



CFMG
Capital

CFMG Land & Opportunity Fund

ARSN 602 610 006

Supplementary Product Disclosure Statement

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**).

This Supplementary Product Disclosure Statement (**'SPDS'**) is dated 16 November 2022. This SPDS supplements the Product Disclosure Statement (**'PDS'**) 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 Y Units (**'Pumicestone Pocket II Units'**) in the Trust and individual subclasses of those Class Y Units (eg. Y1, Y2, 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

The information presented below in this SPDS outlines an offer to acquire Pumicestone Pocket II Units in the Trust to facilitate the Trust loaning up to \$1,100,000 to Caboolture Pumicestone Developments Pty Ltd A.C.N 652 599 089 ('**Pumicestone Pocket SPV**') to carry out the Property Development ('**Loan**'). The loan agreement between the Trust (as lender) and Pumicestone Pocket SPV (as borrower) ('**Loan Agreement**') will require interest at the fixed rate of 13.11% per annum payable on the loan amounts advanced ('**Principal**'). The Principal advanced to Pumicestone Pocket SPV will be used to fund the Property Development.

The Property Development relates to the purchase of real property, comprising approximately 8,014 m² (7,773 useable), situated in Caboolture, approximately 45 kilometres north of the Brisbane CBD ('**Property**').

The Pumicestone Pocket SPV has contracted with the registered owner of the Property to pay \$1,450,000 (inclusive of any GST) with settlement due to be completed on 13 December 2022.

Pumicestone Pocket SPV intends to develop the Property into 15 residential allotments, supporting roads and other services generally in accordance with the Concept Plan in the SPDS. An application for a development approval to reconfigure the Property into 15 residential allotments has been lodged with the local authority for approval.

The Loan of up to \$1,100,000 to be advanced by the Trust to Pumicestone Pocket SPV is to be applied to the costs associated with payment of stamp duty on the purchase contracts, towards payment of the purchase price to the registered owners of the Property under the purchase contract, towards the development costs associated with the Property Development and to funding associated working capital.

A fixed interest rate of 13.11% per annum on the Principal is contractually required to be paid to the Trust by Pumicestone Pocket SPV under the Loan Agreement.

The repayment of the Principal by Pumicestone Pocket SPV is to be paid on completion of the Property Development and sale of the Property. Please note that whilst Pumicestone Pocket SPV, upon repayment of the Loan is required to make an interest payment to the Trust calculated at 13.11% per annum on the Principal over the term of the Loan Agreement, the return is not guaranteed by the Responsible Entity, and Pumicestone Pocket SPV's ability to make these payments is totally dependent on successful completion of the Property Development and sale of the Property.

The Pumicestone Pocket II Units have a targeted rate of return of 9.20% per annum, which is based on the fixed interest rate payable under the Loan Agreement by the Pumicestone Pocket SPV less the Asset Identification and Negotiation Fee, Management Fee and administrative fees and costs the Responsible Entity is entitled to be reimbursed for in operating the Trust.

The payment of any returns to Unit Holders are totally dependent on Pumicestone Pocket SPV meeting its interest and Principal repayment obligations. An interim distribution by the Trust is expected to be paid in June 2023. This interim repayment is intended to be funded by a component of the advanced Principal being retained by the Trust and not provided to Pumicestone Pocket 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 Pumicestone Pocket II Units not achieving the targeted return of 9.20% 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.



Real people.

The Investment Proposal

Pumicestone Pocket II Units	The Trust is offering a minimum of 100,000 and up to 1,100,000 Pumicestone Pocket II Units, to be issued at a price of \$1.00 per Unit, to raise up to \$1,100,000, which the Trust will loan to the Pumicestone Pocket SPV.
Pumicestone Pocket SPV	<p>Pumicestone Pocket SPV is a special purpose vehicle incorporated for the sole purpose of acquiring the Property and carrying out the Property Development.</p> <p>Pumicestone Pocket SPV currently has one director serving on its board, Scott Watson. Scott Watson is also a director of the Responsible Entity. Details of this director are set out below.</p> <p>The sole shareholder of Pumicestone Pocket SPV is CFMG Land Limited ACN 127 663 414 ('CFMG Land'). CFMG Land has also been engaged by Pumicestone Pocket SPV to provide it with project management functions and administrative and company secretarial functions. The ultimate holding company of CFMG Land, Pumicestone Pocket SPV and the Responsible Entity is CFMG Capital Limited.</p>
Director of Pumicestone Pocket SPV	<p>The Pumicestone Pocket SPV currently has one director serving on its board, Scott Watson. Details of Scott Watson, his 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>
Trust Structure	The Trust is a registered managed investment scheme. This SPDS relates to the offer of Pumicestone Pocket II Units which will have a beneficial interest in the Loan Agreement. For each drawdown the Trust provides to the Pumicestone Pocket SPV under the Loan Agreement the Trust will issue a separate and corresponding tranche of Pumicestone Pocket II 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 Pumicestone Pocket II 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 Pumicestone Pocket SPV will require Pumicestone Pocket SPV to pay the Trust interest of 13.11% 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.
Fees and other costs	<p>See section 5 of the PDS.</p> <p>An asset identification and negotiation fee of 4.4% of the capital raised by the issue of Pumicestone Pocket II Units will be paid to the Responsible Entity on the issue of units in the Trust.</p>
Anticipated Distribution Rate	<p>Pumicestone Pocket II Units have a targeted distribution rate of up to 9.20% per annum (pre tax and net of fees) over the life of the investment. For the timing of distribution payments please refer to section titled Forecast Application, Sources, Income and Distribution Statement on page 9 of this SPDS.</p> <p>For example, for each \$25,000 you invest in the Trust, the anticipated income distribution you will receive is \$2,300.00 per annum. An interim distribution by the Trust is expected to be paid in June 2023. This interim distribution will be funded by a small component of the advanced Principal being retained by the Trust and not provided to Pumicestone Pocket SPV.</p>
Minimum Investment	<p>Applications for Pumicestone Pocket II 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 Pumicestone Pocket II 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 July 2024.</p> <p>Accordingly, the Pumicestone Pocket II Units are intended to be on issue for a minimum term of twenty (20) months.</p> <p>Unitholders may not withdraw their investment (although transfers are permitted subject to the Constitution).</p>

Income Distribution	<p>The targeted rate of return for the Pumicestone Pocket II Units is up to 9.20% per annum, which is based on the interest rate payable under the Loan Agreement by the Pumicestone Pocket SPV less the Asset Identification and Negotiation Fee, Management Fee and administrative fees and costs the Responsible Entity is entitled to be reimbursed for in operating the Trust (see section 5 of the PDS for the calculated examples of annual fees and costs for 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 2023. This interim distribution will be funded by some of the advanced Principal under the Loan Agreement being retained by the Trust and not provided to Pumicestone Pocket SPV. Interim distributions will be made by electronic funds transfer to the Unitholder's nominated Australian bank account.</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 FY2025 will be totally dependent on Pumicestone Pocket 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 9 of this SPDS which has been prepared on the basis that capital of \$1.1m is raised by the issue of Pumicestone Pocket II 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 Pumicestone Pocket SPV in respect of each respective tranche of drawdown, the Trust will redeem your Pumicestone Pocket II Units by electronic funds transfer to your nominated Australian bank account.</p>
----------------------------	---

DETAILS OF PUMICESTONE POCKET SPV (SPV DEVELOPER)

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

Pumicestone Pocket SPV was incorporated in Queensland on 6 August 2021 as a proprietary company and currently has one director serving on its board, Scott Watson. Details of this director are set out in section 2 of the PDS.

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

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

DETAILS OF PUMICESTONE POCKET PROPERTY DEVELOPMENT

Overview

Pumicestone Pocket SPV has contracted to purchase 8,014 m² (7,773 useable) of land, situated in Caboolture approximately 45 kilometres north of the Brisbane CBD ('Property').

The Pumicestone Pocket SPV intends to develop the Property into 15 residential allotments, road ways and other services generally in accordance with the Concept Plan in this SPDS.

The Locality

Located within the established suburb of Caboolture approximately 45 kilometres north of the Brisbane CBD surrounding development in the immediate area comprises a mix of established rural residential and detached residential housing and new residential estates.

The Property is located in close proximity to a range of retail services. Local retail facilities are located at Drakes Pumicestone, 400 metres to the north east, Caboolture Square approximately 4 kilometres to the south with Woolworths Central Lakes located approximately 3 kilometres to the south east.

Local primary and high schools, Halcyon Glades development, Caboolture Sports Complex, Brisbane North Institute of TAFE, University of Sunshine Coast and local recreational facilities are located within a 2 kilometre radius of the Property.

Local bus services operate along Jensen Road approximately 250 metres to the south west. Caboolture Railway Station is situated approximately 3 kilometres south of the Property with the M1 Bruce Highway located approximately 2 kilometres east.

The Property

The Property is situated at 1 Ibis Court, Caboolture in the state of Queensland and is more particularly described as Lot 61 on RP200898 having certificate of title number 16743023.

Market Demographics

Strengthening demand was demonstrated for development sites throughout South East Queensland in 2021 and the first half of 2022, particularly for sites in established locations with limited current supply that are development ready.

From the latter part of 2020 through to Q3 of 2022, there have been a number of transactions, with anecdotal feedback from agents indicating steady enquiry, particularly for prime development sites.

Growth in the local area is set to be aided by a new planning framework for the neighborhood development plan for Moreton Bay Regional Council's planning scheme is scheduled to be brought online in the next 6-12 months within the area of the Property. This will add circa 2,100 residential lots to be delivered which has been aided by \$10.5 million in loan funding from the State Government to deliver water supply, sewerage networks and a sewerage pumping station to the area.

Purchase of the Property

The contract to purchase the Property between Pumicestone Pocket SPV and the registered owner was entered into on 13 June 2022.

The registered owner of 1 Ibis Court, Caboolture is unrelated to the Pumicestone Pocket SPV, to CFMG Land Limited, to CFMG Capital Limited, to CFMG Equity and Income Funds Limited as Responsible Entity or any of their directors or shareholders.

The key commercial terms of the contract to purchase 1 Ibis Court, Caboolture are as follows:

- Settlement is due to be completed on 13 December 2022;
- the purchase price payable by Pumicestone Pocket SPV is \$1,450,000 (inclusive of GST);
- a deposit of \$145,000 has been paid by CFMG Land on behalf of Pumicestone Pocket SPV to the registered owner of the Property.

The Development Concept

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

The proposed development is intended to comprise a total of 15 residential allotments supporting roads and other services.

The allotments proposed to be developed range from 280m² to 603m² with an overall average land area of approximately 401m².

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

Marketing and Distribution

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

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

It is anticipated that marketing of the allotments 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 Pumicestone Pocket SPV anticipates that the above marketing and distribution strategy is appropriate the directors of the Responsible Entity or the Pumicestone Pocket 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 Pumicestone Pocket SPV including property market conditions, supply and demand, interest rates and buyer sentiment.



Indicative Property Development Timing

Based on the likely time frames for development approval of the Concept Plan and then engineering plan approvals, it is currently anticipated that the construction works for the Property Development could commence in or about August 2023 and the development could be completed by July 2024.

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

Settlement of Property	December 2022
Subdivision Works	August 2023 to March 2024
Registration of Allotments	April 2024
Settlement of Allotments	May 2024 to July 2024

* Dates indicative only and subject to change.

Whilst the above timing is how the Pumicestone Pocket SPV anticipates the Property Development could progress, there is no guarantee that the assumptions above will be met. The director of the Pumicestone Pocket SPV is 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 Pumicestone Pocket 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 Pumicestone Pocket II Units (less the amounts retained from the Principal to pay management fees to the Responsible Entity and to be applied to make the interim distribution in June 2023) to the Property Development by advancing the Principal under the Loan Agreement to Pumicestone Pocket SPV.

The Pumicestone Pocket SPV will apply the funds received from the Trust towards costs associated with payment of stamp duty on the purchase contract, towards payment of the purchase price to the registered owner of the Property under the purchase contract, towards the development costs associated with the Property Development, to repayment to CFMG Land Limited of the deposit monies of \$145,000 paid to the registered owner of the Property under the purchase contract and to funding associated working capital.

In addition to the amount raised through the Trust, it is anticipated that approximately a total of \$2.4m of debt finance is required in order to complete the Property Development.

Based on the experience of CFMG Land Limited as manager of the Pumicestone Pocket SPV in sourcing debt finance from major lending institutions on other similar projects Pumicestone Pocket 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 Pumicestone Pocket 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 Pumicestone Pocket SPV expects to satisfy the terms and conditions applying to the expression of interest, there is no guarantee that such conditions will be met.

LOAN AGREEMENT

The Trust's investment in Pumicestone Pocket SPV is by way of the Loan Agreement.

The Loan Agreement sets out the terms on which the Trust loans the Principal to the Pumicestone Pocket 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 Pumicestone Pocket SPV, undertakings by the Pumicestone Pocket SPV to the Trust, representations and warranties by the Pumicestone Pocket SPV and the terms of the operation of the Pumicestone Pocket 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 Pumicestone Pocket SPV).

Key conditions precedent required before the Trust will draw down any Principal to the Pumicestone Pocket 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 Pumicestone Pocket SPV in favour of the Trust which ranks behind other lenders to Pumicestone Pocket SPV;
- receipt of an expression of interest from a secured funder to provide property finance and a construction debt facility to Pumicestone Pocket SPV outlining the terms and basis on which development finance may be provided to the Property Development on terms satisfactory to the Pumicestone Pocket SPV and the Responsible Entity;
- confirmation as to the status of the development approvals required to be able to carry out the Property Development to the satisfaction of the Responsible Entity; and
- receipt of an independent valuation confirming the value of the Property.

The Pumicestone Pocket SPV must not, without the Responsible Entity's prior written consent:

- create any liability by way of further financial indebtedness in relation to the Property Development (except in relation to the secured senior debt and the third party equity that 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 Pumicestone Pocket 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 Pumicestone Pocket SPV of surplus cashflow of the Pumicestone Pocket SPV is to be made in the following order:

firstly, to repay the secured funder and interest; then

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

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

fourthly, to pay any fees to CFMG Land for services provided to the Pumicestone Pocket 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 Pumicestone Pocket SPV

(the "Property Development Cashflow Waterfall")

ABOUT THE LOAN AGREEMENT BETWEEN THE TRUST AND PUMICESTONE POCKET SPV

The Loan is to be made on the following basis:

Type of Loan	The Loan Agreement will be between the Trust and Pumicestone Pocket SPV.
Interest Payable	An interest payment 13.11% per annum is payable in arrears (when the loan is repaid) on the Principal advanced under the Loan Agreement.
Distributions by the Trust	The Responsible Entity intends to make an interim repayment in June 2023 with the final distribution after the Pumicestone Pocket SPV repays the Principal and interest under the Loan Agreement.
Voting Rights	There will be no entitlement to receive notice of, to attend or to vote at, any general meetings of the Pumicestone Pocket SPV or to vote on any written resolution of members of the Pumicestone Pocket SPV.
Property Development Cashflow Waterfall	Repayment of the Principal and interest under the Loan Agreement is subject to the Property Development cashflow waterfall set out in this SPDS.
Repayment Date	The Principal and interest in respect of each tranche drawn down under the Loan Agreement is repayable on the date which is twenty (20) months after that tranche of the Loan funds are advanced or earlier at the election of the Pumicestone Pocket SPV (provided that such repayment will not occur until at least 12 months after the drawdown of the relevant Principal). The Responsible Entity may agree with the Pumicestone Pocket 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 \$1.1 million is raised by the issue of Pumicestone Pocket II 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 2023 and 31 July 2024:

	Jun-23	July-24	Total
Income/Capital			
Units	\$1,100,000	\$-	\$1,100,000
Fixed Return – 13.11% pa	\$83,365	\$156,853	\$240,218
Sub-total	\$1,183,365	\$156,853	\$1,340,218
Distributions			
Asset Identification & Negotiation Fee - 4%	\$44,000	\$-	\$44,000
Management Fee of units on issue - 1%	\$6,417	\$11,917	\$18,333
Annual Fund Expenses – 0.05%	\$3,208	\$5,958	\$9,167
Sub-total	\$53,625	\$17,875	\$71,500
Funds available for distribution	\$1,129,740		
Unitholder Distributions	\$8,922	\$1,259,796	\$1,268,718
Per Unit Distribution	\$0.008	\$1.145	\$1.153

* The interim distribution of June 2023 will be funded by the Trust retaining an amount from the Principal advanced under the Loan Agreement. Whilst the Trust will be entitled to the full 13.11% per annum interest on the amount raised, the Principal proportion retained by the Trust will be sufficient to pay for the fees and expenses of the Trust and the interim distribution for financial year FY23. The final distributions for the financial year FY2025 will be totally dependent on the Pumicestone Pocket 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 Pumicestone Pocket II Units.

SPECIFIC RISKS

An investment in the offer of Pumicestone Pocket II Units also involves specific risks relating to the Property Development to be carried out by the Pumicestone Pocket 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
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 Pumicestone Pocket SPV to advise in relation to the planning for the Property Development.An application for a development approval to reconfigure the Property into 15 residential allotments has been lodged for approval with the local authority.
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 Pumicestone Pocket SPV to advise in relation to the planning for the Property Development.An application for a development approval to reconfigure the Property into 15 residential allotments has been lodged for approval with the local authority.
Market Risk The Property Development is exposed to changes in the supply and demand for residential dwellings and the values of residential dwellings.	<ul style="list-style-type: none">A marketing strategy has been developed for the marketing and sale of the allotments intended to be developed in the Property Development.Marketing is anticipated to commence prior to the construction of the development works, with allotments to be pre-sold subject to titles being created and then continue following completion of the development works and titling process.
Market and Site Sentiment The residential market throughout the growth corridors in South East Queensland is in part driven by interstate and foreign investment as opposed to purely local market fundamentals.	<ul style="list-style-type: none">A marketing strategy has been developed for the marketing and sale of the allotments intended to be developed in the Property Development.Marketing is anticipated to commence prior to the construction of the development works, with allotments to be pre-sold subject to titles being created and then continue following completion of the development works and titling process.The marketing strategy for the residential allotments is intended to include a mix of direct selling to individual buyers and also selling to the local home builders, who on sell the allotments to their clients.It is proposed that the Pumicestone Pocket SPV will direct market allotments through a project web site, real estate marketing sites and other media campaigns.

<p>Sales Risk</p> <p>The price achieved for the sale of the residential allotments intended to be developed from the Property may be insufficient to deliver the interest payable and the repayment of the Principal under the Loan Agreement.</p>	<ul style="list-style-type: none"> • A sales and marketing strategy has been developed by the Pumicestone Pocket 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.
<p>Settlement Risk</p> <p>Once allotments are sold there is a risk that buyers do not settle on their purchase. There are risks associated with the validity and enforceability of the sales contracts and satisfying foreign investment laws and regulations. The sale and marketing to foreign buyers is considered to be a higher settlement risk than to domestic owner occupiers due to the lending criteria applied to different categories of buyers.</p>	<ul style="list-style-type: none"> • The marketing strategy for the residential allotments is intended to include a mix of direct selling to individual buyers and also selling to the local home builders, who on sell the allotments to their clients. • A law firm will be engaged to review and advise on the sale contracts and conveyancing process.
<p>Development Costs Risk</p> <p>Budgeted development costs may be materially different to actual costs incurred by the Property Development.</p> <p>Cost overruns or changes to anticipated costs may result in additional equity or debt funds being required, which may dilute or extinguish returns to Unitholders.</p>	<ul style="list-style-type: none"> • Pumicestone Pocket SPV has engaged professional engineering consultants to provide an opinion on costs for the Property Development. • It is anticipated that the civil contractor will enter into a fixed-time, fixed price construction contract with the Pumicestone Pocket SPV to reduce the risk to the Property Development.
<p>Additional Funding Risk</p> <p>Should the development costs increase, further debt and/or equity may be required to complete the Property Development.</p>	<ul style="list-style-type: none"> • Pumicestone Pocket SPV has engaged professional engineering consultants to provide an opinion on costs for the Property Development. • It is anticipated that the civil contractor will enter into a fixed-time, fixed price construction contract with the Pumicestone Pocket SPV to reduce the risk to the Property Development.
<p>Development Delay Risk</p> <p>If development is delayed, then this may lead to increased interest costs, reduced returns to Unitholders and a delay in those returns</p>	<ul style="list-style-type: none"> • It is anticipated that the Pumicestone Pocket SPV will seek to avoid delay risks in its construction contract with the civil contractor by entering into a contract which is fixed-time and fixed-price. • 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 Pumicestone Pocket SPV has not yet secured debt funding for the Property Development.</p>	<ul style="list-style-type: none"> • A condition precedent to the Trust advancing any Principal under the Loan Agreement to Pumicestone Pocket SPV is that the Responsible Entity be satisfied with the basis on which development finance may be secured for the Property Development.
<p>Interest Rate Risk</p> <p>There are risks associated with increases in interest rates impacting the cost of anticipated borrowings over the term of the Property Development.</p>	<ul style="list-style-type: none"> • A condition precedent to the Trust advancing any Principal under the Loan Agreement to Pumicestone Pocket 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 Pumicestone Pocket SPV and the manager.</p>	<ul style="list-style-type: none"> • The principals of CFMG Land are experienced in managing the delivery of developments such as the Property Development and operating the Pumicestone Pocket SPV. • The Responsible Entity will closely monitor the progress of the Property Development.

<p>Conflict of Interest Risk</p> <p>A number of related parties are providing services to the Property Development and receiving fees creating a potential for conflicts of interest.</p>	<ul style="list-style-type: none"> • The Responsible Entity has a conflict of interest policy for dealing with conflicts of interest. • Should an event of default arise under the Loan Agreement and the Pumicestone Pocket SPV does not remedy that default then the Responsible Entity will and is required to take action to recover the money owed. • Both the Responsible Entity and its directors have a statutory duty to place the interests of Unitholders above their own interests where there is a conflict. • The Responsible Entity will keep the Unitholders 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 Pumicestone Pocket 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 Pumicestone Pocket SPV are governed by a set of legal documents and contracts which include the Loan Agreement and Corporate Project and Asset Management Agreement. The risk of dispute over the interpretation or enforceability of the documentation may have a materially negative impact on the Property Development and distributions under the Pumicestone Pocket II Units.</p>	<ul style="list-style-type: none"> • The Responsible Entity will engage professional advisers including in the fields of law to assist in interpreting the agreements.
<p>Risk arising out of or exacerbated by COVID 19</p> <p>The uncertain economic outlook arising out of the COVID 19 outbreak and the effect that it may or will have on matters concerning some of the specific areas of risk discussed above (including adverse market sentiment, lessened demand and sales, settlement risk, and funding risk) may have negative impact on the Property Development, the Loan Agreement and distributions under the Pumicestone Pocket II Units</p>	<ul style="list-style-type: none"> • There is no way of determining the extent if any, to which COVID 19 will exacerbate or heighten these specific areas of risk (discussed above) due to the uncertainty as to the impact, extent and duration of conditions caused by COVID 19

TOWN PLANNING ASSESSMENT

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

An application for a development approval to reconfigure the Property into 15 residential allotments has been lodged for approval with the local authority.

ENGINEERING ASSESSMENT

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

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

RELATED PARTY ARRANGEMENTS

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

A common risk of related party transactions is that in the event of default, the Responsible Entity (or the Pumicestone Pocket 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 Pumicestone Pocket SPV does not remedy that default the Responsible Entity will take action to recover the money owed. Both the Responsible Entity and its directors have a statutory duty to place the interests of Unitholders above their own interests where there is a conflict. The Responsible Entity will keep the Unitholders informed of the actions being taken.

The Responsible Entity has not sought member approval to transact with the Pumicestone Pocket 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. Caboolture Pumicestone Developments Pty Ltd ACN 652 599 089; 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, Unitholder should seek advice on the taxation consequence of their investment which takes into account their personal circumstances, from a suitably qualified adviser.

On the basis that the sole activity and income of the Trust will be the granting of debt funding via Loan to the Pumicestone Pocket 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 Pumicestone Pocket 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.

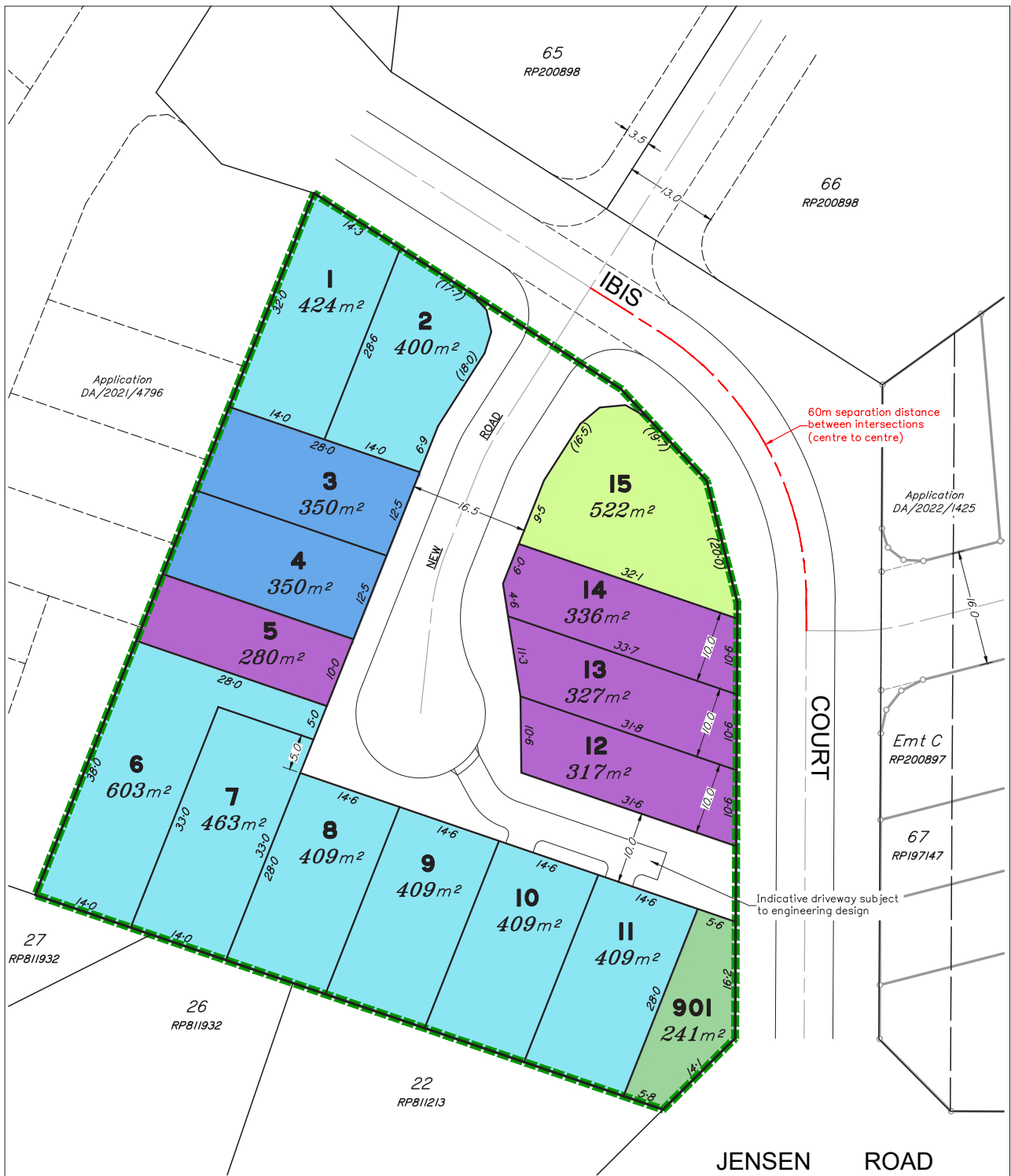
Unitholders that are tax residents, or are otherwise subject to taxation in other countries, should seek specific advice from a qualified advisor on foreign taxation implications.

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

Directors' Assessment of the Property to be developed

Property Address	1 Ibis Court, Caboolture Queensland 4510
'As is' or market valuation	\$1,150,000 (exclusive of GST)
'As if approved'	\$1,450,000 (exclusive of GST)
'Gross Realisation as if complete' including GST	\$4,705,000
'Gross Realisation as if complete' excluding GST	\$4,409,091
The Directors based on their experience in the property development business assess the Property – with the benefit of the proposed development approval to be worth approximately \$1.15 million (excluding GST).	

Concept Plan



Application Form

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

CFMG Land and Opportunity Fund ARSN 602 610 006 – Pumicestone Pocket II Units



- | | |
|--|---|
| <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 1 Units | <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 6 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 2 Units (if offered) | <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 7 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 3 Units (if offered) | <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 8 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 4 Units (if offered) | <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 9 Units (if offered) |
| <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 5 Units (if offered) | <input type="checkbox"/> I wish to apply for Pumicestone Pocket II Subclass 10 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 Pumicestone Pocket II 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
- ☐ send this form to:
PO Box 663 FORTITUDE VALLEY QLD 4006
- ☐ EFT your application monies to:
Account Name: THE TRUST COMPANY (AUSTRALIA) LTD ACF CFMG LAND AND OPPORTUNITY FUND
Bank: ANZ
BSB: 012-003
Account No: 8384 05693

THESE INSTRUCTIONS ARE CROSS REFERENCED TO EACH SECTION OF THE FORM

1. UNITHOLDER NAME

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

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

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

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

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

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

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

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

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

2. RESIDENTIAL AND POSTAL ADDRESS AND CONTACT DETAILS

Enter your residential or registered office address details. Please complete the postal address if your mail is delivered to a different address.

If you state your email address, all reports may be sent to you by that means.

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

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

4. DECLARATION

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

6. SIGNATURE

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

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

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

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



CFMG
Capital

Real people.

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

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