to Millwood Rise SPV.

The Responsible Entity will waive payment of any fees and costs it is entitled to be reimbursed in the event the incurring of those fees and costs result in the Millwood Rise Units not achieving the targeted return of 9.25% per annum.

The specific risks associated with this investment are disclosed in this SPDS. These risks should be read in conjunction with the risks disclosed in the PDS.

The Investment Proposal

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| Millwood Rise Units | The Trust is offering a minimum of 100,000 and up to 4,500,000, Millwood Rise Units, to be issued at a price of \$1.00 per Unit, to raise up to \$4,500,000, which the Trust will loan to the Millwood Rise SPV. The Millwood Rise Units may be issued in a single allotment or may be issued from time to time in individual subclasses (up to five subclasses). |
| Millwood Rise SPV | <p>Millwood Rise SPV is a special purpose vehicle incorporated for the sole purpose of acquiring the Property and carrying out the Property Development.</p> <p>Millwood Rise SPV currently has one director serving on its board, Scott Watson. Scott Watson is also a director of the Responsible Entity. Details of this director are set out below.</p> <p>The sole shareholder of Millwood Rise SPV is CFMG Land Limited ACN 127 663 414 ('CFMG Land'). CFMG Land has also been engaged by Millwood Rise SPV to provide it with project management functions and administrative and company secretarial functions. The ultimate holding company of CFMG Land, Millwood Rise SPV and the Responsible Entity is CFMG Capital Limited.</p> |
| Director of Millwood Rise SPV | <p>The Millwood Rise SPV currently has one director serving on its board, Scott Watson. Details of Scott Watson, his background and experience is:</p> <p>Scott Watson</p> <p>Scott is a founding Director of both the residential communities and income fund businesses of CFMG.</p> <p>After five years as a solicitor in private practice advising a wide range of clients including State Government departments, publicly listed and private companies, Scott joined a private development and financial services group where his responsibilities included management of the group's legal requirements and obligations, project management and broad acre acquisitions.</p> <p>From 2008, Scott has been actively involved in overseeing the governance and compliance obligations in relation to residential land development companies.</p> <p>Scott holds Bachelor degrees in Law and Accountancy, a Graduate Diploma in Urban and Regional Planning and has more than 12 years broad experience in the property development and finance industries.</p> |
| Trust Structure | The Trust is a registered managed investment scheme. This SPDS relates to the offer of Millwood Rise Units which will have a beneficial interest in the Loan Agreement. For each drawdown the Trust provides to the SPV under the Loan Agreement the Trust will issue a separate and corresponding tranche of Millwood Rise Units, each of a separate subclass such that there will be a subclass of Millwood Rise Units in respect of each drawdown amount under the Loan Agreement. Each subclass of Millwood Rise Units will have its own beneficial interest in the amount due to the Trust arising out of the corresponding drawdown. The Loan Agreement between the Trust and the Millwood Rise SPV will require Millwood Rise SPV to pay the Trust interest of 13.35% per annum on the Principal over the term of the Loan. As each tranche of the Loan is drawn down under the Loan Agreement a subclass of Millwood Rise Units will be issued. |
| Asset identification and negotiation fee | An asset identification and negotiation fee of 4.4% of the capital raised by the issue of Millwood Rise Units will be paid to the Responsible Entity on the issue of units in the Trust. |
| Anticipated Distribution Rate | <p>Millwood Rise Units have a targeted distribution rate of up to 9.25% per annum (pre tax and net of fees) over the life of the investment. For the timing of distribution payments please refer to page 10 of this SPDS.</p> <p>For example, for each \$25,000 you invest in the Trust, the anticipated income distribution you will receive is \$2,312.50 per annum. An interim distribution by the Trust is expected to be paid in June 2022. This interim distribution will be funded by a small component of the advanced Principal being retained by the Trust and not provided to Millwood Rise SPV.</p> |
| Minimum Investment | <p>Applications for Millwood Rise Units must be for a minimum investment of \$25,000 and then in multiples of \$5,000. The Responsible Entity reserves the right to accept lower amounts.</p> <p>The Millwood Rise Units will be issued for \$1.00 each.</p> |
| Likely term of your Investment | <p>The Property Development is currently anticipated to be completed by April 2023.</p> <p>Accordingly, the Millwood Rise Units are intended to be on issue for a minimum term of twenty (20) months.</p> <p>Unitholders may not withdraw their investment (although transfers are permitted subject to the Constitution).</p> |

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| Income Distribution | <p>The targeted rate of return for the Millwood Rise Units is up to 9.25% per annum, which is based on the interest rate payable under the Loan Agreement by the Millwood Rise SPV less the Asset Identification and Negotiation Fee, Management Fee and administrative fees and costs the Responsible Entity is entitled to be reimbursed for in operating the Trust.</p> <p>The Responsible Entity does not, and its related parties, associates, officers and employees do not, guarantee Unitholders will receive any, or a particular rate of, return on their investment.</p> <p>An interim distribution is intended to be paid by the Trust in June 2022. This interim distribution will be funded by some of the advanced Principal for each tranche under the Loan Agreement being retained by the Trust and not provided to Millwood Rise SPV. Interim distributions will be made by electronic funds transfer to the Unitholder's nominated Australian bank account.</p> <p>A final distribution for each subclass of Millwood Rise Units is to be paid upon repayment of the Principal and Interest under the Loan Agreement for the corresponding tranche of Principal advanced. This final repayment date under the Loan Agreement is the date which is twenty (20) months after that corresponding tranche of Principal is advanced or earlier at the election of the Millwood Rise SPV (provided such repayment will not occur until at least 12 months after the drawdown of the relevant Principal). The Responsible Entity may agree with Millwood Rise SPV to extend a repayment date by up to 12 months. The final distributions for the financial year FY2023 will be totally dependent on Millwood Rise SPV complying in full and on time with its obligations under the Loan Agreement.</p> <p>A forecast Application, Sources, Income and Distribution Statement is set out on page 10 of this SPDS which has been prepared on the basis that capital of \$4.5m is raised by the issue of Millwood Rise Units. The forecast Application, Sources, Income and Distribution Statement is provided for illustrative purposes only and is not represented as being necessarily indicative of the Trust's future position or outcomes.</p> <p>Following the repayment of the Principal and payment of the interest under the Loan Agreement by the Millwood Rise SPV in respect of each respective tranche of drawdown, the Trust will redeem your corresponding subclass Millwood Rise Units by electronic funds transfer to your nominated Australian bank account.</p> |
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DETAILS OF MILLWOOD RISE SPV (SPV DEVELOPER)

Millwood Rise SPV is a special purpose vehicle incorporated for the sole purpose of acquiring the Property and carrying out the Property Development.

Millwood Rise SPV was incorporated in Queensland on 18 June 2021 as a proprietary company and currently has one director serving on its board, Scott Watson. Details of this director are set out in section 2 of the PDS.

The Millwood Rise SPV, pursuant to a management agreement, will draw on the resources of CFMG Land Limited ACN 127 663 414 ('CFMG Land') for project management functions and administrative and company secretarial functions.

The directors serving on the board of CFMG Land are Scott Watson, Jason Matigian, Wayne Hamburger and Ross Stiles.

DETAILS OF MILLWOOD RISE SPV'S CORPORATE AND PROJECT MANAGEMENT

CFMG Land provides management and administrative services to the Millwood Rise SPV and is also the project manager of the Property Development for the Millwood Rise SPV.

CFMG Land will earn management fees as set out below.

Project Management Fees

The Millwood Rise SPV has agreed to pay CFMG Land a project management services fee in consideration for CFMG Land endeavoring to do all things it may deem necessary, prudent and desirable for carrying out the efficient, businesslike and proper management of the Property Development.

The project management fee:

- a. comprises an amount equal to 2.0% plus GST of the gross sales price received by the Millwood Rise SPV from any sale and/or similar transaction relating to the Property; and
- b. is payable on the date of settlement of the sale by the Millwood Rise SPV of any allotment developed or created from the Property.

Company and Asset Management Services Fee

The Millwood Rise SPV has agreed to pay CFMG Land a company and asset management services fee in consideration for CFMG Land endeavoring to do all things it may deem necessary, prudent and desirable for carrying out the efficient and proper management of the Millwood Rise SPV, the Property and the Property Development.

The company and asset management fee:

- a. comprises an amount equal to 3% plus GST of the gross sales price received by the Millwood Rise SPV for any sale and/or similar transaction in respect of the Property; and
- b. is payable by the Millwood Rise SPV as lot sales are finalised.

Company Secretarial Services Fee

The Millwood Rise SPV has agreed to pay CFMG Land a company secretarial services fee in consideration for CFMG Land endeavoring to do all things it may deem necessary, prudent and desirable for carrying out the efficient administration of the Millwood Rise SPV's secretarial affairs.

The company secretarial services fee:

- a. is \$60,000 plus GST per annum (on a pro-rata basis); and
- b. is payable monthly on a pro-rata basis in arrears.

The Millwood Rise SPV must reimburse CFMG Land for any:

- a. disbursements paid or incurred by CFMG Land in the course of performing its duties under the management agreement; and
- b. disbursements or payments made by CFMG Land on behalf of the Millwood Rise SPV in respect of the acquisition of the Property, the capital raising and administration of the Millwood Rise SPV not otherwise covered by the management agreement.

DETAILS OF MILLWOOD RISE PROPERTY DEVELOPMENT

Overview

Millwood Rise SPV has purchased 9.305 hectares (with the registered owner of the Property having agreed with the owner of a neighbouring property to realign the boundary to rectify an encroachment of a retaining wall over an area of approximately 111m²) of land in Nambour, situated approximately 113 kilometres north of the Brisbane CBD and 20 kilometres west of Coolumb on the Sunshine Coast ('Property').

The Property has the benefits of an existing development approval for the subdivision into 52 residential allotments together with a balance land component which is anticipated to be subdivided into a further 12 residential allotments generally in accordance with the Concept Plan in this SPDS.

The Locality

Located within the residential Sunshine Coast hinterland suburb of Nambour, approximately 1.7 kilometres west of Nambour Central.

The immediate and broader development is dominated by older style residential homes and modern residential subdivisions. Detached residential housing adjoins the project site to the north (in part), east, south and west.

Part of the northern alignment is adjacent to an aged care facility. Nambour State College is located approximately 9 kilometres east of the project site.

The Property

The Property is situated at 41 Glenbrook Drive, Nambour in the State of Queensland and is more particularly described as lot 2 on SP273404 and having certificate of title reference number 50967438.

Market Demographics

Demand for established residential property is currently reported to be strong, predominantly on the back of the increase in interstate migration and a general lack of supply.

There is currently steady demand for development sites within established and emerging markets. Good demand remains for development ready, approved holdings situated to infill locations like the project site.

The Property has been identified to capitalise on the potential from the lack of supply and potential increase in demand.



Purchase of the Property

The contract to purchase the Property between the Millwood Rise SPV and the registered owner was entered into on 29 June 2021.

The registered owner of the Property is unrelated to the Millwood Rise SPV, to CFMG Land Limited, to CFMG Capital Limited, to CFMG Equity and Income Funds Limited as Responsible Entity or any of their directors or shareholders.

The key commercial terms of the contract to purchase the Property are as follows:

- a. Settlement is due to be completed on the later of 28 September 2021 or the date which is seven (7) days after the date the registered owner of the Property gives notice that the boundary re-alignment has been registered;
- b. the purchase price payable by Millwood Rise SPV is \$4,850,000 (plus GST);
- c. a deposit of \$485,000 has been paid by CFMG Land on behalf of Millwood Rise SPV to the registered owners of the Property; and
- d. the registered owner of the Property has agreed with the owner of a neighbouring property to realign the boundary to rectify an encroachment of a retaining wall over an area of approximately 111m².

The Development Concept

The Concept Plan set out on page 15 of this SPDS illustrates the proposed development concept.

The proposed development is to comprise a total of 64 residential allotments with 52 residential allotments having the benefit of a development approval together with a balance land component with the potential to yield a further 12 residential allotments.

It is proposed that the Property be developed over a single stage.

The allotments proposed to be developed range from 600m² to 6,923m² with an overall average land area of approximately 1,156m².

The Property Development involves the development of the Property as residential allotments for on-sale as sites for residential housing.

Marketing and Distribution

The marketing strategy for the residential allotments is intended to include a mix of direct selling to individual buyers and also selling to the local home builders, who on sell the allotments to their clients.

It is proposed that the Millwood Rise SPV will be direct marketing allotments through a project web site, real estate marketing sites and other media campaigns.

It is anticipated that marketing of the allotments will commence prior to commencement of the development works and will continue during construction with allotments to be pre-sold subject to titles being created.

While the Millwood Rise SPV anticipates that the above marketing and distribution strategy is appropriate the directors of the Responsible Entity or the Millwood Rise SPV are not able to forecast land sales prices or rates.

Sales rates and selling prices can be influenced by a number of factors which are outside the control of either the Responsible Entity or the Millwood Rise SPV including property market conditions, supply and demand, interest rates and buyer sentiment.

Indicative Property Development Timing

Based on the likely time frame for engineering plan approvals, it is currently anticipated that the construction works for the Property Development could commence in or about November 2021 and the development of the 52 residential allotments and balance land allotment could be completed by March 2023.

Marketing is anticipated to commence prior to the construction of the development works, with allotments to be pre-sold subject to titles being created and then continue following completion of the development works and titling process.

Provided that the key assumptions anticipated by the Millwood Rise SPV hold true then the anticipated timing for the carrying out of the Property Development is expected to be as follows:

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| Settlement of Property | September 2021 |
| Subdivision Works (52 residential allotments and balance land allotment) | November 2021 to May 2022 |
| Registration of Allotments (52 residential allotments and balance land allotment) | June 2022 |
| Settlement of Allotments (52 residential allotments) | July 2022 to September 2022 |

* Dates indicative only and subject to change.

Whilst the above timing is how the Millwood Rise SPV anticipates the Property Development could progress, there is no guarantee that the assumptions above will be met. The directors of the Millwood Rise SPV are not able to forecast land sales rates or other delays which may be experienced with the timing of the Property Development.

Accordingly, the financial performance or returns which may be generated by the Millwood Rise SPV is not guaranteed and an investment in the Loan is considered a speculative investment.

Property Development Finance

The Trust will contribute the capital raised by the issue of Millwood Rise Units (less the amounts retained from the Principal to pay management fees to the Responsible Entity and to be applied to make the interim distribution in June 2022) to the Property Development by advancing the Principal under the Loan Agreement in tranches to Millwood Rise SPV.

The Millwood Rise SPV will apply the funds received from the Trust towards costs associated with payment of stamp duty on the purchase contract, towards payment of the purchase price to the registered owners of the Property under the purchase contract, towards the development costs associated with the Property Development, to repayment to CFMG Land Limited of the deposit of \$485,000 paid to the registered owners of the Property under the purchase contract and to funding associated working capital.

In addition to the amount raised through the Trust, it is anticipated that approximately a total of \$6.5m of debt finance is required in order to complete the Property Development.

Based on the experience of CFMG Land Limited as manager of the Millwood Rise SPV in sourcing debt finance from major lending institutions on other similar projects Millwood Rise SPV considers that debt finance can be secured and may be applied towards the development costs and other working capital for the Property Development. Based on that expectation the Millwood Rise SPV considers that debt finance can be obtained to fund the development costs and other working capital to an amount up to 60% of the total assessed gross realizations from the Property Development.

It is anticipated the funding from a major lending institution will be subject to a number of terms and conditions. Whilst the Millwood Rise SPV expects to satisfy the terms and conditions applying to the expression of interest, there is no guarantee that such conditions will be met.

LOAN AGREEMENT

The Trust's investment in Millwood Rise SPV is by way of the Loan Agreement.

The Loan Agreement sets out the terms on which the Trust loans the Principal to the Millwood Rise SPV and the rights and obligations of the parties to that agreement.

The Loan Agreement also includes key matters such as the conditions precedent (and subsequent) to the Trust drawing down the advanced Principal in tranches to the Millwood Rise SPV, undertakings by the Millwood Rise SPV to the Trust, representations and warranties by the Millwood Rise SPV and the terms of the operation of the Millwood Rise SPV (including the interest entitlements under the Loan Agreement, the waterfall of payments relating to distribution of Property Development proceeds and other matters relating to the payment of funds by the Millwood Rise SPV).

Key conditions precedent required before the Trust will draw down any Principal to the Millwood Rise SPV under the Loan Agreement, include

- approval by the board of the Responsible Entity to entry into and completion of the Loan Agreement;
- the grant of and entry into a general security over the Millwood Rise SPV in favour of the Trust which ranks behind other lenders to Millwood Rise SPV;
- receipt of an expression of interest from a secured funder to provide property finance and a construction debt facility to Millwood Rise SPV outlining the terms and basis on which development finance may be provided to the Property Development on terms satisfactory to the Millwood Rise SPV and the Responsible Entity;
- confirmation as to the status of the development approvals required to be able to carry out the Property Development to the satisfaction of the Responsible Entity; and
- receipt of an independent valuation confirming the value of the Property.

The Millwood Rise SPV must not, without the Responsible Entity's prior written consent:

- create any liability by way of further financial indebtedness in relation to the Property Development (except in relation to the secured senior debt and the third party equity that may rank equally or take priority to the Loan Agreement with the Trust);
- create any mortgage, charge or other security interest affecting or relating to the Property Development (other than in relation to the construction debt facility for the Property Development);
- issue or redeem new shares or other securities in the Millwood Rise SPV (other than in relation to raising the third party equity that ranks equally or take priority to repayment of the Loan);
- amend the management agreement with CFMG Land in a manner which materially impacts the Trust.

Under the Loan Agreement, the application by the Millwood Rise SPV of surplus cashflow of the Millwood Rise SPV is to be made in the following order:

firstly, to repay the secured funder and interest; then

secondly, to pay all taxes and other statutory imposts; then

thirdly, to pay all other outstanding costs, expenses and liabilities incurred in the operations of the Millwood Rise SPV; then

fourthly, to pay any fees to CFMG Land for services provided to the Millwood Rise SPV in accordance with the terms of the management agreement; then

fifthly, to repay the Principal to the Trust under the Loan Agreement; then

sixthly, to pay the interest to the Trust under the Loan Agreement; then

finally, balance of Property Development profits to the Millwood Rise SPV.

(the "Property Development Cashflow Waterfall")

ABOUT THE LOAN AGREEMENT BETWEEN THE TRUST AND MILLWOOD RISE SPV

The Loan is to be made on the following basis:

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| Type of Loan | The Loan Agreement will be between the Trust and Millwood Rise SPV. |
| Interest Payable | An interest payment of 13.35% per annum is payable in arrears (when the loan is repaid) on the Principal advanced under the Loan Agreement. |
| Distributions by the Trust | The Responsible Entity intends to make an interim repayment in June 2022 with the final distribution after the Millwood Rise SPV repays the Principal and interest under the Loan Agreement in respect of each drawn down tranche which corresponds to each subclass Millwood Rise Units. |
| Voting Rights | There will be no entitlement to receive notice of, to attend or to vote at, any general meetings of the Millwood Rise SPV or to vote on any written resolution of members of the Millwood Rise SPV. |
| Property Development Cashflow Waterfall | Repayment of the Principal and interest under the Loan Agreement is subject to the Property Development cashflow waterfall set out in this SPDS. |
| Repayment Date | The Principal and interest in respect of each tranche drawn down under the Loan Agreement is repayable on the date which is twenty (20) months after that tranche of the Loan funds are advanced or earlier at the election of the Millwood Rise SPV (provided that such repayment will not occur until at least 12 months after the drawdown of the relevant Principal). The Responsible Entity may agree with the Millwood Rise SPV to agree to extend a repayment date by up to 12 months. |

FORECAST APPLICATION, SOURCES, INCOME AND DISTRIBUTION STATEMENT

The forecast application, sources, income and distribution statement assumes that capital of \$4.5 is raised by the issue of Millwood Rise Units. Set out below are the forecast application and sources of Trust funds together with the income and distribution statements of the Fund for the periods ending 30 June 2022 and 30 June 2023:

| | Jun-22 | Mar-23 | Total |
|---|--------------------|--------------------|--------------------|
| Income/Capital | | | |
| Units | \$4,500,000 | | |
| Fixed Return - 13.35% pa | \$548,082 | \$450,974 | \$999,055 |
| Sub-total | \$5,048,082 | \$450,974 | \$5,499,055 |
| Distributions | | | |
| Asset Identification & Negotiation Fee - 4% | \$180,000 | | \$180,000 |
| Management Fee of units on issue - 1% | \$45,000 | \$30,000 | \$75,000 |
| Annual Fund Expenses - \$30,000 pa | \$30,000 | \$20,000 | \$50,000 |
| Sub-total | \$255,000 | \$50,000 | \$305,000 |
| Funds available for distribution | \$4,793,082 | \$5,104,256 | |
| Unitholder Distributions | \$89,799 | \$5,104,256 | \$5,194,055 |
| Per Unit Distribution | \$0.02 | \$1.13 | \$1.15 |
| Surplus/shortfall | \$4,703,282 | | |

* The interim distribution of June 2022 will be funded by the Trust retaining an amount from the Principal advanced under the Loan Agreement. Whilst the Trust will be entitled to the full 13.35% per annum interest on the amount raised, the Principal proportion retained by the Trust will be sufficient to pay for the fees and expenses of the Trust and the interim distribution for financial year FY22. The final distributions for the financial year FY2023 will be totally dependent on the Millwood Rise SPV complying in full and on time with its obligations under the terms of the Loan Agreement.

The forecast application, sources, income and distribution statement is provided for illustrative purposes only and is not represented as being necessarily indicative of the Trust's future financial position or outcomes.

RISK FACTORS

All investments involve some risk, as investments can decline as well as increase in value.

Details of the risks relating to an investment in the Trust are set out in the PDS dated 25 January 2018.

Below are specific risks associated with an investment in Millwood Rise Units

SPECIFIC RISKS

An investment in the offer of Millwood Rise Units also involves specific risks relating to the Property Development to be carried out by the Millwood Rise SPV which is the development of the Property. These risks are common when undertaking property development. By undertaking a process of due diligence, key Property Development risks are where possible identified and management strategies put in place. This reduces the risk that the Property Development will not perform as anticipated but does not eliminate all risk. Some of the key risks (and potential mitigating factors) are summarised below.

Before deciding whether to subscribe for Units, you should carefully consider the principal risks to which you are exposed and whether the purchase of Units is a suitable investment for you.

If you are in doubt as to whether you should apply for Units, you should first seek advice on the matters contained in this SPDS from a professional adviser.

| RISK | RISK MANAGEMENT |
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| Planning Risks There are risks associated with planning for the Property Development, particularly in relation to obtaining and satisfying conditions relating to a development approval. | <ul style="list-style-type: none"> Professional town planning consultants have been engaged by the Millwood Rise SPV to advise in relation to the planning for the Property Development. The Property has the benefit of an existing development permit authorising the subdivision of the Property into 52 residential allotments together with a balance land component. |

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| Development Approval Risk There are risks associated with property development projects including in relation to obtaining a development approval and any resulting conditions | <ul style="list-style-type: none"> Professional town planning consultants have been engaged by the Millwood Rise SPV to advise in relation to the planning for the Property Development. The Property has the benefit of an existing development permit authorising the subdivision of the Property into 52 residential allotments together with a balance land component. |
| Market Risk The Property Development is exposed to changes in the supply and demand for residential dwellings and the values of residential dwellings. | <ul style="list-style-type: none"> A marketing strategy has been developed for the marketing and sale of the allotments intended to be developed in the Property Development. Marketing is anticipated to commence prior to the construction of the development works, with allotments to be pre-sold subject to titles being created and then continue following completion of the development works and titling process. |
| Market and Site Sentiment The residential market throughout the growth corridors in South East Queensland is in part driven by interstate and foreign investment as opposed to purely local market fundamentals. | <ul style="list-style-type: none"> A marketing strategy has been developed for the marketing and sale of the allotments intended to be developed in the Property Development. Marketing is anticipated to commence prior to the construction of the development works, with allotments to be pre-sold subject to titles being created and then continue following completion of the development works and titling process. The marketing strategy for the residential allotments is intended to include a mix of direct selling to individual buyers and also selling to the local home builders, who on sell the allotments to their clients. It is proposed that the Millwood Rise SPV will direct market allotments through a project web site, real estate marketing sites and other media campaigns. |
| Sales Risk The price achieved for the sale of the residential allotments intended to be developed from the Property may be insufficient to deliver the interest payable and the repayment of the Principal under the Loan Agreement. | <ul style="list-style-type: none"> A sales and marketing strategy has been developed by the Millwood Rise SPV which includes a mix of direct selling to individual buyers and also selling to the local home builders, who on sell the allotments to their clients. It is anticipated that marketing of the allotments will commence prior to settlement of the purchase of the Property and will continue during development with allotments to be pre-sold subject to titles being created. |
| Settlement Risk Once allotments are sold there is a risk that buyers do not settle on their purchase. There are risks associated with the validity and enforceability of the sales contracts and satisfying foreign investment laws and regulations. The sale and marketing to foreign buyers is considered to be a higher settlement risk than to domestic owner occupiers due to the lending criteria applied to different categories of buyers. | <ul style="list-style-type: none"> The marketing strategy for the residential allotments is intended to include a mix of direct selling to individual buyers and also selling to the local home builders, who on sell the allotments to their clients. A law firm will be engaged to review and advise on the sale contracts and conveyancing process. |
| Development Costs Risk Budgeted development costs may be materially different to actual costs incurred by the Property Development. Cost overruns or changes to anticipated costs may result in additional equity or debt funds being required, which may dilute or extinguish returns to Unitholders. | <ul style="list-style-type: none"> Millwood Rise SPV has engaged professional engineering consultants to provide an opinion on costs for the Property Development. It is anticipated that the civil contractor will enter into a fixed-time, fixed price construction contract with the Millwood Rise SPV to reduce the risk to the Property Development. |
| Additional Funding Risk Should the development costs increase, further debt and/or equity may be required to complete the Property Development. | <ul style="list-style-type: none"> Millwood Rise SPV has engaged professional engineering consultants to provide an opinion on costs for the Property Development. It is anticipated that the civil contractor will enter into a fixed-time, fixed price construction contract with the Millwood Rise SPV to reduce the risk to the Property Development. |
| Development Delay Risk If development is delayed, then this may lead to increased interest costs, reduced returns to Unitholders and a delay in those returns. | <ul style="list-style-type: none"> It is anticipated that the Millwood Rise SPV will seek to avoid delay risks in its construction contract with the civil contractor by entering into a contract which is fixed-time and fixed-price. A delay in the settlement of the Property sales may have an adverse impact on the Project returns and ultimately the interest paid to Unitholders. |

| | |
|---|--|
| <p>Property Development Debt Financing Risk</p> <p>There are risks with raising the use of debt finance to fund part of the costs of delivering the Property Development. The use of debt funding can increase investment losses.</p> <p>The Millwood Rise SPV has not yet secured debt funding for the Property Development.</p> | <ul style="list-style-type: none"> • A condition precedent to the Trust advancing any Principal under the Loan Agreement to Millwood Rise SPV is that the Responsible Entity be satisfied with the basis on which development finance may be secured for the Property Development. |
| <p>Interest Rate Risk</p> <p>There are risks associated with increases in interest rates impacting the cost of anticipated borrowings over the term of the Property Development.</p> | <ul style="list-style-type: none"> • A condition precedent to the Trust advancing any Principal under the Loan Agreement to Millwood Rise SPV is that the Responsible Entity be satisfied with the interest rate management on which development finance may be secured for the Property Development. |
| <p>Counterparty Risk</p> <p>There are risks associated with counterparties fulfilling their obligations including the potential for disputes between the Millwood Rise SPV and the manager.</p> | <ul style="list-style-type: none"> • The principals of CFMG Land are experienced in managing the delivery of developments such as the Property Development and operating the Millwood Rise SPV. • The Responsible Entity will closely monitor the progress of the Property Development. |
| <p>Conflict of Interest Risk</p> <p>A number of related parties are providing services to the Property Development and receiving fees creating a potential for conflicts of interest.</p> | <ul style="list-style-type: none"> • The Responsible Entity has a conflict of interest policy for dealing with conflicts of interest. • Should an event of default arise under the Loan Agreement and the Millwood Rise SPV does not remedy that default then the Responsible Entity will and is required to take action to recover the money owed. • Both the Responsible Entity and its directors have a statutory duty to place the interests of Unitholders above their own interests where there is a conflict. • The Responsible Entity will keep the Unitholders informed of the actions being taken. |
| <p>Rectification Risk</p> <p>Upon the completion of the Property Development, there are risks associated with defects in the residential allotments requiring rectification which may prove costly.</p> | <ul style="list-style-type: none"> • Under the intended form of civil construction contract, the obligations of rectification works will rest with the contractor. • The Millwood Rise SPV is intended to have recourse to the contractor's bank guarantees to use towards rectification costs should the contractor not meet its obligations. |
| <p>Documentation Risk</p> <p>The interlocking arrangements involved in the Property Development and arrangements between the Trust and the Millwood Rise SPV are governed by a set of legal documents and contracts which include the Loan Agreement and Corporate Project and Asset Management Agreement. The risk of dispute over the interpretation or enforceability of the documentation may have a materially negative impact on the Property Development and distributions under the Millwood Rise Units.</p> | <ul style="list-style-type: none"> • The Responsible Entity will engage professional advisers including in the fields of law to assist in interpreting the agreements. |
| <p>Risk arising out of or exacerbated by COVID 19</p> <p>The uncertain economic outlook arising out of the COVID 19 outbreak and the effect that it may or will have on matters concerning some of the specific areas of risk discussed above (including adverse market sentiment, lessened demand and sales, settlement risk, and funding risk) may have negative impact on the Property Development, the Loan Agreement and distributions under the Millwood Rise Units.</p> | <ul style="list-style-type: none"> • There is no way of determining the extent if any, to which COVID 19 will exacerbate or heighten these specific areas of risk (discussed above) due to the uncertainty as to the impact, extent and duration of conditions caused by COVID 19 |

TOWN PLANNING ASSESSMENT

Professional town planning consultants have been engaged by the Millwood Rise SPV as the consulting town planners for the Property Development.

The directors of the Responsible Entity note that a development approval has been granted for the subdivision of the Property into 52 residential allotments together with a balance land component which is anticipated to be subdivided into a further 12 residential allotments.

ENGINEERING ASSESSMENT

Professional engineering consultants have been engaged by the Millwood Rise SPV to advise on the civil engineering, budgeted development costs, civil design and the servicing and development requirements for the Property.

RELATED PARTY ARRANGEMENTS

CFMG Land and the Millwood Rise SPV are each related parties of the Responsible Entity as they share common directors with the Responsible Entity.

A common risk of related party transactions is that in the event of default, the Responsible Entity (or the Millwood Rise SPV) may not enforce its rights against a related party. See sections 3, 8.19 and 8.20 of the PDS for information about our Conflicts Policy that governs the related party transactions we may enter.

Should an event of default arise under the Loan Agreement and the Millwood Rise SPV does not remedy that default the Responsible Entity will take action to recover the money owed. Both the Responsible Entity and its directors have a statutory duty to place the interests of Unitholders above their own interests where there is a conflict. The Responsible Entity will keep the Unitholders informed of the actions being taken.

The Responsible Entity has not sought member approval to transact with the Millwood Rise SPV. The intended terms of the Loan Agreement has been benchmarked to market and are in line with industry practice. On this basis, the directors of the Responsible Entity are satisfied the terms of the Loan Agreement are on terms no less favourable than they would have been had the terms been negotiated between non-related entities dealing at arms length.

CONSENTS

The following parties have given and not withdrawn their consent to be named in this SPDS in the form and context in which they are named:

- a. Millwood Rise Developments Pty Ltd ACN 651 150 168; and
- b. CFMG Land Limited ACN 127 663 414.

Fees and costs update

Additional explanation of fees and costs

The information below is in addition to the disclosures contained in clause 5.3 of the PDS

Indirect Costs Ratio

The Indirect Cost Ratio (**ICR**) for the Trust is the ratio of the Trust management costs that are not deducted directly from a Unitholder's account, divided by the Trust's total average net assets.

The ICR for this Offer is expected to be 6.767% Indirect costs are deducted from the assets of the Trust.

Example of annual fees and costs for the Trust – for the first year

The table below replaces the table in clause 5.9 of the PDS.

| EXAMPLE | | BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR |
|---------------------------------|------------|--|
| Contribution fees | Nil | For every \$50,000 you put in, you will be charged \$0. |
| PLUS Management Costs | 6.767%p.a. | And , for every \$50,000 you have in the Trust you will be charged \$3,384 each year. |
| EQUALS cost of the Trust | | If you had an investment of \$50,000 in the Trust at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from \$3,384 What it costs you will depend on the investment option you choose and the fees you negotiate |

Note. The management costs above include the one-off 4.4% asset identification, capital raising and structuring fee which is charged only once at the commencement of the investment.

Example of annual fees and costs for the Trust – for the second (and any subsequent) years

| EXAMPLE | | BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR |
|---------------------------------|------------|--|
| Contribution fees | Nil | For every \$50,000 you put in, you will be charged \$0. |
| PLUS Management Costs | 2.367%p.a. | And , for every \$50,000 you have in the Trust you will be charged \$1,184 each year. |
| EQUALS cost of the Trust | | If you had an investment of \$50,000 in the Trust at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from \$1,184 What it costs you will depend on the investment option you choose and the fees you negotiate |

Example of annual fees and costs payable by the Millwood Rise SPV to CFMG Land Limited

Under the Project and Company Management Agreement the Millwood Rise SPV is required to pay CFMG Land a Project Management Fee calculated at 2.2% of the sales revenues from the sale of the finished allotments plus a Company and Asset Management Fee calculated at 3.3% of those sales revenues.

For a \$50,000 investment in the Trust (and assuming the maximum \$4,500,000 in Units are subscribed for in the Trust), you will be charged \$1,918 in Project Management Fees and \$2,877 in Company Asset Management Fees over the life of the project. This projection is based on the total Project Management Fees and Company & Asset Management Fees calculated at 2.2% and 3.3% of a hypothetical total projected revenue of \$19,180,000 and assumes the maximum \$4,500,000 of Units are subscribed for under this Offer.

The above calculation also assumes the Millwood Rise SPV raises the \$4,500,000, investment by the Trust as contemplated under this offer.

Taxation

The following is a general summary of the expected taxation consequences for Unitholders, in holding Units in the Trust. The Responsible Entity is not licensed to provide taxation advice and cannot provide advice to specific Unitholders, Unitholder should seek advice on the taxation consequence of their investment which takes into account their personal circumstances, from a suitably qualified adviser.

On the basis that the sole activity and income of the Trust will be the granting of debt funding via Loan to the Millwood Rise SPV, the Trust should qualify as a ‘flow through’ trust for taxation purposes.

Under the terms of the Constitution of the Trust, the Responsible Entity must distribute the ‘distributable income’ of the Trust to Unitholders each year. Accordingly where the Trust has recognised income in excess of expenses for a year Unitholders should have an entitlement to their respective share of the net (taxable) income of the Trust at year end.

In such cases taxation will not be payable at the Trust level but rather each Australian Resident Unitholder will be subject to tax on their share of the net (taxable) income of the Trust, and will be required to include this in their own returns.

The Loan Agreement between the Millwood Rise SPV and the Trust will be classified as debt for taxation purposes and any interest payable on the Loan will retain that character for Australian income tax purposes.

The Trustee would normally be assessed and pay tax on behalf of unitholders of the Trust who are not resident in Australia for tax purposes in respect of each non resident unitholder’s share of the net (taxable) income. However, where the sole income derived by the Trust is interest, the Trustee will instead deduct interest withholding tax (generally, at a rate of 10%) from interest paid to non-resident unitholders as a final tax.

Unitholders that are tax residents, or are otherwise subject to taxation in other countries, should seek specific advice from a qualified advisor on foreign taxation implications.

The Responsible Entity will provide Unitholders with a tax statement after the end of each financial year.

Concept Plan



Directors’ Assessment of the Property to be developed

| | |
|--|---|
| Property Address | 41 Glenbrook Drive, Nambour Queensland 4560 |
| ‘As is’ or market valuation | \$4.85 million (exclusive of GST) |
| ‘Gross Realisation as if complete’ including GST | \$19,180,000 |
| ‘Gross Realisation as if complete’ excluding GST | \$17,436,364 |
| The Directors based on their experience in the property development business assess the Property – with the benefit of the existing development approval to be worth approximately \$4.85 million (excluding GST). | |

Application Form

CFMG Equity and Income Funds Limited ACN 112 753 876, AFSL 291390
CFMG Land and Opportunity Fund ARSN 602 610 006 – Millwood Rise Units
Please see next page for instructions on how to complete this application form

MILLWOOD RISE

- ☐ Read the Product Disclosure Statement and the Supplementary Product Disclosure Statement before investing – it contains important investment information.
- ☐ Each unit will be issued at \$1.00.
- ☐ No units will be issued on receipt of an Application Form which was not attached to or accompanied by the Product Disclosure Statement and Supplementary Product Disclosure Statement or generated by software accessible by the same means as the Product Disclosure Statement and Supplementary Product Disclosure Statement.
- ☐ You agree to us using your personal information in the way the Product Disclosure Statement describes.
- ☐ I wish to apply for Millwood Rise Subclass 1 Units
- ☐ I wish to apply for Millwood Rise Subclass 2 Units (if offered)
- ☐ I wish to apply for Millwood Rise Subclass 3 Units (if offered)
- ☐ I wish to apply for Millwood Rise Subclass 4 Units (if offered)
- ☐ I wish to apply for Millwood Rise Subclass 5 Units (if offered)

Note: Select only one Subclass you wish to apply for. We will contact you if that Subclass allocation has already been exhausted.

1. INVESTMENT DETAILS

| | | | |
|---|-------------|---------|----------------------|
| Unitholder 1 - Mr/Mrs/Ms/Miss | Given Names | Surname | Date of Birth |
| <input type="text"/> | | | <input type="text"/> |
| Unitholder 2 - Mr/Mrs/Ms/Miss | Given Names | Surname | Date of Birth |
| <input type="text"/> | | | <input type="text"/> |
| Corporate Trustee (If applicable) | | | |
| <input type="text"/> | | | |
| Trust/Trust/Superannuation or other incorporated bodies | | | |
| <input type="text"/> | | | |
| Controllers of company Unitholder | | | |
| <input type="text"/> | | | |

2. INVESTMENT CONTACT DETAILS

| | | | |
|--|--------------------------------|----------------------|--|
| UNIT HOLDER/DIRECTOR 1 - Residential Address/Registered Office Address | | | |
| <input type="text"/> | | | |
| Suburb/City | State | Postcode | Country (for company, insert country of incorporation) |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Postal address (if different) - Unit/PO Box/House Number/Street Name | | | |
| <input type="text"/> | | | |
| Telephone during business hours | Telephone after business hours | Email address | |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| UNIT HOLDER/DIRECTOR 2 - Residential Address/Registered Office Address | | | |
| <input type="text"/> | | | |
| Suburb/City | State | Postcode | Country (for company, insert country of incorporation) |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Postal address (if different) - Unit/PO Box/House Number/Street Name | | | |
| <input type="text"/> | | | |
| Telephone during business hours | Telephone after business hours | Email address | |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | |

3. TAX FILE/AUSTRALIAN BUSINESS NUMBER(S)

Applicant 1: TFN

Applicant 2: TFN

SMSF ABN/TFN

SMSF ABN/TFN

4. BANKING DETAILS

All Distributions to be paid to the following Account::

Account Name

Account Number

BSB Number

Institution

Branch

5. DECLARATION

I/We agree to be bound by the terms of the Product Disclosure Statement and the Constitution of the Trust as amended from time to time. I/We warrant that I/we have received in Australia and read a copy of the Product Disclosure Statement and Supplementary Product Disclosure Statement for the Millwood Rise Units accompanied by or attached to this Application Form.

Until notice is received by any one of the Applicants, the investment can be operated by any one of the signatories below. Delete if not applicable.

Is the individual a US citizen or resident of the US for tax purposes?

Yes ☐ If yes, provide the individual's US Taxpayer Identification Number (TIN):

No ☐

6. APPLICANT SIGNATURE(S)

Director/as trustee for (If applicable)

Please print full name here

Date

Director/as trustee for (If applicable)

Please print full name here

Date

Units Applied for:

Price per unit:

A\$1.00

Application money:

How to complete the application form

- ☐ complete in BLOCK LETTERS
- ☐ if you make a mistake, cross it out and initial it - do not use correction fluid
- ☐ attach your 'not negotiable' cheque payable to:
The Trust Company (Australia) Limited ACF CFMG Land and Opportunity Fund – Millwood Rise Units
- ☐ send this form to:
PO Box 663 FORTITUDE VALLEY QLD 4006
- ☐ EFT your application monies to:
Account: The Trust Company (Australia) Limited ACF CFMG Land and Opportunity Fund - Millwood Rise Units
Bank: ANZ
BSB: 012-003
Account No: 8383 81062

THESE INSTRUCTIONS ARE CROSS REFERENCED TO EACH SECTION OF THE FORM

1. UNITHOLDER NAME

| | |
|----------------------------|--|
| Individuals | Give full name – not initials |
| Person under the age of 18 | Use name(s) of parent(s) or guardian(s) e.g. John Smith <Sam Smith A/C> |
| Companies | Use company title e.g. John Smith Pty Limited as well as inserting ACN |
| Trusts | Use the name of the Trustee and name of Trust e.g. John Smith Pty Limited <Smith Family Trust A/C> |
| Superannuation Trusts | Use the name of the Trustee and name of Trust e.g. John Smith Pty Limited <Smith Super Trust A/C> |

If the Unitholder is acting as a trustee, ensure the full name of the trust or fund is included in the Unitholder's description. If the trust or fund is not Australian based, identify the country in which the trust or fund was established in 'Trust Details'.

In 'Trust Details' or in an accompanying page, also insert any ABN allocated to the trust or fund and add identifying wording to identify:

1. the ARSN, if the trust or fund is ASIC registered; or
2. if the trust or fund is an ATO Self Managed Superannuation Trust, and if so, insert 'SMSF'; or
3. if the trust or fund is regulated by APRA, and if so, write 'APRA Regulated' and the APRA registration number; or
4. if none of these categories apply, insert 'Other' and applicable descriptions, such as 'Family Discretionary Trust', 'Unit Trust' or 'Other'.

For the box headed 'Controllers of company Unitholder', please supply full names of shareholders who hold more than 25% of the shares in the Company, together with their percentage holding. This information is only needed for Australian proprietary limited companies. Attach a separate page if insufficient space.

If the company Unitholder is a foreign company, but is a majority owned subsidiary of an Australian listed company, insert in the box headed: 'Controllers of company Unitholder' – words of or to the effect of 'Controlled by listed Australian company'.

If a foreign company is the Unitholder, but the company is not registered with ASIC, specify on the form or on an accompanying page if it is a public or private company, its country of origin, any identifying number similar to an ACN or ARBN and its principal business address in its country of origin. If the Applicant is a foreign private company, supply the full name of every director on an accompanying page.

If the Applicant is an association, the full names of members of its board or governing committee need to be included on an accompanying page.

If the Applicant is a registered cooperative, the full names of its chairman, secretary or equivalent officer needs to be supplied on an accompanying page.

2. RESIDENTIAL AND POSTAL ADDRESS AND CONTACT DETAILS

Enter your residential or registered office address details. Please complete the postal address if your mail is delivered to a different address. If you state your email address, all reports may be sent to you by that means.

3. TAX FILE NUMBER (TFN)/AUSTRALIAN BUSINESS NUMBER (ABN)

You are not required to give us your TFN or ABN. However if you do not quote either, we are required to withhold tax (at the highest marginal rate plus Medicare Levy) from Distributions paid to you. Collection of TFN's is authorised and their use and disclosure are strictly regulated by the tax laws and Privacy Act. By quoting your TFN or ABN you authorise us to apply it to your investment and its disclosure to the Tax Office.

4. DECLARATION

Please read the Declaration, indicate whether you are a citizen of the United States of America and sign at item 6.

6. SIGNATURE

The Application Form should be signed and dated by all Unitholders. Companies would be expected to sign by two directors or by one director and the company secretary. In the case of a sole director company, when signing, add wording: 'Signed as sole director and sole secretary'.

For further details please contact the investor relations team at CFMG Capital:

PO Box 663
Level 2, 117 McLachlan Street
Fortitude Valley QLD 4006

P: 1800 155 526
E: investorrelations@cfmgcapital.com.au
W: cfmgcapital.com.au



CFMG
Funds
Management

Real returns from real projects

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