

CFMG Land & Opportunity Fund

ARSN 602 610 006

Supplementary Product Disclosure Statement

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 information about the Offer of Class J Units ('Epping Road 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 Epping Road Units in the Trust to facilitate the Trust investing in a minimum of 250,000 and a maximum of 6,000,000 unsecured notes issued by Wollert Epping Developments Pty Ltd A.C.N 625 963 028 ('Epping Road SPV'). The unsecured notes have a fixed return of 15.5% per annum. Money raised by the issue of the unsecured notes will be used by the Epping Road SPV to fund the Property Development.

The Property Development relates to the purchase of real property, comprising approximately 5.821 hectares and paying \$6,800,000 with settlement due on 28 January 2020.

Epping Road SPV intends to develop the Property into 84 residential allotments, supporting roads and other services together with an employment super lot generally in accordance with the Concept Plan in this SPDS.

The Property has the benefits of an existing development approval authorising the development of the Property into the 84 residential allotments and employment super lot. The funding of up to \$6,000,000 to be contributed by the Trust in exchange for the issue of the unsecured notes is to be used for the costs associated with funding the purchase deposits paid 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, the costs of obtaining the development approvals and for part of the working capital associated with the Property Development.

A fixed return of 15.5% per annum is required to be paid to the Trust by Epping Road SPV on the unsecured notes.

The distribution and redemption of the unsecured notes is to be paid on completion of the Property Development and sale of the completed lots. Please note that whilst Epping Road SPV, upon the redemption of the unsecured notes is required to make an interest payment to the Trust calculated at 15.5% per annum over the term of the issue of the unsecured notes, the return is not guaranteed by the Responsible Entity, and the Epping Road SPV's ability to make these payments is (subject to the subscription money being retained by the Responsible Entity) totally dependent on successful completion of the Property Development and sale of the developed lots.

The Epping Road Units have a contractual rate of return of 12.0% per annum, which is based on the fixed return payable on the unsecured notes to be issued by the Epping Road 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 are totally dependent on Epping Road SPV meeting its interest and repayment obligations. An interim distribution by the Trust is expected to be paid in June 2020. This distribution will be funded by subscription money retained by the Trust and not provided to Epping Road 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 Epping Road Units not achieving the contractual 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

Epping Road Units	The Trust is offering a minimum of 250,000 and up to 6,000,000 Epping Road Units, to be issued at a price of \$1.00 per Unit, to raise up to \$6,000,000, which the Trust will invest in unsecured notes issued by Epping Road SPV.
Epping Road SPV	<p>Epping Road SPV is a special purpose vehicle incorporated for the sole purpose of acquiring the Property and carrying out the Property Development.</p> <p>The Epping Road SPV currently has two directors serving on its board, Scott Watson and Wayne Hamburger. Scott Watson is also a director of the Responsible Entity. Details of each of these directors are set out below.</p> <p>The sole shareholder of Epping Road SPV is CFMG Land Limited ACN 127 663 414 ('CFMG Land'). CFMG Land has also been engaged by Epping Road SPV to provide it with project management functions and administrative and company secretarial functions. The ultimate holding company of CFMG Land, Epping Road SPV and the Responsible Entity is CFMG Capital Limited.</p>
Directors of Epping Road SPV	<p>The Epping Road SPV currently has two directors serving on its board. Details of the directors, their background and experience is:</p> <p>Scott Watson 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> <p>Wayne Hamburger 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 Master of Commerce (Financial Planning/Strategic Management), 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>Wayne is a member of the Mortgage & Finance Association of Australia, Associate Fellow of the Australian Institute of Management and a Justice of the Peace (Qualified).</p>
Trust Structure	The Trust is a registered managed investment scheme. This SPDS relates to the offer of Epping Road Units which will have a beneficial interest in unsecured notes issued by the Epping Road SPV to the Trust. The unsecured notes to be issued by the Epping Road SPV will carry a rate of return of 15.5% per annum. The return is not guaranteed, it is totally dependent on completion of the Property Development and sale of the Property.
Asset identification and negotiation fee	An asset identification and negotiation fee of 4.4% of the capital raised by the issue of Epping Road Units will be paid to the Responsible Entity on the issue of Units in the Trust.
Anticipated Distribution Rate	<p>Epping Road Units have a contractual 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 page 11 of this SPDS.</p> <p>For example, for each \$25,000 you invest in the Trust, upon redemption at the end of the Property Development the anticipated income distribution you will receive is \$3,000 per annum. An interim distribution by the Trust is expected to be paid in June 2020. This interim distribution only will be funded by subscription money retained by the Trust and not provided to Epping Road SPV.</p>
Minimum Investment	<p>Applications for Epping Road 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 Epping Road 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 December 2021.</p> <p>Accordingly, the Epping Road Units are intended to be on issue for a minimum term of twenty four (24) months.</p> <p>Unitholders may not withdraw their investment (although transfers are permitted subject to the Constitution).</p>
Income Distribution	<p>The contractual rate of return for the Epping Road Units is up to 12.0% per annum, which is based on the rate of return on the unsecured notes issued by the Epping Road 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 2020. This interim distribution will be funded by subscription money retained by the Trust and not provided to Epping Road SPV. The interim distribution 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 for the financial year FY22 will be totally dependent on Epping Road 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 \$6.0m is raised by the issue of Epping Road 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 Epping Road SPV the Trust will redeem your Epping Road Units by electronic funds transfer to your nominated Australian bank account.</p>



DETAILS OF EPPING ROAD SPV (SPV DEVELOPER)

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

Epping Road SPV was incorporated in Queensland on 14 May 2018 as a proprietary company and currently has two directors serving on its board. Scott Watson and Wayne Hamburger. Details of each of these directors are set out above in this SPDS.

The Epping Road 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 EPPING ROAD SPVS CORPORATE AND PROJECT MANAGEMENT

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

CFMG Land will earn management fees as set out below.

Project Management Fees

The Epping Road 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 Epping Road 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 Epping Road SPV of any allotment developed or created from the Property.

Company and Asset Management Services Fee

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

Company Secretarial Services Fee

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

DETAILS OF EPPING ROAD PROPERTY DEVELOPMENT

Overview

The Epping Road SPV has contracted to purchase 5.821 hectares of land in Wollert situated approximately 25 kilometres north of the Melbourne CBD ('Property').

It is intended that the Property be developed into 84 residential allotments, supporting roads and other services, together with an employment super lot generally in accordance with the Concept Plan in this SPDS ('Property Development').

The Property has the benefits of an existing development approval authorising the development of the Property into the 84 residential allotments together with the employment super lot.

The Locality

Located 25 kilometres north of the Melbourne CBD, the Property and surrounding land is situated within the Wollert Precinct Structure Plan area within Melbourne's northern growth corridor.

Neighbouring estates north of Craigieburn Road East currently under construction or actively being marketed include Mystique (which immediately adjoins the Property to the west), Lyndarum North, Stonefields, Arramont and Rathdowne.

Neighbouring localities include Epping to the south/south-east, the current growth area of Mernda/Doreen to the east and the developing suburb of Craigieburn to the west.

The Property is situated with proximity to all necessary amenities including retail, education, child care, public transport, sporting amenities and parks.

The Property

The Property is situated at 405 Epping Road, Wollert and is more particularly described as lot 2 on Plan of Subdivision 341902E (Certificate of Title Volume 10262 Folio 462).

Market Demographics

The market for subdivision development sites is considered to be moderate at the current time. The current residential development site market throughout Melbourne is partially driven by interstate and foreign investment as well as local market fundamentals. Local agents within the surrounding area are reporting improved market conditions and interest for development sites at present. The improvement is reflective of increased confidence in broader residential market conditions, with interest being generated from both local and interstate developers.

The Property has been identified to capitalise on the potential from the increase in demand.

Concept Plan



Infrastructure and Amenities

The closest major commercial hub is located in Epping, at the intersection of High Street and Cooper Road, approximately 7 kilometres to the south, including the Epping Plaza Shopping Centre.

Epping Plaza services the local population, anchored by Coles, Woolworths and Aldi supermarkets, Target and Big W discount department stores and offering approximately 135 shops and services including a fresh food hall and food court.

Opposite the shopping centres is the Homemaker Centre. Additional shopping facilities are being constructed within the Lyndarum estate including supermarket and specialty shops.

Educational facilities within 5 kilometres include Epping View primary school, Edgars Creek secondary college, Harvest Home Primary School, Al Siraat College, Epping Secondary College and St Mary of the Cross MacKillop Catholic Primary School.

The Property is situated approximately 6.5 kilometres north-east of the Hume Freeway access ramps, which provides direct access to the Metropolitan Ring Road and inner northern suburbs.

The Property is further serviced by the Craigieburn Railway Station and Epping Railway Station.

Purchase of the Property

The contract to purchase the Property between the Epping Road SPV and the registered owner was entered into on 1 June 2018.

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

- the contract for sale is due to settle on 28 January 2020;
- the price payable by the Epping Road SPV under the contract is \$6,800,000;
- a non-refundable deposit of \$400,000 has been paid to the registered owners;
- a balance non-refundable deposit of \$500,000 is due to be paid to the registered owners on 31 October 2019.

The deposit of \$400,000 paid pursuant to the terms of the contract of sale was paid by CFMG Land on behalf of the Epping Road SPV and is intended to be repaid to CFMG Land from the funds raised under this offer of Epping Road Units.

The Development Concept

The Concept Plan set out on page 7 of this SPDS illustrates the proposed development concept.

The Property has the benefits of an existing development approval authorising the development of the Property into 84 residential allotments together with an employment super lot.

The residential allotments proposed to be developed range from 212m² to 430m² with an average land area of approximately 326m². The Property Development involves the development of the Property into 84 residential allotments for on-sale as sites for residential housing together with an employment super lot of approximately 6,600m².

Any ongoing development or future uses to be made of the employment super lot would be subject to a separate development application.

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 Epping Road 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 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 Epping Road SPV anticipates that the above marketing and distribution strategy is appropriate the directors of the Responsible Entity or the Epping Road 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 Epping Road 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 during the third quarter of calendar year 2020 and the Property Development could be completed by December 2021.

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 Epping Road SPV hold true then the anticipated timing for the carrying out of the Property Development is expected to be as follows:

Settlement of Property	January 2020
Stage 1 - Subdivision Works	October 2020 to May 2021
Stage 1 - Registration of Allotments	June 2021
Settlement of Stage 1 Allotments	July 2021 to September 2021
Stage 2 - Subdivision Works	March 2021 to August 2021
Stage 2 - Registration of Allotments	September 2021
Settlement of Stage 2 Allotments	October 2021 to December 2021

* Dates indicative only and subject to change.

Whilst the above timing is how the Epping Road SPV anticipates the Property Development could progress, there is no guarantee that the assumptions above will be met. The directors of the Epping Road 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 Epping Road SPV is not guaranteed and an investment in the unsecured notes to be issued by Epping Road SPV is considered a speculative investment.

Property Development Finance

The Trust will contribute the capital raised by the issue of Epping Road Units (less the amounts retained from the subscription price to pay management fees to the Responsible Entity and to be applied progressively to make the interim distribution of June 2020) to the Property Development by taking up unsecured notes to be issued by Epping Road SPV.

The Epping Road 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, the costs associated with obtaining the development approvals and for working capital associated with the Property Development.

Inclusive of the amount raised through the Trust, it is anticipated that approximately a total of \$6.0m in third party equity will need to be contributed together with approximately \$6.0m of debt finance to complete the Property Development.

Based on the experience of CFMG Land Limited as manager of the Epping Road SPV in sourcing debt finance from major lending institutions on other similar projects the Epping Road SPV considers that 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.

PLANNED FURTHER CAPITAL RAISING BY EPPING ROAD SPV

In the immediate future, the Epping Road SPV will need to raise further funds to complete the contract for the purchase of the Property.

Specifically, the Epping Road SPV will require funds of at least \$6.8m to fund the purchase price to be paid for the Property from the Seller in January 2020.

Inclusive of the amount intended to be raised through the Trust the Epping Road SPV intends to raise a minimum of \$6.0m in third party equity by the issue of unsecured notes some of which may 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 Epping Road 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 \$6.0m in third party equity (inclusive of the amount raised through the Trust) to fund payment of the purchase price for the Property.

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

That said, the directors of the Responsible Entity do not intend to allow the Trust to subscribe for the notes unless the directors are satisfied the third party funding has been secured (and all of the other conditions precedent referred to in the Subscription Agreement have been satisfied, as discussed below). That is, the Trust's investment in the Epping Road SPV is not intended to proceed unless the directors are satisfied that all those matters have been adequately addressed.

SUBSCRIPTION AGREEMENT

The Trust's investment in the Epping Road SPV is by way of a subscription agreement. Upon entering into the subscription agreement the Trust will be issued with unsecured notes issued by Epping Road 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 Epping Road SPV to the Trust, representations and warranties by the Epping Road 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 Epping Road 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 Epping Road SPV in favour of the Trust which ranks behind other lenders to Epping Road SPV;

- receipt of an expression of interest from a secured funder to provide property finance and a construction debt facility to Epping Road SPV outlining the terms and basis on which development finance may be provided to the Property Development on terms satisfactory to the Epping Road 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 Epping Road 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 Epping Road 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 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 Epping Road SPV other than in relation to raising the third party equity that ranks equally or takes priority to the unsecured notes to dividends and/or on winding up; or
- amend the management agreement with CFMG Land in a manner which materially impacts the Trust.

Under the subscription agreement, the application by the Epping Road SPV of surplus cashflow of the Epping Road 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 Epping Road SPV (including fees to CFMG Land for services provided to the Epping Road SPV in accordance with the terms of the management agreement); then

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

fifthly, to redeem all of the notes, *pari passu* amongst the holders of notes that were allotted in the first tranche of allotments plus payment of interest at the rate of 15.5% per annum on those notes redeemed in that tranche (until all notes have been redeemed and interest at the rate of 15.5% per annum has been paid on all notes), then

sixthly (and thereafter in separate tranches being those same tranches in which the further notes were allotted), to redeem all of the notes allotted in the next and each successive tranche *pari passu* amongst the holders of the notes that were allotted in the relevant tranche plus payment of interest at the rate of 15.5% per annum on those notes redeemed in that tranche (until all notes have been redeemed and interest at the rate of 15.5% per annum has been paid on all notes), then

finally, balance of Property Development profits to the Epping Road SPV.

ABOUT THE UNSECURED NOTES ISSUED BY EPPING ROAD 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 Epping Road SPV.
Interest Payable	An interest payment of 15.5% per annum is payable in arrears on the notes held by the Trust.
Distributions by the Trust	The Responsible Entity intends to make an interim distribution in June 2020 with the final distribution once the notes are redeemed by Epping Road SPV.
Voting Rights	There will be no entitlement to receive notice of, to attend or to vote at, any general meetings of the Epping Road SPV or to vote on any written resolution of members of the Epping Road SPV.
Property Development Cashflow Waterfall	Repayment of the unsecured notes is subject to the Property Development cashflow waterfall set out on the page above of this SPDS.
Redemption Date	Each unsecured note issued to the Trust is redeemable on the date which is twenty four (24) months after the issue of the notes or earlier at the election of the Epping Road SPV (provided that such redemption will not occur until at least 12 months after the note is issued). The Responsible Entity may agree with the Epping Road 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 \$6.0m is raised by the issue of Epping Road 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 2020, 30 June 2021 and 30 June 2022:

	Jun-20	Jun-21	Sep-21	Total
Income/Capital				
Units	\$6,000,000.00			
Fixed Return - 15.5% pa	\$695,589.04	\$930,000.00	\$234,410.96	\$1,860,000.00
Sub-total	\$6,695,589.04	\$930,000.00	\$234,410.96	\$7,860,000.00
Distributions				
Asset Identification & Negotiation Fee - 4%	\$240,000.00			\$240,000.00
Management Fee of units on issue - 1%	\$45,000.00	\$60,000.00	\$15,000.00	\$120,000.00
Annual Fund Expenses - \$30,000 pa	\$22,500.00	\$30,000.00	\$7,500.00	\$60,000.00
Sub-total	\$307,500.00	\$90,000.00	\$22,500.00	\$420,000.00
Funds available for distribution	\$6,388,089.04	\$7,111,662.33	\$7,071,573.29	
Unitholder Distributions	\$116,426.71	\$252,000.00	\$7,071,573.29	\$7,440,000.00
Per Unit Distribution	\$0.02	\$0.04	\$1.18	\$1.24
Surplus/shortfall	\$6,271,662.33	\$6,859,662.33		

* The interim distribution of June 2020 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 15.5% 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 interim distribution for the financial year FY20. The final distributions for the financial year FY2022 will be totally dependent on the Epping Road 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 25 January 2018. This Supplementary PDS should be read in conjunction with that PDS dated 25 January 2018.

Below are specific risks associated with an investment in Epping Road Units.

Specific Risks

An investment in the offer of Epping Road Units also involves specific risks relating to the Property Development to be carried out by the Epping Road 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 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 have been engaged by the Epping Road SPV to advise in relation to the planning for the Property Development.The Property has the benefits of an existing development permit being in place to authorise the development of the Property into 84 residential allotments together with an employment super lot.
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 Epping Road SPV to advise in relation to the planning for the Property Development.The Property has the benefits of an existing development permit being in place to authorise the development of the Property into 84 residential allotments together with an employment super lot.
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 market for medium to large subdivision sites is considered to be at, or near its peak. The residential market throughout the growth corridors in Melbourne 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 Epping Road 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 return on the unsecured notes.	<ul style="list-style-type: none">A sales and marketing strategy has been developed by the Epping Road 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.

<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"> • Epping Road SPV will engage 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 Epping Road 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"> • Epping Road SPV will engage 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 have been engaged by the Epping Road SPV as the consulting town planners for the Property Development.

The directors of the Responsible Entity note that a development permit has been granted for the Property Development which authorises the development of the Property into 84 residential allotments together with an employment super lot.

ENGINEERING ASSESSMENT

Professional engineering consultants will be engaged by the Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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 Epping Road 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. Wollert Epping Developments Pty Ltd ACN 625 963 028; 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 7.15%. 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	7.15% p.a.	And , for every \$50,000 you have in the Trust you will be charged \$3,575 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 \$3,575 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	2.75% p.a.	And , for every \$50,000 you have in the Trust you will be charged \$1,375 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 \$1,375 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 Epping Road SPV to CFMG Land Limited

Under the Project and Company Management Agreement the Epping Road 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 \$6.0m in Units are subscribed for in the Trust), you will be charged \$4,358 in Project Management Fees and \$6,537 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 \$23,772,000 and assumes the maximum \$6.0m of Units are subscribed for under this Offer and no other third party equity is raised.



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 Epping Road 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.

Directors' Assessment of the Property to be developed

Property Address	405 Epping Road, Wollert VIC 3570
'Residual Land Value'	\$7,200,000
'As is' or market valuation	\$6,250,000
'Gross Realisation as if complete'	\$23,252,941
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 \$7,200,000 (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 – Epping Road 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

Unitholder 3- Mr/Mrs/Ms/Miss Given Names Surname Date of Birth

Unitholder 4 - 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

Applicant 3: TFN or ABN or Exemption

Applicant 4: 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)

Director/as trustee for (If applicable)

Please print full name here

Date

Director/as trustee for (If applicable)

Please print full name here

Date

Director/as trustee for (If applicable)

Please print full name here

Date

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 – Epping Road 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 – Epping Road Units
Bank: ANZ
BSB: 012-003
Account No: 838166768

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 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

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