

CFMG Land & Opportunity Fund

ARSN 602 610 006

Supplementary Product Disclosure Statement

This Supplementary Product Disclosure Statement ('SPDS') supplements the Product Disclosure Statement dated 29 November 2016 for the Trust issued by the Responsible Entity. Together, the PDS and this SPDS contain all of the information about the Offer of Class D Units ('North Oakland Pocket Units') in the Trust.

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 North Oakland Pocket Units in the Trust to facilitate the Trust investing in a minimum of 500,000 and a maximum of 3,000,000 unsecured notes issued by North Oakland Pocket Syndicate Limited A.C.N 620 648 464 ('**North Oakland Pocket SPV**'). The unsecured notes have a fixed return of 16.8% per annum. Money raised by the issue of the unsecured notes will be used by the North Oakland Pocket SPV to fund the Property Development.

The Property Development relates to the purchase of real property, comprising approximately 4.1 hectares paying \$5,216,237.67 with settlement due on the later of 1 November 2017 or 21 days after the date the Seller of the Property causes a certificate of title to be created for the real property being sold.

North Oakland Pocket SPV intends to develop the Property into 80 residential allotments, supporting roads and other services generally in accordance with the Concept Plan in this SPDS.

A development approval for the proposed development was granted by the Moreton Bay Regional Council on 17 December 2015. Multiple approvals are also in place for operational works relating to electrical reticulation, road works, stormwater drainage and landscaping. The funding of up to \$3.0m to be contributed by the Trust in exchange for the issue of unsecured notes is to be applied to the costs associated with funding deposits paid by North Oakland Pocket SPV to the Seller of the Property, the costs associated with payment of stamp duty on the purchase contract, the costs of carrying out due diligence and for working capital associated with the Property Development.

A fixed return of 16.8% per annum is required to be paid to the Trust by North Oakland Pocket SPV on the unsecured notes. An initial distribution by the Trust is expected to be paid in June 2018. This initial distribution will be funded by subscription money retained by the Trust and not provided to North Oakland Pocket SPV.

A final distribution and redemption of the unsecured notes is to be paid on completion of the Property Development and sale of the Property. Please note that whilst North Oakland Pocket SPV is required to make interest payments of 16.8% per annum over the term of the issue of the unsecured notes, the return is not guaranteed by the Responsible Entity, and the North Oakland Pocket SPV's ability to make these payments is (subject to the subscription money being retained by the Responsible Entity) totally dependent on the successful completion of the Property Development and sale of the Property. An investment in the North Oakland Pocket Units should be considered highly speculative.

The North Oakland Pocket Units have a targeted return of 12.0% per annum, which is based on the fixed return payable on the unsecured notes to be issued by the North Oakland Pocket 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 other than the initial distribution in June 2018 is totally dependent on North Oakland Pocket SPV meeting its interest and repayment obligations.

In the event the North Oakland Pocket SPV meets its payment obligations in full on the unsecured notes then 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 North Oakland Pocket Units not achieving the targeted return of 12.0% per annum.

The specific risks associated with this investment are disclosed in this Supplementary Product Disclosure Statement. These risks should be read in conjunction with the risks disclosed in the PDS.



The Investment Proposal

North Oakland Pocket Units	The Trust is offering a minimum of 500,000 and up to 3,000,000, North Oakland Pocket Units, to be issued at a price of \$1.00 per Unit, to raise up to \$3,000,000, which the Trust will invest in unsecured notes issued by North Oakland Pocket SPV.
North Oakland Pocket SPV	<p>North Oakland Pocket SPV is a special purpose vehicle incorporated for the sole purpose of acquiring the Property and carrying out the Property Development.</p> <p>The North Oakland Pocket SPV currently has three directors serving on its board. Scott Watson, Jason Matigian and Wayne Hamburger. Two of these persons (Scott Watson and Jason Matigian) are also directors of the Responsible Entity. Details of each of these directors is set out below.</p> <p>The sole shareholder of North Oakland Pocket SPV is CFMG Land Limited ACN 127 663 414 ('CFMG Land'). CFMG Land has also been engaged by North Oakland Pocket SPV to provide it with project management functions and administrative and company secretarial functions. The ultimate holding company of CFMG Land, North Oakland Pocket SPV and the Responsible Entity is CFMG Capital Limited.</p>
Directors of North Oakland Pocket SPV	<p>The North Oakland Pocket SPV currently has three directors serving on its board. Details of the directors, their background and experience is:</p> <p>Scott Watson</p> <p>Scott is a founding Director of both the residential land syndication 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 publicly syndicated 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> <p>Wayne Hamburger</p> <p>Wayne has 18 years lending experience working with various types of loan scenarios and debt structuring.</p> <p>Wayne has held state and national manager positions with finance brokerage and property companies and has experience in corporate governance and compliance as a Responsible Manager across mortgage broking and financial planning.</p> <p>Wayne has had extensive dealings with new land estates throughout Australia.</p> <p>Wayne holds a Diploma of Financial Services (Finance / Mortgage Broking Management), Advanced Diploma of Financial Services (Financial Planning), Advanced Diploma of Business (Accounting), Graduate Certificate in Management and Graduate Diploma of Commerce.</p> <p>He is currently studying a Master of Commerce (Financial Planning). Wayne is an MFAA Accredited Finance Broker with the Mortgage & Finance Association of Australia, Associate Fellow of the Australian Institute of Management and a Justice of the Peace (Qualified).</p> <p>Jason Matigian</p> <p>Jason has 15 years experience in the property industry specialising in valuation and real estate advisory. Jason has had a broad range of property experience across all sectors including residential, commercial, retail, industrial, rural, special purpose and mixed use. This broad range of experience has seen Jason and his Valuation Practice (JPM Valuers & Property Consultants) actively providing advice to the public, private and government bodies across Victoria, New South Wales, Queensland and Northern Territory.</p> <p>Prior to Jason setting up his own valuation practice he held positions with Brisbane Real Estate specialising in site acquisition and Asset Realisation for receivers; and approximately 10 years with Australia's largest valuation and advisory firm Herron Todd White Valuers.</p> <p>Jason has a strong background in valuation and advisory services and has completed various valuation assignments for due diligence and mortgage security lending purposes. More recently Jason has been working closely with receivers in provide advice on 'Highest & Best Use' analysis and distressed asset workouts.</p> <p>Jason holds a Bachelor of Applied Science (Property), is a Certified Practicing Valuer in Queensland and New South Wales and an Associate member of the Australian Property Institute</p>

Trust Structure	<p>The Trust is a registered managed investment scheme. This SPDS relates to the offer of North Oakland Pocket Units which will have a beneficial interest in unsecured notes issued by the North Oakland Pocket SPV to the Trust. The unsecured notes to be issued by the North Oakland Pocket SPV will carry a rate of return of 16.8% per annum. The North Oakland Pocket Units have a targeted return of 12.0% per annum, which is based on the fixed return of 16.8% per annum payable on the unsecured notes to be issued by the North Oakland Pocket 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 resulting targeted return of 12.0% per annum is not guaranteed, is totally dependent on completion of the Property Development and sale of the Property and therefore this investment should be considered highly speculative.</p>
Asset identification and negotiation fee	<p>An asset identification and negotiation fee of 4.4% of the capital raised by the issue of North Oakland Pocket Units will be paid to the Responsible Entity on the issue of units in the Trust.</p>
Anticipated Distribution Rate	<p>North Oakland Pocket Units have a targeted distribution rate of up to 12.0% per annum (pre tax and net of fees) over the life of the investment. For the timing of distribution payments please refer to the table on page 11 of this SPDS.</p> <p>For example, for each \$25,000 you invest in the Trust, the anticipated income distribution you will receive is \$3,000 per annum. An initial distribution by the Trust is expected to be paid in June 2018. This initial distribution will be funded by subscription money retained by the Trust and not provided to North Oakland Pocket SPV.</p> <p>Please note that whilst North Oakland Pocket SPV is required to make interest payments over the term of the issue of the unsecured notes, the return is not guaranteed by the Responsible Entity and the North Oakland Pocket SPV's ability to make these payments is (subject to the subscription money being retained by the Responsible Entity) totally dependent on the successful completion of the Property Development and sale of the Property.</p>
Minimum Investment	<p>Applications for North Oakland Pocket 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 North Oakland Pocket Units will be issued for \$1.00 each.</p>
Likely term of your Investment	<p>North Oakland Pocket SPV expects the Property Development to be completed and the Property sold by March 2019.</p> <p>Accordingly, the North Oakland Pocket Units are intended to be on issue for a minimum term of eighteen (18) months.</p> <p>Unitholders may not withdraw their investment (although transfers are permitted subject to the Constitution).</p>
Income Distribution	<p>The targeted return for the North Oakland Pocket Units is up to 12.0% per annum, which is based on the rate of return on the unsecured notes issued by the North Oakland Pocket 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 initial distribution is intended to be paid by the Trust in June 2018. This initial distribution is funded by subscription money retained by the Trust and not provided to North Oakland Pocket SPV. Distributions will be made by electronic funds transfer to the Unitholder's nominated Australian bank account.</p> <p>A final distribution and redemption of the unsecured notes is to be paid on completion of the Property Development and sale of the Property.</p> <p>The final distributions and redemption of the unsecured notes for the financial year FY2019 will be totally dependent on North Oakland Pocket SPV complying in full and on time with its obligations under the terms of the unsecured notes.</p> <p>A forecast Application, Sources, Income and Distribution Statement is set out on page 11 of this SPDS which has been prepared on the basis that capital of \$3.0m is raised by the issue of North Oakland Pocket 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 redemption of the unsecured notes by the North Oakland Pocket SPV the Trust will redeem your North Oakland Pocket Units by electronic funds transfer to your nominated Australian bank account.</p>



DETAILS OF NORTH OAKLAND POCKET SPV (SPV DEVELOPER)

North Oakland Pocket SPV is a special purpose vehicle incorporated for the sole purpose of acquiring the Property and carrying out the Property Development.

North Oakland Pocket SPV was incorporated in Queensland on 24 July 2017 as a public company and currently has three directors serving on its board. Scott Watson, Jason Matigian and Wayne Hamburger. Details of each of these directors are set out above.

The North Oakland Pocket 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 NORTH OAKLAND POCKET SPVS CORPORATE AND PROJECT MANAGEMENT

CFMG Land provides management and administrative services to the North Oakland Pocket SPV and is also the project manager of the Property Development for the North Oakland Pocket SPV.

CFMG Land will earn management fees as set out below.

Project Management Fees

The North Oakland Pocket 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 North Oakland Pocket 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 North Oakland Pocket SPV of any allotment developed or created from the Property.

Company and Asset Management Services Fee

The North Oakland Pocket 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 North Oakland Pocket 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 North Oakland Pocket SPV for any sale and/or similar transaction in respect of the Property; and
- b. is payable by the North Oakland Pocket SPV as lot sales are finalised.

Company Secretarial Services Fee

The North Oakland Pocket 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 North Oakland Pocket 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 North Oakland Pocket 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 North Oakland Pocket SPV in respect of the acquisition of the Property, the capital raising and administration of the North Oakland Pocket SPV not otherwise covered by the management agreement.

CFMG Land acts as the project manager of a number of syndicated residential property development companies.

CFMG Land draws from extensive experience as the manager of syndicated residential property development companies. The board of directors have backgrounds in funds management and property development, and use this experience to assess opportunities based on location, population growth and demographics, infrastructure suitability, and community development plans.

While CFMG Land has undertaken projects in the past, past performance is not an indication of future performance on similar projects.

DETAILS OF NORTH OAKLAND POCKET PROPERTY DEVELOPMENT

Overview

The North Oakland Pocket SPV has contracted to purchase 4.1 hectares of land in Morayfield, situated approximately 40 kilometres north of the Brisbane CBD ('Property').

It is intended that the Property be developed into 80 residential allotments, supporting roads and other services generally in accordance with the Concept Plan in this SPDS.

The Locality

Located 40 kilometres north of the Brisbane CBD, Morayfield is characterized by modest residential dwellings and is dominated by the Morayfield regional shopping centre and the commercial, retail and trade developments on either side of Morayfield Road.

Immediately surrounding the Property is predominantly existing residential consisting of either modern average sized residential dwellings or rural residential allotments.

Morayfield High School and Primary School are located within two kilometres of the Property and the Goodstart Childcare Centre is to the immediate South on Graham Road.

The Property has frontage to Graham Road, which is a part two/part four lane bitumen sealed road. Graham Road connects with Buchanan Road in the north which connects with the Bruce Highway and Morayfield Road in the south which is the main road travelling through the Morayfield Town Centre.

The nearest rail service is located in Morayfield approximately one kilometre north of the Property.

The Property

The Property is situated at 171-183 Graham Road, Morayfield and is more particularly described as proposed Lot 800 on SP282273, being part of Lot 1 on RP170364 & Lot 5 on RP112907.

Market Demographics

Between 30 June 2008 and 30 June 2014 the Moreton Bay Regional Council area the municipality in which the Property is located, has experienced an average of 2.6% annual population growth rate 0.6% above the state average.

The Moreton Bay Regional Council announced in November 2015 that the University of the Sunshine Coast was selected to pioneer the Moreton Bay University Precinct in Petrie.

Over the 12 months to 30 June 2016, the median sale price of land in Morayfield increased by 7.69%.

The Caboolture Public and Private hospitals provide over 250 beds for the surrounding regions. Together, they employ approximately 300 healthcare professionals and service over 20,000 patients per year.

The Property has been identified to capitalize on these existing and future opportunities.



Infrastructure

The Moreton Bay region is the key growth corridor north of Brisbane. Its major centres are a short distance from Brisbane's city centre (Strathpine 22kms, North Lakes 30km, Redcliffe 35kms and Caboolture 50kms).

The region has easy access to the Brisbane CBD, Brisbane Airport, Port of Brisbane and major transport routes in South East Queensland. Its ease of access and competitively priced residential and commercial premises and land has attracted numerous new residents, a highly skilled workforce and over 25,000 businesses (2014) and has underpinned the region's strong economic performance.

The Moreton Bay Regional Council is committed to improving the attractiveness of its main centres of business and employment and to providing opportunities for local business growth, and new business investment to support and complement continued strong population growth in the region.

Purchase of the Property

The contract to purchase the Property between the North Oakland Pocket SPV and the registered owners was entered into on 28 July 2017.

The registered owners of the Property are unrelated to the North Oakland Pocket SPV, to CFMG Land 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:

- the contract for sale is due to settle on the later of 1 November 2017 or 21 days after the date the Seller of the Property causes a certificate of title to be created for the real property being sold;
- the price payable by the North Oakland Pocket SPV under the contract is \$3,116,237.67; and
- a deposit of \$475,000.00 was paid to the deposit holder.

Concurrently with entering into the contract to purchase the Property, the North Oakland Pocket SPV and the Seller of the Property entered into a development agreement pursuant to which the North Oakland Pocket SPV agreed to pay to the Seller of the Property a monetary contribution for works completed on adjoining land which will benefit the North Oakland Pocket SPV, and to reimburse the Seller for infrastructure credits paid or obtained by the Seller, for the benefit of the SPV.

The key commercial terms of the development agreement are as follows:

- the North Oakland Pocket SPV will pay to the Seller of the Property the sum of \$1,750,000 (plus GST) at settlement of the purchase of the Property; and
- the North Oakland Pocket SPV will pay to the Seller of the Property the sum of \$350,000 as deferred infrastructure works on or before 1 March 2018.
- The North Oakland Pocket SPV will reimburse the Seller of the Property for infrastructure credits paid for or obtained by the Seller, which credits will be for the benefit of North Oakland Pocket SPV. The value of the credits is expected to be approximately \$299,000.

The Development Concept

The Concept Plan set out on page 19 of this SPDS illustrates the proposed development concept.

It is proposed that the Property be developed into 80 residential allotments, supporting roads and other services over a single stage.

The allotments proposed to be developed range from 300m² to 687 m² with an average land area of approximately 398m². The Property Development involves the development of the Property as residential allotments for on-sale as sites for residential housing.

A development approval for the proposed development was granted by the Moreton Bay Regional Council on 17 December 2015. Multiple approvals are also in place for operational works relating to electrical reticulation, road works, stormwater drainage and landscaping.

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. At the time the North Oakland Pocket SPV contracted for the purchase of the Property the Seller of the Land had already entered in to pre-commitments with local home builders in respect of 57 of the 80 lots and some of those home builders have introduced retail buyers who have contracted with the Seller. Additionally, the Seller of the Property had already entered in to sale contracts with 10 retail buyers.

For the remainder of the lots not subject to pre-commitments it is proposed that the North Oakland Pocket 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 not already subject to the pre-commitments will commence prior to settlement of the purchase of the Property and will continue during construction with allotments to be pre-sold subject to titles being created.

While the North Oakland Pocket SPV anticipates that the above marketing and distribution strategy is appropriate the directors of the Responsible Entity or the North Oakland Pocket SPV are not able to forecast land sales prices or rates or the performance of those entities who are subject to the pre-commitments.

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 North Oakland Pocket SPV including property market conditions, supply and demand, interest rates and buyer sentiment.

Indicative Property Development Timing

Based on the likely time frames for the Property Development, it is currently anticipated that the construction works for the Property Development could commence shortly after settlement of the purchase of the Property and the Property Development could be completed by March 2019.

Marketing of the lots not already subject to the pre-commitments is anticipated to commence prior to the construction of the development works, with those remaining 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 relating to the date for settlement of the purchase of the Property, timing for the commencement and completion of the subdivision works, date for registration of allotments and targeted sales rates as anticipated by the North Oakland Pocket SPV and where applicable, anticipated by those entities with allotments under pre-sale commitments hold true then the anticipated timing for the carrying out of the Property Development is expected to be as follows:

Settlement of Property	November 2017
Subdivision Works	March 2018 – August 2018
Registration of Allotments	September 2018
Settlement of Allotment Sales	October 2018 – March 2019

* Dates indicative only and subject to change.

Whilst the above timing is how the North Oakland Pocket SPV anticipates the Property Development could progress, there is no guarantee that the assumptions above will be met. The directors of the North Oakland Pocket SPV are not able to forecast land sales rates, performance by entities under pre-commitments 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 North Oakland Pocket SPV is not guaranteed and an investment in the unsecured notes to be issued by North Oakland Pocket SPV is considered a speculative investment.

Property Development Finance

The Trust will contribute the capital raised by the issue of North Oakland Pocket Units (less the amounts retained from the subscription price to pay management fees to the Responsible Entity and the initial distribution in June 2018) to the Property Development by taking up unsecured notes to be issued by North Oakland Pocket SPV.

The North Oakland Pocket SPV will apply the funds received from the Trust to refunding to CFMG Land the deposit paid to the Seller of the Property, the costs associated with payment of stamp duty on the purchase contract, the costs associated with carrying out due diligence and for working capital associated with the Property Development

In addition to the amount raised through the Trust, it is anticipated that approximately a total of \$4.0m in third party equity will need to be contributed together with approximately \$6.6m of debt finance to complete the Property Development.

As at the date of this SPDS, the North Oakland Pocket SPV has received an expression of interest from a major lending institution advising how debt finance can be secured and may be applied towards the funding of part of the purchase price to be paid for the Property and the development costs for the Property Development.

Based on the expression of interest, the North Oakland Pocket SPV considers that debt finance can be obtained to fund the development costs to an amount equal to 65% of the total budgeted development costs.

The expression of interest is subject to a number of terms and conditions. Whilst the North Oakland Pocket SPV expects to satisfy the terms and conditions applying to the expression of interest, there is no guarantee that such conditions will be met.

PLANNED FURTHER CAPITAL RAISING BY NORTH OAKLAND POCKET SPV

In the immediate future, the North Oakland Pocket SPV will need to raise further funds to complete the contracts for the purchase of the Property.

Specifically, the North Oakland Pocket SPV will require funds of at least \$5,426,237.67 to fund the purchase price to be paid for the Property from the Seller in November 2017 (including the development fee payable to the Seller at that time under the Development Agreement).

The North Oakland Pocket SPV intends to raise a minimum of \$4.0m in third party equity, inclusive of the capital intended to be contributed by the Trust, through the issue of further unsecured notes which are likely to rank ahead of the Trust and to secure debt finance to complete the purchase of the Property.

The abovementioned information is important. This offer of North Oakland Pocket Units should be considered a highly speculative investment opportunity. Completion of the purchase of the Property from the sellers of the Property (and

the development of the Property Development) is dependent on both the securing of debt finance and the raising of at least \$4.0m in third party equity to fund payment of the purchase price for the Property.

If the intended capital raising is not successful, the Property Development is unlikely to proceed and North Oakland Pocket SPV would be unable to redeem the unsecured notes issued to the Trust in turn meaning the North Oakland Pocket Units may have minimal or little value.

SUBSCRIPTION AGREEMENT

The Trust's investment in the North Oakland Pocket SPV is by way of a subscription agreement. Upon entering into the subscription agreement the Trust will be issued with unsecured notes issued by North Oakland Pocket SPV.

The subscription agreement sets out the terms on which the Trust subscribes for and is issued the unsecured notes and the rights and obligations of the parties to that agreement.

The subscription agreement also includes key matters such as the conditions precedent (and subsequent) to the Trust subscribing for the unsecured notes, the Trust's step in rights, undertakings by the North Oakland Pocket SPV to the Trust, representations and warranties by the North Oakland Pocket SPV and the terms of the unsecured notes (including the interest entitlements attached to the unsecured notes, the waterfall of payments relating to distribution of Property Development proceeds and other rights attaching to the unsecured notes.

Key conditions precedent required before the Trust will subscribe for the unsecured notes issued by North Oakland Pocket SPV under the subscription agreement, include:

- approval by the board of the Responsible Entity to entry into and completion of the subscription agreement;
- the grant of and entry into a general security over the North Oakland Pocket SPV in favour of the Trust which ranks behind other lenders to North Oakland Pocket SPV;
- receipt of an expression of interest from a secured funder to provide property finance and a construction debt facility to North Oakland Pocket SPV outlining the terms and basis on which development finance may be provided to the Property Development on terms satisfactory to the North Oakland Pocket 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.

Should the North Oakland Pocket SPV default under the subscription agreement (or the management agreement with CFMG Land) and not remedy the default, the Trust may (subject to the rights of the other lenders) exercise step in rights.

The North Oakland Pocket 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 is likely to rank in priority to the unsecured notes to dividends and/or on winding up);
- 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 North Oakland Pocket SPV other than in relation to raising the third party equity that ranks equally or take priority to the unsecured notes to dividends and/or on winding up;
- pay any dividends; or
- amend the management agreement with CFMG Land in a manner which materially impacts the Trust.

Under the subscription agreement, the application by the North Oakland Pocket SPV of surplus cashflow of the North Oakland Pocket 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 North Oakland Pocket SPV; then

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

fifthly, to pay interest and redeem any unsecured notes issued that rank ahead of the unsecured notes held by the Trust;

sixthly, to redeem unsecured notes, pari passu amongst the holders of any other unsecured notes issued by North Oakland Pocket SPV that rank equally with the unsecured notes held by the Trust; then

seventhly, to pay the interest payments on the unsecured notes, pari passu as between the holders of all unsecured notes in the North Oakland Pocket SPV that rank equally with the unsecured notes held by the Trust; then

finally, balance of Property Development profits to the North Oakland Pocket SPV.



ABOUT THE UNSECURED NOTES ISSUED BY NORTH OAKLAND POCKET SPV

The unsecured notes are to be issued on the following basis:

Issue Price	\$1.00 per unsecured note.
Type of notes	The notes are unsecured and issued by North Oakland Pocket SPV.
Interest Payable	An interest payment of 16.8% per annum is payable in arrears on the notes held by the Trust.
Distributions by the Trust	The Responsible Entity intends to make an initial distributions in June 2018 with the final distribution once the notes are redeemed by North Oakland Pocket SPV.
Voting Rights	There will be no entitlement to receive notice of, to attend or to vote at, any general meetings of the North Oakland Pocket SPV or to vote on any written resolution of members of the North Oakland Pocket SPV.
Property Development Cashflow Waterfall	Repayment of the unsecured notes is subject to the Property Development cashflow waterfall set out on page 10 of this SPDS.
Redemption Date	Each unsecured note issued to the Trust is redeemable on the date which is eighteen (18) months after the issue of the notes or earlier at the election of the North Oakland Pocket SPV (provided that such redemption will not occur until at least 6 months after the note is issued). The Responsible Entity may agree with the North Oakland Pocket SPV to agree to extend the redemption date by up to 12 months.
Redemption Price	\$1.00 per unsecured note

FORECAST APPLICATION, SOURCES, INCOME AND DISTRIBUTION STATEMENT

The forecast application, sources, income and distribution statement assumes that capital of \$3.0m is raised by the issue of North Oakland Pocket 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 2018 and 30 June 2019:

	Jun-18	Jun-19	Total
Income/Capital			
Unsecured Notes	\$3,000,000.00		
Fixed Return - 16.8% pa	\$248,547.95	\$504,000.00	
Sub-total	\$3,248,547.95	\$504,000.00	
Distributions			
Asset Identification & Negotiation Fee - 4%	\$120,000.00		\$120,000.00
Management Fee of units on issue - 1%	\$15,000.00	\$30,000.00	\$45,000.00
Annual Fund Expenses - \$30,000 pa	\$15,000.00	\$30,000.00	\$45,000.00
Sub-total	\$150,000.00	\$60,000.00	\$210,000.00
Funds available for distribution	\$3,098,547.95	\$3,512,983.56	
Unitholder Distributions	\$29,564.38	\$3,512,983.56	\$3,542,547.95
Per Unit Distribution	\$0.01	\$1.17	\$1.18

*The initial distribution on June 2018 will be funded by the Trust retaining an amount from the subscription price for the unsecured notes. Whilst the Trust will be entitled to the full 16.8% per annum interest on the amount raised, the funds retained by the Trust will be sufficient to pay for the fees and expenses of the Trust and the initial distribution on June 2018. The final distributions for the financial year FY19 will be totally dependent on the North Oakland Pocket SPV complying in full and on time with its obligations under the terms of the unsecured notes

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 29 November 2016.

Below are specific risks associated with an investment in North Oakland Pocket Units

SPECIFIC RISKS

An investment in the offer of North Oakland Pocket Units also involves specific risks relating to the Property Development to be carried out by the North Oakland Pocket SPV which is the purchase and 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 are 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
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 will be engaged by the North Oakland Pocket SPV to advise in relation to the planning for the Property Development.A development approval for the proposed development was granted by the Moreton Bay Regional Council on 17 December 2015.Multiple approvals are also in place for operational works relating to electrical reticulation, road works, stormwater drainage and landscaping.
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 will be engaged by the North Oakland Pocket SPV to advise in relation to the planning for the Property Development.A development approval for the proposed development was granted by the Moreton Bay Regional Council on 17 December 2015.Multiple approvals are also in place for operational works relating to electrical reticulation, road works, stormwater drainage and landscaping.
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.57 of the 80 lots are the subject of Put & Call Option Agreements with building companies (whose obligations are guaranteed by the directors of those building companies) whereby the North Oakland Pocket SPV can require the building companies to themselves settle the purchase of any committed but unsold lots at the prices set out in the Put & Call Option Agreements.Another 10 lots are already subject to sale contracts the Seller has entered in to with retail buyers.In respect of the lots not already subject to the Put & Call Option Agreements or existing sale contracts, 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 market for medium to large subdivision sites is considered to be at, or near its peak. 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 North Oakland Pocket SPV will direct market allotments through a project web site, real estate marketing sites and other media campaigns.

<p>Sales Risk</p> <p>The price achieved for the sale of the residential allotments intended to be developed from the Property may be insufficient to deliver the return on the unsecured notes.</p>	<ul style="list-style-type: none"> • A sales and marketing strategy has been developed by the North Oakland Pocket SPV PV 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.
<p>Settlement Risk</p> <p>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.</p>	<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.
<p>Development Costs Risk</p> <p>Budgeted development costs may be materially different to actual costs incurred by the Property Development.</p> <p>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.</p>	<ul style="list-style-type: none"> • North Oakland Pocket SPV will engage professional engineering consultants to provide an opinion on costs for the Property Development. The Responsible Entity will only advance subscription money once it is satisfied with the opinion of the professional engineering consultants. • It is anticipated that the civil contractor will enter into a fixed-time, fixed price construction contract with the North Oakland Pocket SPV to reduce the risk to the Property Development.
<p>Additional Funding Risk</p> <p>Should the development costs increase, further debt and/or equity may be required to complete the Property Development.</p>	<ul style="list-style-type: none"> • North Oakland Pocket SPV will engage professional engineering consultants to provide an opinion on costs for the Property Development. The Responsible Entity will only advance subscription money once it is satisfied with the opinion of the professional engineering consultants. • It is anticipated that the civil contractor will enter into a fixed-time, fixed price construction contract with the North Oakland Pocket SPV to reduce the risk to the Property Development.
<p>Development Delay Risk</p> <p>If development is delayed, then this may lead to increased interest costs, reduced returns to Unitholders and a delay in those returns.</p>	<ul style="list-style-type: none"> • It is anticipated that the North Oakland Pocket 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 however 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 North Oakland Pocket SPV has not yet secured debt funding for the Property Development.</p>	<ul style="list-style-type: none"> • A condition precedent to the Trust subscribing for the unsecured notes issued by North Oakland Pocket 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 subscribing for the unsecured notes to be issued by North Oakland Pocket SPV is that the Responsible Entity be satisfied with the terms and basis on which development finance may be 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 North Oakland Pocket 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 North Oakland Pocket 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 subscription agreement and the North Oakland Pocket 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 updated 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 North Oakland Pocket SPV is intended to have recourse to the contractors 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 North Oakland Pocket SPV are governed by a set of legal documents and contracts which include the Subscription 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 North Oakland Pocket 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.

TOWN PLANNING ASSESSMENT

Professional town planning consultants will be engaged by the North Oakland Pocket SPV as the consulting town planners for the Property Development.

The directors of the Responsible Entity note:

- A development approval for the proposed development was granted by the Moreton Bay Regional Council on 17 December 2015;
- Multiple approvals are also in place for operational works relating to electrical reticulation, road works, stormwater drainage and land.

ENGINEERING ASSESSMENT

Professional engineering consultants will be engaged by the North Oakland Pocket SPV to advise on the civil engineering, budgeted development costs, civil design and the servicing and development requirements for the Property.

The directors of the Responsible Entity are satisfied that in their opinion that there are existing services available to the Property or close to the Property to provide connections to storm water drainage, water and sewerage reticulation, electricity and telecommunications.

RELATED PARTY ARRANGEMENTS

CFMG Land and the North Oakland Pocket 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 North Oakland Pocket 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 subscription agreement and the North Oakland Pocket 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 North Oakland Pocket SPV. The intended terms of the subscription 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 subscription 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. North Oakland Pocket Syndicate Limited A.C.N 620 648 464; and
- b. CFMG Land Limited ACN 127 663 414.

BOARD OF DIRECTORS UPDATE

The information below is in addition to and an update to the disclosures contained in clause 2.0 of the PDS.

The Qualifications, background and experience of the current members of the Board of CFMG Equity and Income Funds Limited are:

Jim Frayne – Independent Director

Jim has over 40 years' experience in chartered accountancy in audit and corporate services fields.

Mr Frayne was appointed as a partner of PKF Chartered Accountants and Business Advisers (now BDO Chartered Accountants) in 1983 and from that time headed up the Audit and Assurance Division of PKF Brisbane until his retirement in June 2006.

He is a Director of Aveo Limited and Black & White Holdings Limited.

Barrie Adams – Independent Director

Barrie has enjoyed his careers in the private sector and with the Commonwealth and State Governments.

He commenced with the Shell Group of Companies in Brisbane then Sydney and Melbourne which culminated in his appointment as the South Pacific Audit Manager.

Barrie then returned to Brisbane where he held a number of senior positions in the Corporate Affairs Office, including in 1989, his appointment as Director, Corporate Development and Operations.

He held a senior corporate regulatory position from 1991 to 2000 and was awarded the Public Service Medal for outstanding public service.

Barrie has been an active member of CPA Australia and was a Director on the Board of CPA Australia for 3 years. Since leaving the public service, he has held board positions on listed and unlisted public companies and not for profit companies. Barrie continues to hold board positions and is the Chairman of three Compliance Committees.

Barrie delivers presentations on Corporate Governance and Ethics and Risk Management, Directors' Duties and Corporate Social Responsibility.

Jason Matigian – Independent Director

Jason has 15 years experience in the property industry specialising in valuation and real estate advisory.

Jason has had a broad range of property experience across all sectors including residential, commercial, retail, industrial, rural, special purpose and mixed use. This broad range of experience has seen Jason and his Valuation Practice (JPM Valuers & Property Consultants) actively providing advice to the public, private and government bodies across Victoria, New South Wales, Queensland and Northern Territory.

Prior to Jason setting up his own valuation practice he held positions with Brisbane Real Estate specialising in site acquisition and Asset Realisation for receivers; and approximately 10 years with Australia's largest valuation and advisory firm Herron Todd White Valuers.

Jason has a strong background in valuation and advisory services and has completed various valuation assignments for due diligence and mortgage security lending purposes. More recently Jason has been working closely with receivers to provide advice on 'Highest & Best Use' analysis and distressed asset workouts.

Jason holds a Bachelor of Applied Science (Property), is a Certified Practising Valuer in Queensland and New South Wales and an Associate member of the Australian Property Institute.

Scott Watson – Director

Scott is a founding Director of both the residential land syndication and income fund businesses of CFMG.

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.

From 2008, Scott has been actively involved in overseeing the governance and compliance obligations in relation to publicly syndicated land development companies.

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.

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.

Your employer may be able to negotiate to pay lower administration fees. Ask the fund 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)** website (www.moneysmart.gov.au) has a *managed investment fee* calculator to help you check out different fee options.

Fees and other costs

This document 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 the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You have 2 different fee payment options:

- to pay contribution fees upfront, at the time when you make each investment into the managed investment scheme; or
- to pay contribution fees later (for example, on the termination of your investment or by way of other increased fees).

Note: You may pay more in total fees if you choose to pay contribution fees later.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs update

The table below replaces the table in clause 5.2 of the PDS.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Trust		
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
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
Management costs: The fees and costs for managing your investment		
Management Fee	1.1% p.a. of the total funds invested in the Trust	Monthly in arrears out of the Trust assets
Asset identification, capital raising and structuring fee	4. 4% of the capital raised by the issue of the North Oakland Pocket Units	Upon the issue of Units in the Trust out of the Trust assets attributable to the relevant Class

Administrative fees and costs	Anticipated to be approximately \$33,000 p.a.	To be paid as and when incurred out of the Trust assets
The following fees relate to North Oakland Pocket SPV		
<u>Project management fee</u>	2.2% of the gross sales price received by North Oakland Pocket SPV	On settlement of the sale of each of the finished allotments created from the Property
<u>Company and Asset Management Services Fee.</u>	3.3% of the gross sales price received by North Oakland Pocket SPV	On settlement of the sale of each of the finished allotments created from the Property
<u>Company Secretarial Services Fee</u>	\$66,000 per annum	Monthly in arrears
Service fees		
Switching fee: The fee for changing investment options	Nil	Not applicable

Additional explanation of fees and costs

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

Asset identification, capital raising and structuring Fee

- The Responsible Entity is entitled to be paid the Asset identification and negotiation Fee out of the assets when it issues the North Oakland Pocket Units.
- The Asset identification and negotiation Fee is 4.4% of the value or amount of capital raised by the issue of the North Oakland Pocket Units.
- The Asset identification and negotiation Fee is due and payable on the date of the issue of the North Oakland Pocket Units from the assets of the Trust attributable to the North Oakland Pocket Units.

Example of annual fees and costs for the Trust

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

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

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	7.543% p.a.	And , for every \$50,000 you have in the Trust you will be charged \$3,771.43 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 \$4,149* What it costs you will depend on the investment option you choose and the fees you negotiate

Note. The management costs above do not 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 – in the second (and subsequent) years

EXAMPLE		BALANCE OF \$50,000
Contribution fees	Nil	For every \$50,000 you put in, you will be charged \$0.
PLUS Management Costs	3.143% p.a.	And , for every \$50,000 you have in the Trust you will be charged \$1,571.40 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 \$1,571.40* 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 North Oakland Pocket SPV to CFMG Land Limited

Under the Project and Company Management Agreement the North Oakland Pocket 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 \$3,000,000 in Units are subscribed for in the Trust), you will be charged \$2,155 in Project Management Fees and \$3,233 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 the aggregate total projected revenue of \$13,721,275 and assumes the maximum \$3,000,000 of Units are subscribed for under this Offer.

The above calculation also assumes the North Oakland Pocket SPV raises \$4,000,000 in third party investment in addition to the \$3,000,000 investment by the Trust as contemplated under this offer.

Benchmark Disclosure Update

Section 3 of the PDS sets out the Responsible Entity's response to ASIC's Regulatory Guide 45 Mortgage schemes: improving disclosure for retail investors – [Benchmark Disclosure](#).

Below is an update to Disclosure Principle 7

BENCHMARK / DISCLOSURE PRINCIPLE	BENCHMARK MET? (YES / NO)	EXPLANATION
7 Distribution practices	No	<p>The Trust will pay an initial distribution in June 2018 from subscription money retained and not advanced to North Oakland Pocket SPV. This initial distribution is not funded from operations of 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>Distributions other than the initial distribution nominated above and the return of capital is totally depended on the successful completion of the Property Development and sale of the Property with sufficient funds to redeem all the unsecured notes.</p>

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 acquisition of interest bearing unsecured notes, the Trust will qualify as a 'flow through' trust for taxation purposes.

The unsecured notes to be issued by North Oakland Pocket SPV to the Trust will qualify as debt instruments and the interest payable on those will retain that character for Australian income tax purposes.

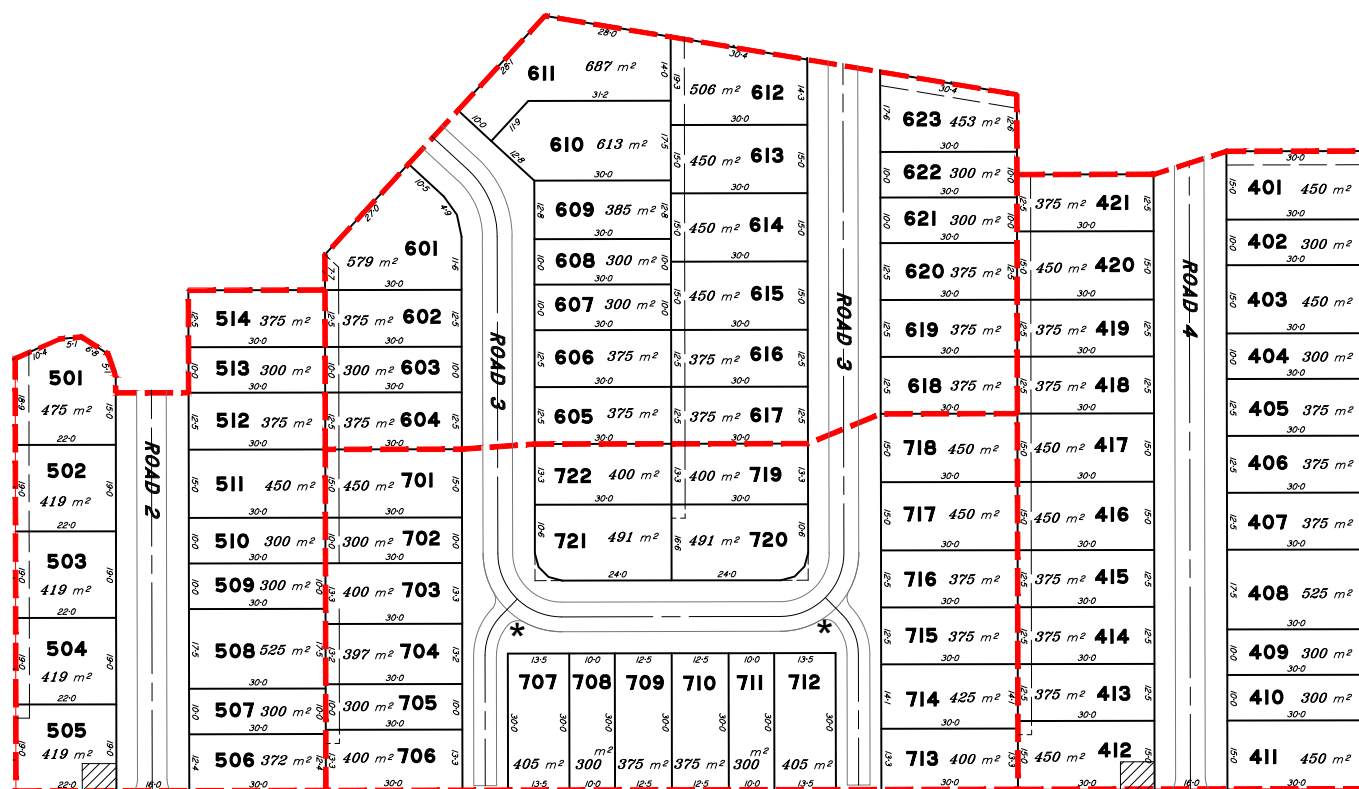
Under the terms of the Constitution of the Trust, the Responsible Entity must distribute the 'distributable income' of the Trust to Unitholders each year. Accordingly where the Trust has recognised income in excess of expenses for a year Unitholders should have an entitlement to their respective share of the income 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.

In the case of a unitholder that is not a resident of Australia the Trustee would normally be assessed on the non resident unitholders behalf in respect of the non resident unitholder share of the net (taxable) income. However, where the sole income of the trust is interest, the Trustee will instead deduct interest withholding tax at the rate of 10% from interest amounts 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	171-183 Graham Road, Morayfield Queensland 4506
'As is' or market valuation	\$4,750,000
'Gross Realisation as if complete'	\$14,727,500
	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 \$4.75 million (exclusive of GST).

Application Form

CFMG Equity and Income Funds Limited ACN 112 753 876, AFSL 291390

CFMG Land and Opportunity Fund ARSN 602 610 006 – North Oakland Pocket Units



Please see next page for instructions on how to complete this application form

- ☐ 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.

Units Applied for: Price per unit: Application money:

1. Unitholder 1 - Mr/Mrs/Ms/Miss Given Names Surname Date of Birth

Unitholder 2 - Mr/Mrs/Ms/Miss Given Names Surname Date of Birth

Trust/Trust/Superannuation or other incorporated bodies Trust Details

Controllers of company Unitholder

2. Residential Address/Registered Office Address

Suburb/City State Postcode Country (for company, insert country of incorporation)

Postal address (if different) - Unit/PO Box/House Number/Street Name

Telephone during business hours Telephone after business hours Email address

3. Tax File/Australian Business Number(s)
Applicant 1: TFN or ABN or Exemption Applicant 2: TFN or ABN or Exemption

4. 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 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)

<input type="text"/>	<input type="text"/>	<input type="text"/>
Director/as trustee for	(If applicable)	Please print full name here
<input type="text"/>	<input type="text"/>	<input type="text"/>
Director/as trustee for	(If applicable)	Please print full name here
		Date

FOR OFFICE USE: Applicant's identity verified as per requirements of the Anti Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**). The Responsible Entity reserves the right to withhold formal acceptance of an Application and to defer processing an Application unless and until sufficient identifying information for an Unitholder has been supplied to establish compliance with the AML/CTF Act and the Rules under the AML/CTF Act.

Amount \$ _____ **Account No.** _____ **Units Issued:** _____

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 – North Oakland Pocket 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 – North Oakland Pocket Units
Bank: ANZ
BSB: 012-003
Account No: 837083178

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.

If the Applicant is a government body, it needs to supply the name of legislation creating its establishment, identifying whether it is Commonwealth, State or foreign legislation that creates its establishment.

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. DISTRIBUTIONS

Distributions are automatically reinvested. However, if you would prefer them to be paid to you, you must complete the appropriate details at this item.

5. 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:

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Level 2, 117 McLachlan Street
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