



CFMG  
Capital

# CFMG Land & Opportunity Fund

ARSN 602 610 006

## Supplementary Product Disclosure Statement Epping Road Two Units

This Supplementary Product Disclosure Statement ('**SPDS**') supplements the Product Disclosure Statement dated 15 October 2021 for the Trust issued by the Responsible Entity. Together, the PDS and this SPDS contain all of the information about the Offer of Class Q Units ('**Epping Road Two Units**') in the Trust and individual subclasses of those Class Q Units (eg. Q1, Q2, etc, etc) .

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

## Overview

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The information presented below in this SPDS outlines an offer to acquire Epping Road Two Units in the Trust to facilitate the Trust loaning up to \$6,500,000 to Wollert Epping Developments Pty Ltd A.C.N 625 963 028 ('**Epping Road SPV**') to carry out the Property Development (**Loan**). The loan agreement between the Trust (as lender) and Epping Road SPV (as borrower) ('**Loan Agreement**') will require interest at the fixed rate of 13.15% per annum payable on the loan amounts advanced ('**Principal**'). The Principal advanced to Epping Road SPV will be used to fund the Property Development.

The Property Development relates to the balance stage three of 'Acacia Village' at Wollert comprising 34 residential allotments and employment land.

The Epping Road SPV has a development approval to carry out the subdivision including supporting roads and other services generally in accordance with the Concept Plan in this SPDS and has commenced the bulk earthworks which works are currently being completed concurrently with the works associated with the earlier stages.

The Loan of up to \$6.5m to be advanced by the Trust to Epping Road SPV is to be applied to the development costs associated with the Property Development and to funding associated working capital.

The project has the benefits of being the future stages of the existing Acacia Village residential community immediately adjoining the Property.

A fixed interest rate of 13.15% per annum on the Principal is contractually required to be paid to the Trust by Epping Road SPV under the Loan Agreement.

The repayment of the Principal by Epping Road SPV is to be paid on completion of the Property Development and sale of the Property. Please note that whilst Epping Road SPV, upon repayment of the Loan is required to make an interest payment to the Trust calculated at 13.15% per annum on the Principal over the term of the Loan Agreement, the return is not guaranteed by the Responsible Entity, and Epping Road SPV's ability to make these payments is totally dependent on successful completion of the Property Development and sale of the Property.

The Epping Road Two Units have a targeted rate of return of 8.95% per annum, which is based on the fixed interest rate payable under the Loan Agreement 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 to Unit Holders are totally dependent on Epping Road SPV meeting its interest and Principal repayment obligations.

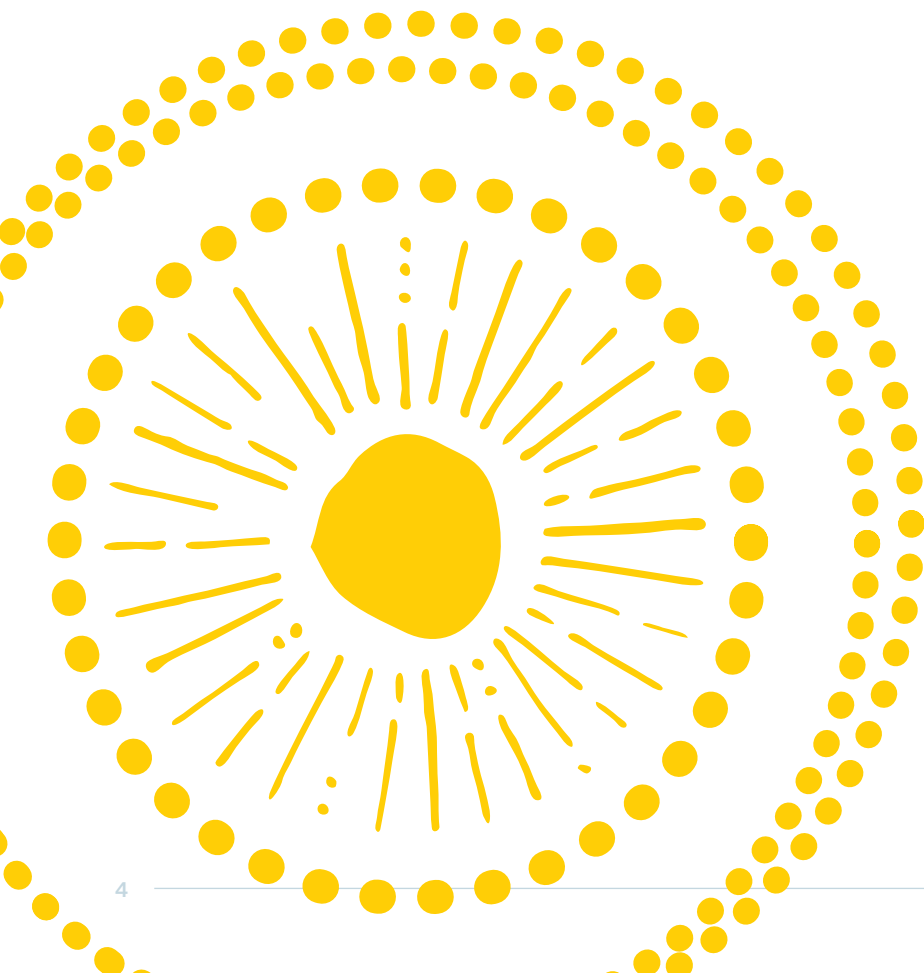
The Responsible Entity will waive payment of any fees and costs it is entitled to be reimbursed in the event the incurring of those fees and costs result in the Epping Road Two Units not achieving the targeted return of 8.95% per annum.

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

# The Investment Proposal

<b>Epping Road Two Units</b>	The Trust is offering a minimum of 100,000 and up to 6,500,000, Epping Road Two Units, to be issued at a price of \$1.00 per Unit, to raise up to \$6,500,000, which the Trust will loan to the Epping Road SPV.
<b>Epping Road SPV</b>	<p>Epping Road SPV is a special purpose vehicle incorporated for the sole purpose of 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 (<b>'CFMG Land'</b>). 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>
<b>Directors of Epping Road SPV</b>	<p>The Epping Road SPV currently has two directors serving on its board. Details of the directors, their background and experience is:</p> <p><b>Scott Watson</b> 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><b>Wayne Hamburger</b> 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 member of the Mortgage &amp; Finance Association of Australia, Associate Fellow of the Australian Institute of Management and a Justice of the Peace (Qualified).</p>
<b>Trust Structure</b>	The Trust is a registered managed investment scheme. This SPDS relates to the offer of Epping Road Two Units which will have a beneficial interest in the Loan Agreement. For each drawdown the Trust provides to the SPV under the Loan Agreement the Trust will issue a separate and corresponding tranche of Epping Road Two Units, each of a separate subclass such that there will be a subclass of Units in respect of each drawdown amount under the Loan Agreement. Each subclass of Epping Road Two Units will have its own beneficial interest in the amount due to the Trust arising out of the corresponding drawdown. The Loan Agreement between the Trust and the Epping Road SPV will require Epping Road SPV to pay the Trust interest of 13.15% per annum on the Principal over the term of the Loan. As each tranche of the Loan is drawn down under the Loan Agreement a subclass of Units will be issued.
<b>Asset identification and negotiation fee</b>	An asset identification and negotiation fee of 4.4% of the capital raised by the issue of Epping Road Two Units will be paid to the Responsible Entity on the issue of units in the Trust.
<b>Anticipated Distribution Rate</b>	<p>Epping Road Two Units have a targeted distribution rate of up to 8.95% per annum (pre tax and net of fees) over the life of the investment. For the timing of distribution payments please refer to the section headed Forecast Application, Sources, Income and Distribution Statement on page 10 of this SPDS.</p> <p>For example, for each \$25,000 you invest in the Trust, the anticipated income distribution you will receive is \$2,237.50 per annum.</p>

<b>Minimum Investment</b>	<p>Applications for Epping Road Two 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 Two Units will be issued for \$1.00 each.</p>
<b>Likely term of your Investment</b>	<p>The Property Development is currently anticipated to be completed by June 2023.</p> <p>Accordingly, the Epping Road Two Units are intended to be on issue for a minimum term of six (6) months.</p> <p>Unitholders may not withdraw their investment (although transfers are permitted subject to the Constitution).</p>
<b>Income Distribution</b>	<p>The targeted rate of return for the Epping Road Two Units is up to 8.95% per annum, which is based on the interest rate payable under the Loan Agreement 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>A final distribution is to be paid on completion of the Property Development and sale of the Property and upon repayment of the Principal and interest under the Loan Agreement.</p> <p>The final distributions for the financial year FY2023 will be totally dependent on Epping Road SPV complying in full and on time with its obligations under the Loan Agreement.</p> <p>A forecast Application, Sources, Income and Distribution Statement is set out on page 11 of this SPDS which has been prepared on the basis that capital of \$6.5m is raised by the issue of Epping Road Two Units. The forecast Application, Sources, Income and Distribution Statement is provided for illustrative purposes only and is not represented as being necessarily indicative of the Trust's future position or outcomes.</p> <p>Following the repayment of the Principal and payment of the interest under the Loan Agreement by the Epping Road SPV in respect of each respective tranche of drawdown, the Trust will redeem your Epping Road Two 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 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 PROPERTY DEVELOPMENT

### Overview

The Epping Road SPV is the registered owner of 5.821 hectares of land in Wollert situated approximately 25 kilometres north of the Melbourne CBD ('Property').

Currently the Epping Road SPV is completing the development works associated with stages 1 and 2 comprising 50 residential allotments, supporting roads and other services which is the prior stages of the existing Acacia Village at Wollert residential community.

The Property has the benefits of an existing development approval authorising the development of the Property into the 84 residential allotments and from being the extension of an existing operating residential land development.

Epping Road SPV has commenced and is in the process of completing the development works associated with stages 1 and 2 of the 'Acacia Village Estate' at Wollert and proposes to commence the development works associated with stage 3 which comprises a land subdivision of 34 residential allotments together with balance employment land.

The 'Property Development' relates to stage 3 of 'Acacia Village, Estate' at Wollert of 34 residential allotments together with the balance employment land.

The Epping Road SPV has a development approval to carry out the subdivision including supporting roads and other services generally in accordance with the Concept Plan in this SPDS and has completed the bulk earthworks across the entire project site which works were completed as part of the works associated with the earlier stages.

### 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.

Immediately adjoining the Property Development are the prior stages of the existing Acacia Village residential community which is a 84 lot residential land subdivision of which the first two stages of 50 allotments are concurrently being completed.

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 and being within 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.

### 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.





#### 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.

The project has the benefits of being the future stages of the existing 'Acacia Village Estate' residential community.

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.

An on-site sales office is operational within the existing stages of the Acacia Village Estate residential community.

Because the project involves the future stages of the existing Acacia Village Estate residential community the proposed marketing collateral including the project web site has already been established as part of the marketing campaign for the existing Acacia Village Estate residential community.

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

While the 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

The construction works for the Property Development has recently commenced and it is currently anticipated that the development of the 34 residential allotments and balance employment land allotment could be completed by March 2023.

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

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

Subdivision Works (34 residential allotments and balance employment land allotment)	October 2021 to March 2023
Registration of Allotments (34 residential allotments and balance employment land allotment)	April 2023
Settlement of Allotments (34 residential allotments and balance employment land allotment)	May 2023 to June 2023

\* 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 Loan is considered a speculative investment.

## Property Development Finance

The Trust will contribute the capital raised by the issue of Epping Road Two Units (less the amounts retained from the Principal to pay management fees to the Responsible Entity and to be applied to the Property Development by advancing the Principal under the Loan Agreement to Epping Road SPV).

The Epping Road SPV will apply the funds received from the Trust towards costs associated with carrying out due diligence, costs associated with the Property Development 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 \$1.5m of debt finance is required in order to complete the Property Development.

Based on the experience of CFMG Land Limited as manager of the Epping Road SPV in sourcing debt finance from major lending institutions on other similar projects Epping Road SPV considers that debt finance can be secured and may be applied towards the development costs and other working capital for the Property Development.

Based on that expectation the Epping Road SPV considers that debt finance can be obtained to fund the development costs and other working capital to an amount up to 60% of the total assessed gross realizations from the Property Development.

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

## **LOAN AGREEMENT**

The Trust's investment in Epping Road SPV is by way of the Loan Agreement.

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

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

Key conditions precedent required before the Trust will draw down any Principal to the Epping Road SPV under the Loan Agreement, include:

- approval by the board of the Responsible Entity to entry into and completion of the Loan Agreement;
- the grant of and entry into a general security over the 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.

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 Loan Agreement with the Trust);
- create any mortgage, charge or other security interest affecting or relating to the Property Development (other than in relation to the construction debt facility for the Property Development);
- issue or redeem new shares or other securities in the Epping Road SPV (other than in relation to raising the third party equity that ranks equally or take priority to repayment of the Loan);
- amend the management agreement with CFMG Land in a manner which materially impacts the Trust.

Under the Loan Agreement, the application by the 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; then

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

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

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

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

(the "Property Development Cashflow Waterfall")





## ABOUT THE LOAN AGREEMENT BETWEEN THE TRUST AND EPPING ROAD SPV

The Loan is to be made on the following basis:

<b>Type of Loan</b>	The Loan Agreement will be between the Trust and Epping Road SPV.
<b>Interest Payable</b>	An interest payment of 13.15% per annum is payable in arrears (when the loan is repaid) on the Principal advanced under the Loan Agreement.
<b>Distributions by the Trust</b>	The final distribution after the Epping Road SPV repays the Principal and interest under the Loan Agreement.
<b>Voting Rights</b>	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.
<b>Property Development Cashflow Waterfall</b>	Repayment of the Principal and interest under the Loan Agreement is subject to the Property Development cashflow waterfall set out in this SPDS.
<b>Repayment Date</b>	The Principal and interest in respect of each tranche drawn down under the Loan Agreement is repayable on the date which is six (6) months after that tranche of the Loan funds are advanced. The Responsible Entity may agree with the Epping Road SPV to agree to extend a repayment date by up to 12 months.

## FORECAST APPLICATION, SOURCES, INCOME AND DISTRIBUTION STATEMENT

The forecast application, sources, income and distribution statement assumes that capital of \$6.5 is raised by the issue of Epping Road Two Units.

Set out below are the forecast application and sources of Trust funds together with the income and distribution statements of the Fund for the periods ending 30 June 2022 and 30 June 2023:

	<b>Feb-22</b>	<b>Jun-22</b>	<b>Jul-23</b>	<b>Total</b>
Income/Capital				
Units	\$6,500,000.00			
Fixed Return - 13.15% pa	\$65,569.86	\$854,750.00	\$358,292.47	\$1,278,612.33
<b>Sub-total</b>	<b>\$6,565,569.86</b>	<b>\$854,750.00</b>	<b>\$358,292.47</b>	<b>\$7,778,612.33</b>
Distributions				
Asset Identification & Negotiation Fee - 4%	\$260,000.00			\$260,000.00
Management Fee of units on issue - 1%	\$5,416.67	\$65,000.00	\$27,083.33	\$97,500.00
Annual Fund Expenses - 0.5%	\$2,708.33	\$32,500.00	\$13,541.67	\$48,750.00
<b>Sub-total</b>	<b>\$268,125.00</b>	<b>\$97,500.00</b>	<b>\$40,625.00</b>	<b>\$406,250.00</b>
<b>Funds available for distribution</b>	<b>\$6,297,444.86</b>	<b>\$7,054,694.86</b>	<b>\$7,362,044.69</b>	
Unitholder Distributions	\$-	\$10,317.64	\$7,362,044.69	\$7,372,362.33
Per Unit Distribution	\$-	\$0.01	\$1.13	\$1.13
Surplus/shortfall	\$6,297,444.86	\$7,044,377.23	\$-	

\* Whilst the Trust will be entitled to the full 13.15% per annum interest on the amount raised, the Principal proportion retained by the Trust will be sufficient to pay for the fees and expenses of the Trust. The final distributions for the financial year FY2023 will be totally dependent on the Epping Road SPV complying in full and on time with its obligations under the terms of the Loan Agreement.

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

## RISK FACTORS

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

Details of the risks relating to an investment in the Trust are set out in the PDS dated 15 October 2021.

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

## SPECIFIC RISKS

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

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

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

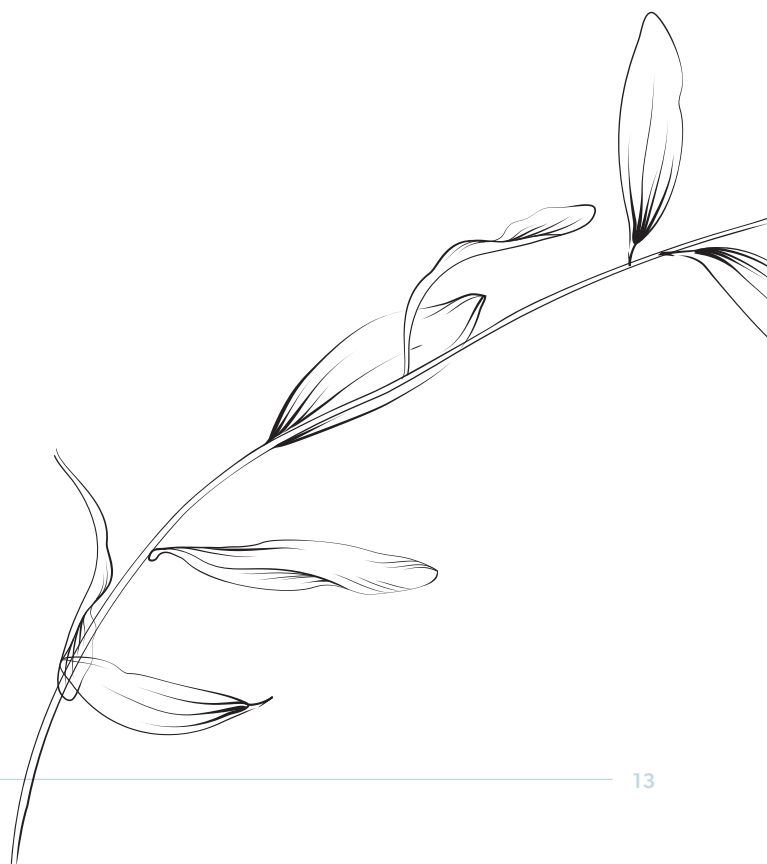
RISK	RISK MANAGEMENT
<b>Planning Risks</b> There are risks associated with planning for the Property Development, particularly in relation to obtaining and satisfying conditions relating to a development approval.	<ul style="list-style-type: none"> <li>Professional town planning consultants have been engaged by the Epping Road SPV to advise in relation to the planning for the Property Development.</li> <li>The Property has the benefits of an existing development permit being in place to authorise the development of the Property into 34 residential allotments together with an employment super lot.</li> </ul>
<b>Development Approval Risk</b> 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"> <li>Professional town planning consultants have been engaged by the Epping Road SPV to advise in relation to the planning for the Property Development.</li> <li>The Property has the benefits of an existing development permit being in place to authorise the development of the Property into 34 residential allotments together with an employment super lot.</li> </ul>
<b>Market Risk</b> 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"> <li>A marketing strategy has been developed for the marketing and sale of the allotments intended to be developed in the Property Development.</li> <li>The project has the benefit of being the ongoing stages of the current Acacia Village residential community which has existing sales and marketing strategies in place.</li> <li>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.</li> </ul>
<b>Market and Site Sentiment</b> 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"> <li>A marketing strategy has been developed for the marketing and sale of the allotments intended to be developed in the Property Development.</li> <li>The project has the benefit of being the ongoing stages of the current Acacia Village residential community which has existing sales and marketing strategies in place</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>



<p><b>Sales Risk</b></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 interest payable and the repayment of the Principal under the Loan Agreement.</p>	<ul style="list-style-type: none"> <li>• A marketing strategy has been developed for the marketing and sale of the allotments intended to be developed in the Property Development.</li> <li>• The project has the benefit of being the ongoing stages of the current Acacia Village residential community which has existing sales and marketing strategies in place</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Settlement Risk</b></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"> <li>• 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.</li> <li>• A law firm will be engaged to review and advise on the sale contracts and conveyancing process.</li> </ul>
<p><b>Development Costs Risk</b></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"> <li>• Epping Road SPV will engage professional engineering consultants to provide an opinion on costs for the Property Development.</li> <li>• 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.</li> </ul>
<p><b>Additional Funding Risk</b></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"> <li>• Epping Road SPV will engage professional engineering consultants to provide an opinion on costs for the Property Development.</li> <li>• 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.</li> </ul>
<p><b>Development Delay Risk</b></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"> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Property Development Debt Financing Risk</b></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"> <li>• 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.</li> </ul>
<p><b>Interest Rate Risk</b></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"> <li>• 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.</li> </ul>
<p><b>Counterparty Risk</b></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"> <li>• The principals of CFMG Land are experienced in managing the delivery of developments such as the Property Development and operating the Epping Road SPV.</li> <li>• The Responsible Entity will closely monitor the progress of the Property Development.</li> </ul>



<p><b>Conflict of Interest Risk</b></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"> <li>• The Responsible Entity has a conflict of interest policy for dealing with conflicts of interest.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Responsible Entity will keep the Unitholders informed of the actions being taken.</li> </ul>
<p><b>Rectification Risk</b></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"> <li>• Under the intended form of civil construction contract, the obligations of rectification works will rest with the contractor.</li> <li>• 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.</li> </ul>
<p><b>Documentation Risk</b></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"> <li>• The Responsible Entity will engage professional advisers including in the fields of law to assist in interpreting the agreements.</li> </ul>
<p><b>Risk arising out of or exacerbated by COVID 19</b></p> <p>The uncertain economic outlook arising out of the COVID 19 outbreak and the effect that it may or will have on matters concerning some of the specific areas of risk discussed above (including adverse market sentiment, lessened demand and sales, settlement risk, and funding risk) may have negative impact on the Property Development, the Loan Agreement and distributions under the Epping Road Two Units.</p>	<ul style="list-style-type: none"> <li>• There is no way of determining the extent if any, to which COVID 19 will exacerbate or heighten these specific areas of risk (discussed above) due to the uncertainty as to the impact, extent and duration of conditions caused by COVID 19.</li> </ul>



## 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 approval has been granted for the subdivision of the Property into 34 residential allotments together with a balance employment land component.

## ENGINEERING ASSESSMENT

Professional engineering consultants have been 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 will be services available to the Property once the “Mystique” development adjoining the Property has been completed, 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, 9.17 and 9.18 of the PDS for information about our Conflicts Policy that governs the related party transactions we may enter.

Should an event of default arise under the Loan Agreement and the 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 Loan Agreement has been benchmarked to market and are in line with industry practice. On this basis, the directors of the Responsible Entity are satisfied the terms of the Loan Agreement are on terms no less favourable than they would have been had the terms been negotiated between non-related entities dealing at arms length.

## CONSENTS

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

- a. Wollert Epping Developments Pty Ltd ACN 625 963 028; and
- b. CFMG Land Limited ACN 127 663 414.

# 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. Unitholders should seek advice on the taxation consequence of their investment which takes into account their personal circumstances, from a suitably qualified adviser.

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

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

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

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

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

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

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

## Concept Plan



# Directors' Assessment of the Property to be developed

<b>Property Address</b>	405 Epping Road, Wollert Victoria 3750
<b>'As is' or market valuation</b>	\$8.75 million (exclusive of GST)
<b>'Project Related Site Value' of stage 3 and employment land</b>	\$4.2 million (exclusive of GST) as follows: <ul style="list-style-type: none"> <li>i. Stage 3 – \$2,550,000;</li> <li>ii. Employment land - \$1,650,000</li> </ul>
<b>'Gross Realisation as if complete' including GST for 34 residential allotments</b>	\$9,595,000
<b>'Gross Realisation as if complete' excluding GST for 34 residential allotments</b>	\$8,955,954
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 \$4.2 million (excluding GST).	

# Application Form

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

CFMG Land and Opportunity Fund ARSN 602 610 006 – Epping Road Two Units



- |   |   |
|---|---|
| <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 11 Units              | <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 16 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 12 Units (if offered) | <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 17 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 13 Units (if offered) | <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 18 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 14 Units (if offered) | <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 19 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 15 Units (if offered) | <input type="checkbox"/> I wish to apply for Epping Road Two Subclass 20 Units (if offered) |

Units applied for:  @ \$1.00 per unit      Investment amount:

## 1. INVESTMENT DETAILS

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

Occupation

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

Occupation

Corporate Trustee (If applicable)

Trust Name/Superannuation Name/Company Name

Directors of company    ASIC Director ID number  
   

## 2. INVESTMENT CONTACT DETAILS

Investor 1/Director 1 - Residential Address/Registered Office Address

Suburb    State    Postcode    Country (if not Australia)  
           

Postal address (if different)

Mobile number    Home number    Email address  
       

Investor 2/Director 2 - Residential Address/Registered Office Address

Suburb    State    Postcode    Country (if not Australia)  
           

Postal address (if different)

Mobile number    Home number    Email address



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

Investor 1: TFN

Investor 2: TFN

SMSF/Company ABN or ACN

SMSF/Company ABN or ACN

SMSF/Company TFN

SMSF/Company TFN

**4. BANKING DETAILS**

All distributions to be paid to the following account:

Account Name

Account Number

BSB Number

Institution

Branch

**5. DECLARATION**

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

☐ I/We have read the PDS and SPDS.

Until notice is received by any one of the Applicants, the investment can be operated by any one of the signatories below.

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

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

No ☐

**Is the investor a politically exposed person (PEP) or an immediate family member or a close associate of a PEP?**

Yes ☐

No ☐

**6. INVESTOR SIGNATURE(S)**

Investor/Director/as trustee for

(If applicable)

Full name

Date

Investor/Director/as trustee for

(If applicable)

Full name

Date

# 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 Two 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 Two Units  
Bank: ANZ  
BSB: 012-003  
Account No: 8384 31584

## THESE INSTRUCTIONS ARE CROSS REFERENCED TO EACH SECTION OF THE FORM

### 1. UNITHOLDER NAME

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

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

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

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

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

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

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

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

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

## **2. RESIDENTIAL AND POSTAL ADDRESS AND CONTACT DETAILS**

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

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

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

## **4. DECLARATION**

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

## **6. SIGNATURE**

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

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

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

P: 1800 155 526  
E: [investorrelations@cfmgcapital.com.au](mailto:investorrelations@cfmgcapital.com.au)  
W: [cfmgcapital.com.au](http://cfmgcapital.com.au)



CFMG  
Capital

Real people.

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