



CFMG First Mortgage and Income Fund

ARSN 118 670 705

Product Disclosure Statement

Issued by CFMG Equity and Income Funds Limited ACN 112 753 876

This is an important document and should be read in its entirety.
If you do not understand any part of this document you should consult your professional adviser.

Important Information

Offer

This Product Disclosure Statement (PDS) provides information concerning an offer (Offer) of Units in the CFMG First Mortgage and Income Fund ARSN 118 670 705 (Fund). The Fund is a Unit trust and also, for the purposes of the Corporations Act 2001 (Cth) (Act), a registered managed investment scheme. CFMG Equity and Income Funds Limited ACN 112 753 876 (Responsible Entity, we, us, our), the holder of Australian Financial Services Licence (AFSL) no. 291390, is the responsible entity of the Fund and this issuer of the PDS.

The Responsible Entity is also the issuer of each Supplementary Product Disclosure Statement (SPDS) which relate to the offer of a specific class of Units (Class) and provides information on the rights and obligations attaching to the Units in that Class.

The information contained in this PDS has been prepared as of 1st of September 2023. Neither the delivery of this PDS nor any offer or issue of the Units implies or should be relied upon as a representation or warranty that there has been or will be no change since that date in the affairs or financial condition of the Fund, or that the information contained in this PDS remains correct at, or at any time after, that date.

Investors to conduct own investigation and analysis

The purpose of this PDS is to provide you with general information concerning the Fund and the Responsible Entity, to assist you in deciding whether to invest in the Fund and should be read in its entirety. This PDS is not to be considered as a recommendation by us or any of our officers, employees, agents or advisers that you invest in Units, or that an investment in the Fund is a suitable investment for you.

You should conduct and rely upon your own investigation and analysis of the information in this PDS and other matters that may be relevant to you in considering whether to acquire the Units. In considering an investment in Units you must make, and will be taken to have made, your own independent investigation and analysis of the information in this PDS. Independent expert advice (including from your accountant, lawyer or other professional adviser) should be sought before making a decision to invest in Units.

Custodian

The custodian of the Fund is The Trust Company (Australia) Limited ACN 000 000 993 (Custodian). The Custodian is not the issuer of this PDS and makes no representations as to, and takes no responsibility for, the accuracy or truth of any statement or omission from any part of this PDS.

ASIC

ASIC as the regulator makes no statement nor does it endorse any statement made in this PDS. The use of the name ASIC should not be construed as an endorsement of any offer.

Capital and investment returns are not guaranteed

An investment in the Fund is an investment in a registered managed investment scheme. An investment in the Fund is not a bank deposit, bank security, bank liability and is subject to investment risk, including the loss of, or delays in the payment of, income or capital.

Neither the Responsible Entity, the Custodian, their respective bodies corporate nor any of their respective officers, employees, agents or advisers guarantee the performance or success of the Fund, the repayment of capital or any particular rate of capital or income return. Investments in the Fund are not guaranteed or underwritten by the Responsible Entity, our related bodies corporate or any of our directors or officers.

In particular, some of the risks involved with an investment in the Fund are considered in section 5.

Reliance on PDS only

No person is authorised by us to give any information or to make any representation concerning the Responsible Entity, Fund or the Units other than as contained in this PDS or in any Updated Information provided by us and, if given, that information cannot be relied upon as having been authorised by us.

The issue of this PDS is authorised solely by us and none of our subsidiaries or related bodies corporate are responsible for any statement or information contained in this PDS.

Accuracy of forecasts

All forecasts in this PDS are for illustrative purposes only, using the assumptions described in this document. Actual results may be materially affected by changes in economic and other circumstances. The reliance that you place upon the forecasts is a matter for your own commercial judgment. No representation or warranty is made that any forecast, assumption or estimate contained in this PDS should or will be achieved.

Speculative investment and liquidity not guaranteed

An investment in Units is to be considered speculative. Liquidity in the Units cannot be guaranteed and any offer for sale of Units must be made in accordance with the Constitution. Units offered under this PDS, when issued, will not be listed on any stock exchange.

PDS available electronically

An Offer is able to be accepted by persons who are residents of Australia only. This PDS can be requested in electronic form by contacting us by email at investorrelations@cfmgcapital.com.au. Any person reviewing the PDS electronically may request a paper copy of the PDS from us free of charge.

The Application Form attached to each SPDS contains a declaration that you have personally received the complete and unaltered PDS and applicable SPDS prior to completing the Application Form. You should read the PDS and the applicable SPDS in its entirety before completing the Application Form.

Other jurisdictions

This PDS does not constitute an offer or invitation to subscribe for Units in any jurisdiction where, or to any person to whom, it would not be lawful to make an offer. If you are located outside Australia you should comply with all laws of the relevant jurisdiction applicable to an application for Units.

No financial product advice

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. You should review this PDS carefully and assess whether the information is appropriate for you and talk to a financial adviser before making an investment decision.

Investors to provide further information

Further information may be required from you from time to time to comply with our obligations under various legislation, including the Anti Money Laundering & Counter Terrorism Financing Act 2006 (Cth) (AML/CTF Act), the United States of America Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS). By applying for Units under this PDS, you undertake to provide us with all additional information and assistance that we may reasonably require. We reserve the right to apply our absolute discretion and without notice, to take any action we consider appropriate including blocking or delaying transactions or refusing to provide services to comply with our legislative obligations, including under the AML/CTF Act.

Further, if requested, you agree, and it is a condition of the issue of Units, to provide certain information required by us or the Custodian in order to comply with any applicable law, including FATCA and CRS.

Privacy Act

Please read the privacy statement in section 10.8. By signing and returning the Application Form you consent to the matters outlined in that statement.

Definitions, illustrations and currency

Defined terms and abbreviations used in this PDS are explained in the Glossary. The assets depicted in photographs in this PDS are for indicative purposes only and are not assets of the Fund unless otherwise noted.

All references in this PDS to '\$' are references to Australian dollars unless stated otherwise.

Table of Contents

Important Information	2
Contact Details	3
Letter to investors	4
1. Fund summary	6
2. Investment objective & investment strategy	9
3. ASIC benchmarks & disclosure principles	12
4. Management of the Fund	18
5. Risks of investing	22
6. Fees and other costs	26
7. Taxation considerations	30
8. Making, withdrawing & monitoring your investment	32
9. Material documents	34
10. Additional information	36
Corporate directory	38
Glossary	39

Contact Details

Website	www.cfmcapital.com.au
Email	investorrelations@cfmcapital.com.au
Phone	1800 155 526
Postal	GPO Box 1993, Brisbane QLD 4001

Letter to investors

Dear Investor,

I have pleasure in offering you the opportunity to invest in the CFMG First Mortgage and Income Fund (Fund).

The Fund is an unlisted registered managed investment scheme which will invest in the financing of residential land property development opportunities and the refinancing of completed land allotments that meet certain criteria as determined by the Responsible Entity (each a **Loan Investment**).

The Fund is a contributory managed investment scheme and the specifics of each Loan Investment will be detailed in the SPDS applicable to that Class of Units, however the following general criteria and features shall be used to assess each targeted Loan Investment in relation to the underlying secured real property:

- Proximity to a major capital city;
- Population growth and demographics of the locality;
- Proximity to existing and proposed competing land estates (particularly master planned communities);
- Proximity to key planned infrastructure projects;
- Employment opportunities;
- Lifestyle choices including schools, family security, transportation and recreation; and
- Having as the primary security a registered first mortgage on the real property situated in Queensland, New South Wales or Victoria.

The Responsible Entity will determine which Loan Investments are suitable for the Fund which will be limited to financing residential land property development opportunities and refinancing of completed land allotments and not include property development loans for the security property. Property development loans are those where a borrower utilises the loan finance to carry out construction works to add value to the security property or to undertake land development which by the very nature of any construction works add value to the security property. Land development carries both an increased level of risk and requires a higher degree of supervision.

This PDS sets out the general terms which apply to all Offers of Units in the Fund. Subject to the terms of the Constitution, the Responsible Entity will issue a different Class or sub class of Units ('Units') and a SPDS for each Loan Investment. There may be different classes of Units (and sub classes of each class of Units) within each Loan Investment. Each SPDS will contain the terms of the Loan Investment in relation to the Offer for that Class (or sub class) of Units.

A special purpose development company or companies (SPV Developer(s)) will be established in relation to each Loan Investment and the Fund will invest in the Loan Investment via advancing a loan to the SPV Developer(s).

Upon reaching the minimum subscription target for a specific Offer, the Fund will advance by way of a loan to the SPV Developer the funds raised from that Offer and in exchange the SPV Developer will grant a first ranked registered mortgage interest over the real property the subject of the Loan Investment to the Fund.

Each SPDS will detail the investment term, targeted rate of return and distribution policy of its Class of Units.

In considering the Fund for potential inclusion in your investment portfolio, we recommend that you read this PDS and each applicable SPDS in full. This, in combination with advice from suitably licensed professional advisers, is designed to help you understand and assess the potential risks and benefits involved in an investment in this Fund.

The Responsible Entity is an unlisted public company that holds Australian Financial Services Licence (AFSL) No. 291390 issued by ASIC.

The AFSL enables the Responsible Entity to act as the responsible entity and trustee of the CFMG First Mortgage and Income Fund and to manage the day to day activities of the Fund in accordance with its AFSL, the Corporations Act, the Constitution and the Compliance Plan.

The Board and the management team of the Responsible Entity have significant experience in banking, finance, property development, accounting, taxation and general management.

I encourage you to carefully consider the terms of this Offer by reading this Product Disclosure Statement and each applicable SPDS in its entirety before you apply for Units.

Yours faithfully,



Jason Matigian
Director

CFMG Equity and Income Funds Limited



1. Fund summary

The following table summarises important information about the Fund and provides section references for further information. You should read the whole PDS and seek any advice you need before deciding to invest.

Feature	Description	PDS section
INVESTMENT STRATEGY, RESPONSIBLE ENTITY AND CUSTODIAN		
Investment strategy	<p>The investment strategy for the Fund is to invest in the financing of residential land property development opportunities and refinancing of completed land allotments (each a Loan Investment).</p> <p>The primary security for each Loan Investment will be a registered first mortgage over the real property situated in Queensland, New South Wales or Victoria.</p> <p>The Responsible Entity will determine which Loan Investments are suitable for the Fund which will be limited to financing residential land property development opportunities and refinancing of completed land allotments and not include property development loans for the security property when value is intended to be added via construction works.</p> <p>Property development loans are those where a borrower utilises the loan finance to carry out construction works or to undertake land development to the security property which by the very nature of any construction works or land development carries both an increased level of risk and requires a higher degree of supervision.</p> <p>A special purpose development company or companies (SPV Developer(s)) will be established in relation to each Loan Investment and the Fund will invest in the Loan Investment via advancing a loan to the SPV Developer(s). Each Loan Investment will be secured by a first ranking registered mortgage interest in the SPV Developer's real property.</p> <p>Each Loan Investment will represent a separate investment opportunity for investors to invest in the Fund and we will issue a separate SPDS in relation to each Loan Investment.</p>	Section 2
Responsible Entity	CFMG Equity and Income Funds Limited	Section 4
Custodian	The Trust Company (Australia) Limited	Section 4
FUND STRUCTURE		
Fund structure and offer	<p>The Fund is an unlisted registered managed investment scheme structured as a Unit trust. You can select to invest in the specific Loan Investment which aligns with your objectives, needs and circumstances.</p> <p>The Fund will make a separate Offer in relation to each proposed Loan Investment. This PDS sets out the general terms that apply to all Offers. The specific terms of a particular Offer are contained in the relevant SPDS for each Loan Investment.</p>	Section 2 and SPDS
ASIC benchmarks and disclosure principles	<p>ASIC has developed eight 'Benchmarks' and eight 'Disclosure Principles' for mortgage funds to assist investors in understanding the risks involved with investing and whether these type of investments are suitable for them.</p> <p>Please refer to section 3 for details.</p>	Section 3
INVESTMENT AND SUBSCRIPTION AMOUNTS		
Minimum investment	Applications must be for a minimum investment of \$25,000. The Responsible Entity reserves the right to accept lower amounts.	SPDS
Minimum subscription	Each SPDS discloses the minimum subscription applying to its Loan Investment. We will only proceed with a Loan Investment if the minimum subscription set out in its SPDS is achieved.	Sections 3, 8.3 and SPDS

Feature	Description	PDS section
Application and subscription process	<p>In order to invest you must complete and return the Application Form attached to each SPDS together with your application money.</p> <p>The Responsible Entity reserves the right to refuse any Application without providing a reason.</p>	Section 8 and SPDS
FEES AND EXPENSES		
Responsible Entity	<p>Management fee We will be paid a management fee of 1.1% per annum of the funds invested in the Fund.</p> <p>Asset identification, fundraising and structuring fee A fee of up to 4.4% of the funds raised by the issue of Units is payable to the Responsible Entity from the Fund.</p> <p>Administration fee An administration fee of 0.55% per annum of the funds invested in the Fund.</p> <p>Removal fee A fee of up to 5.5% of the value of the Fund assets is payable to us if we are removed other than for failing to properly perform our duties.</p>	Section 6
INVESTMENT DETAILS		
Term	<p>The minimum investment term of Loan Investments will generally vary from 6 months to 18 months, depending on factors such as the applicable SPV Developer's circumstances, security arrangements and the purpose of the loan.</p> <p>Generally, the term of a Class will correspond with the maturity date of the relevant Loan Investment.</p> <p>The minimum investment term for each Loan Investment is set out in the SPDS relating to that Loan Investment.</p>	SPDS
Distribution practices	<p>The relevant SPDS sets out the targeted distribution rate which is calculated by reference to the interest rate payable by the SPV Developer to the Fund on the Loan Investment.</p> <p>The Responsible Entity does not, and its related parties, associates, officers and employees do not guarantee investors will receive any, or a particular rate of, return on their investment in the Fund.</p> <p>The relevant SPDS sets out the distribution policy for each Loan Investment. Generally, distributions will be paid quarterly by electronic funds transfer to the Unitholder's nominated Australian bank account.</p> <p>Distributions for each Loan Investment's minimum investment term will be made from loan funds withheld by the Fund from the total loan amount advanced to each SPV Developer.</p>	Section 3.9 and SPDS

Feature	Description	PDS section
INVESTMENT DETAILS		
Withdrawals	<p>Unitholders may not withdraw their investment before the end of the Class term (although transfers are permitted subject to the Constitution at the risk of the Unitholder). The SPDS will disclose the anticipated minimum investment term for the relevant Class.</p> <p>If the relevant loan is not repaid by the SPV Developer by the end of the relevant term, the Responsible Entity may agree to extend the term for up to 12 months. If at the end of the term (that is not extended) or at the end of the extended term the relevant loan is not repaid, the Responsible Entity will commence recovery proceedings against the applicable SPV Developer.</p>	Sections 3.10 and 8.8
Unit pricing	<p>The Responsible Entity anticipates that Units pursuant to this Offer will generally be issued and redeemed for \$1.00 each. However, you should refer to the relevant SPDS to confirm the issue price of a particular Class.</p> <p>Units may be issued or redeemed at the Unit value, rather than \$1.00, if the Responsible Entity determines it does not accurately reflect the value of a Unit, the Unit price will be calculated as the net assets of the Fund divided by the number of Units on issue.</p>	Section 10.6 and SPDS
Updated key investor information	<p>The key investor information disclosed above will change from time to time. We will disclose updated information as part of our regular reporting process.</p> <p>Changes that are not materially adverse to investors will be published to our website at www.cfmcapital.com.au. You can also obtain updated information by contacting us on 1800 155 526. A paper copy of any updated information is available free on request.</p> <p>We will also send you quarterly investor reports.</p>	Section 10.14
Benefits	<p>The benefits of investing in the Fund include:</p> <ul style="list-style-type: none"> • The opportunity for attractive returns available from investments in loans for property investment without the potential for additional risk and supervision associated with construction works or land development to the security property. • The confidence that each loan made towards the financing of residential land property development opportunities and the refinancing of completed land allotments will be secured by a registered first mortgage on real property situated in Queensland, New South Wales or Victoria; • To keep you informed of the status with your investment, you will receive a quarterly periodic report which will provide you with the latest status with your investment; and • Interim distributions will be paid quarterly in arrears. 	
Risks	<p>As with any investment, an investment in Units is subject to risk, including the potential for loss of income or capital, a lower than expected rate of return or a delay in payment.</p> <p>An investment in the Fund is not an investment in a bank deposit. Neither the income return nor the return of capital is guaranteed.</p> <p>Please carefully read section 5 of this PDS to appreciate the risks associated with an investment in this Fund.</p>	Section 5
ADDITIONAL INFORMATION		
Cooling off rights	No cooling off rights apply to an investment in the Fund.	Section 8.4
Tax information and no advice	Before investing, you should obtain your own independent tax advice, taking into account your own individual circumstances. Similarly, you should obtain financial advice as to the suitability and nature of the investment to your personal circumstances. We do not provide advice or recommendations as to the suitability of the Offer as to particular investor's personal circumstances.	Section 7

Feature	Description	PDS section
Labour standards and social, ethical and environmental considerations	While we will not explicitly take into account these factors and do not have a specific methodology for the extent to which these factors are considered, we may take them into account as one of the components considered in evaluating potential Fund investments.	Section 10.4
Further informations	Updated Information about the Fund and its investments is available via regular updates posted on the website www.cfmcapital.com.au	Section 10.5
Reporting to investors	<p>You will receive:</p> <ul style="list-style-type: none"> a. confirmation of your investment; b. distribution statements; c. an annual taxation summary; and d. quarterly periodic statements. <p>You can elect to be sent, either by post or electronically, annual financial statements for the Fund by marking the appropriate box on the Application Form.</p>	Section 8.9
Complaints	We have a procedure for handling complaints and we are a member of the Australian Financial Complaints Authority.	Section 10.3
How to contact us	Call 1800 155 526 , email investorrelations@cfmcapital.com.au	

2. Investment objective & investment strategy

2.1 Investment objective

Each Loan Investment will consist of a loan made to a SPV Developer from the Fund secured by a registered first mortgage over real property on either a project site suitable for a residential land subdivision or completed land allotments situated in Queensland, New South Wales or Victoria.

No Loan Investments will be included relating to property development or construction works to the security property which by the very nature of any construction works or land development carries both an increased level of risk and requires a higher degree of supervision.

Each Loan Investment is held beneficially for the applicable Class. The legal title to each mortgage security will be held by the Custodian.

2.2 Investment strategy

A special purpose development company or companies (SPV Developer) will be established in relation to each Loan Investment and the Fund will invest in the Loan Investment via advancing a loan to the SPV Developer.

The Fund is a contributory mortgage scheme and the specifics of each Loan Investment will be detailed in the SPDS applicable to that Class, however the following general criteria and features shall be used by the Responsible Entity to assess each targeted Loan Investment in relation to the underlying secured real property:

- Proximity to a major capital city;
- Population growth and demographics of the locality;
- Proximity to existing and proposed competing land estates (particularly master planned communities);
- Proximity to key planned infrastructure projects;
- Employment opportunities;
- Lifestyle choices including schools, family security, transportation and recreation.

The performance of all loans made by the Fund to a SPV Developer will be carefully and regularly monitored to ensure adherence to the on-going reporting requirements and individual loan covenants.

2.3 Loan monitoring and defaults

The performance of all loans made by the Fund to a SPV Developer is regularly monitored by the Responsible Entity with respect to the timely payment of interest, adherence to ongoing reporting requirements and specific loan covenants.

The Board of the Responsible Entity meets on a regular basis with the lending management team reporting on the status of all loans.

The lending management team monitors any loans in default with the Responsible Entity treating a loan in default if for example there is non-adherence to the conditions of the loan agreement such as the need to have adequate insurance in place, non payment of interest or principal or with meeting the required reporting requirements.

If a SPV Developer were to default or become in arrears then the real property used as security may be sold and the proceeds used to repay the loan made by the Fund along with any outstanding interest and costs incurred.

In the event that a SPV Developer becomes in default or in arrears then the following actions will be considered by the Responsible Entity:

- where a loan is in arrears for more than seven days, the SPV Developer will be issued a written notice to require and arrange collection of the arrears;
- any loan in arrears more than thirty days (unless otherwise resolved by the Responsible Entity) may be placed in the hands of the solicitors for the Responsible Entity to commence recovery proceedings;
- enforcement proceedings may commence in accordance with the following process:
 - i. the mortgagee may become a 'mortgagee in possession' or appoint a suitably qualified administrator;
 - ii. a new valuation of the secured property may be sought; and
 - iii. the underlying security property may be placed on the market for sale;
- the Board of the Responsible Entity will monitor the progress of the enforcement proceedings and any other action taken in connection with the default or arrears and will keep the Unitholders of the relevant Class informed of the actions being taken.

2.4 Valuations

The Responsible Entity requires valuations to be prepared by an independent, qualified and registered valuer prior to advancing loan funds to a SPV Developer for any Loan Investment.

In all circumstances, the Responsible Entity requires the valuation to meet a variety of conditions, including the following criteria:

- All external valuations must be performed by a qualified valuer on the Responsible Entity's approved panel;
- The valuer must be a member of an appropriate professional body in the State or Territory where the real property the subject of the Loan Investment is situated and must have a minimum of 5 years experience in valuing the type of property they are being instructed to value;
- The panel valuer must be independent of the SPV Developer as borrower and the Responsible Entity;
- No one valuer conducts more than one third of the total valuation work undertaken for the Fund calculated by the number of security properties;
- Valuers must include a statement in their valuation reports as to whether the valuation complies with all relevant industry standards and codes;
- The valuer must be instructed to prepare the valuation report in a format which clearly sets out the primary method used and, if so requested a secondary check valuation methodology, in accordance with the instructions.

2.5 Valuation currency requirements

All valuations must not be more than three (3) months old as at the date of making an initial advance of loan funds to any SPV Developer for a Loan Investment and must be updated:

- At least every three (3) years;
- Within two (2) months of the Board of the Responsible Entity forming the view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant; and
- For any other reason determined by the Board of the Responsible Entity.

At the discretion of the Board of the Responsible Entity, valuations may also be obtained when the following occurs:

- a material change in the terms of a loan, including as to the amount, duration, or interest rate on renewal relating to a Loan Investment;
- a delay with timing for any Loan Investment; and
- information is discovered that leads the Responsible Entity to believe that there may be a variation in the security value relating to a Loan Investment.

In determining whether there needs to be a new valuation where a Loan Investment is being extended, or there is an increase in the amount of the borrowing, or a change in the interest rate, the Board of the Responsible Entity may take into account a number of factors such as the SPV Developer (as borrower) loan history, the amount of the loan outstanding, the duration of the extension, and other information from local agents and valuers, such as recent sales and settlements.

2.6 Adequate property insurance

Prior to a loan being made to a SPV Developer, written confirmation must be provided to the Responsible Entity confirming that adequate insurance cover over the property to be mortgaged is in place and that the interest of the Custodian will be noted as mortgagee on the relevant policies.

Insurance coverage is monitored on a regular basis.

2.7 Loan-to-valuation ratios (LVR)

All loans to any SPV Developer for a Loan Investment approved for inclusion in the Fund must generally be under a total maximum LVR of 80% of the latest valuation that was not more than three (3) months old received by the Responsible Entity at the time the loan to the SPV Developer was approved.

The type of valuation is important, specifically:

- For a project site suitable for a residential land subdivision - the total maximum borrowing in respect of this form of Loan Investment must not exceed 70% of the 'as if complete' valuation;
- For other loans where the security property is individual completed land allotments (residual stock loans) - the total maximum borrowing in respect of this form of Loan Investment must not exceed 80% of the 'as is' valuation.

It is possible that the maximum LVR is exceeded in some circumstances from time to time during the life of a loan, for example, if a loan is in default, the total LVR on that loan may exceed 80%.

2.8 SPV Developers corporate and project management

Each SPV Developer, 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.

Currently, two of these directors, Scott Watson and Jason Matigian are also a director of the Responsible Entity. Details of these directors are set out below.

The sole shareholder of each SPV Developer will be CFMG Land which will also be engaged by each SPV Developer to provide project management functions and administrative and company secretarial functions.

The ultimate holding company of CFMG Land and the Responsible Entity is CFMG Capital Limited.

3. ASIC benchmarks & disclosure principles

3.1 Legislative background

ASIC has developed eight benchmarks and eight disclosure principles for unlisted mortgage schemes, being schemes which have, or are likely to have, at least 50% of their non-cash assets invested in loans that are secured by a mortgage over real property and/or unlisted mortgage schemes. These benchmarks and disclosure principles are set out in ASIC Regulatory Guide 45 (RG 45).

The benchmarks and disclosure principles are designed to help retail investors to understand the risks, assess the potential rewards and to make an informed investment decision.

The following sections contain the benchmark disclosure and disclosure principles for the Fund.

For the purpose of keeping you informed about any significant changes to the benchmark and disclosure principle information in this section, we will periodically (usually half-yearly) provide an update on this information on our website www.cfmgcapi.com.au. For those investors who cannot access our website, you can request a paper copy of an updated benchmark and disclosure principle report to be given to you (free of charge) by contacting us using the details in the Corporate Directory.

3.2 Benchmark disclosure

BENCHMARK	STATEMENT	EXPLANATION	REFERENCE
BENCHMARK 1: LIQUIDITY			
<p>For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:</p> <ul style="list-style-type: none"> a. demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months; b. are updated at least every three months and reflect any material changes; and c. are approved by the directors of the responsible entity at least every three months. 	The Fund is a contributory mortgage scheme and therefore this benchmark is not applicable.	N/A	For additional disclosure on this benchmark, refer to section 3.3.
BENCHMARK 2: SCHEME BORROWING			
The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.	The benchmark is met.	The Fund does not have any borrowings and we do not intend to enter into any borrowing arrangements on behalf of the Fund.	For additional disclosure on this benchmark, refer to section 3.4.
BENCHMARK 3: LOAN PORTFOLIO AND DIVERSIFICATION			
<p>For a pooled mortgage scheme:</p> <ul style="list-style-type: none"> a. the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region; b. the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets; c. the scheme has no single borrower who exceeds 5% of the scheme assets; and d. all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title). 	The Fund is a contributory mortgage scheme and therefore this benchmark is not applicable.	N/A	For additional disclosure on this benchmark, refer to section 3.5.

BENCHMARK	STATEMENT	EXPLANATION	REFERENCE
BENCHMARK 4: RELATED PARTY TRANSACTIONS			
The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.	This benchmark is not met.	<p>CFMG Land and the SPV Developers are each related parties of the Responsible Entity as they share common directors with the Responsible Entity.</p> <p>A common risk of related party transactions is that in the event of default, the Responsible Entity (or the SPV Developer) may not enforce its rights against a related party.</p> <p>The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest (Conflict Policy).</p> <p>Our Conflict Policy sets out strict terms that apply if we enter into transactions with related parties, which require us to ensure these transactions are entered into on commercial arm's length terms and the details of these transactions are disclosed to investors appropriately.</p> <p>The Fund does not have an investment manager.</p>	For additional disclosure on this benchmark, refer to section 3.6.
BENCHMARK 5: VALUATION POLICY			
<p>In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:</p> <ul style="list-style-type: none"> a. a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located; b. a valuer to be independent; c. procedures to be followed for dealing with any conflict of interest; d. the rotation and diversity of valuers; e. in relation to security property for a loan, an independent valuation to be obtained: <ul style="list-style-type: none"> i. before the issue of a loan and on renewal, for development property, on both an 'as is' and 'as if complete' basis and, for all other property, on an 'as is' basis; and ii. within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant. 	This benchmark is met.	The Responsible Entity maintains and complies with a written valuation policy (Valuation Policy) which meets this benchmark.	For additional disclosure on this benchmark, refer to section 3.7.

BENCHMARK	STATEMENT	EXPLANATION	REFERENCE
BENCHMARK 6: LENDING PRINCIPLES – LOAN TO VALUATION RATIOS			
<p>If the scheme directly holds mortgage assets:</p> <ul style="list-style-type: none"> a. where the loan relates to property development – funds should be provided to the borrower in stages based on independent evidence of the progress of the development; b. where the loan relates to property development – the scheme should not lend more than 70% on the basis of the latest ‘as if complete’ valuation of property over which security is provided; and c. in all other cases – the scheme should not lend more than 80% on the basis of the latest market valuation of property over which security is provided. 	This benchmark is met.	<p>The Fund’s Lending Policy and Procedures Manual is consistent with this benchmark for loans secured by a registered mortgage over real property.</p> <p>It is not intended to make any loans secured by anything other than real property.</p>	For additional disclosure on this benchmark, refer to section 3.8.
BENCHMARK 7: DISTRIBUTION PRACTICES			
The responsible entity will not pay current distributions from scheme borrowings.	This benchmark is met.	The Fund will not borrow and all distributions will be sourced from interest or payments received from loans and proceeds received from the repayment of loans.	For additional disclosure on this benchmark, refer to section 3.9.
BENCHMARK 8: WITHDRAWAL ARRANGEMENTS			
<p>For liquid schemes:</p> <ul style="list-style-type: none"> a. the maximum period allowed for in the constitution for the payment of withdrawal requests should be 90 days or less; b. the responsible entity should pay withdrawal requests within the period allowed for in the constitution; and c. the responsible entity should only permit members to withdraw at any time on request if at least 80% (by value) of the scheme property is money in an account or on deposit with a bank and is available for withdrawal immediately (or otherwise on expiry of a fixed term not exceeding 90 days), during the normal business hours of the bank; or assets that the responsible entity can reasonably expect to realise for market value within 10 business days. <p>For non-liquid schemes, the responsible entity intends to make withdrawal offers to investors at least quarterly.</p>	The Fund is a contributory mortgage scheme and therefore this benchmark is not applicable.	Investors will only be entitled to withdraw funds invested in each Class upon the full or partial repayment of the underlying Loan Investment for that Class by the SPV Developer.	For additional disclosure on this benchmark, refer to section 3.10.

3.3 Disclosure principle 1 – Liquidity

Liquidity is the measure of cash and cash equivalent assets as a proportion of a scheme's total assets and is an indicator of the ability of a mortgage fund to meet its short-term commitments. Liquidity of a mortgage fund may be viewed as a risk as the underlying assets of a mortgage fund may not be easily realised within the period of time required to meet withdrawal requests or other commitments or expenses.

As a contributory mortgage scheme, the Fund is not required to disclose the information required by this principle. However, we have systems in place to manage the Fund's cash flows and to ensure that the Fund's short-term commitments are satisfied.

3.4 Disclosure principle 2 – Scheme borrowing

Where a mortgage scheme has borrowings, this principle requires responsible entities to disclose the maturity profile and other information relating to the scheme borrowings, including details of total debts due, why the responsible entity has borrowed the money (including whether the borrowed funds will be used to fund distributions or withdrawal requests), any material loan covenant breaches and the risks associated with the scheme's borrowing and credit facility maturity profile.

We do not intend to enter into any borrowing arrangements on behalf of the Fund. Accordingly, we are not required to disclose the information required by this principle.

3.5 Disclosure principle 3 – Loan portfolio and diversification

Portfolio diversification measures the level of concentration risk in the portfolio of mortgages held by the scheme. Greater levels of diversification of mortgages by borrower, size, activity and geographical location, lowers the risk that the scheme would suffer significant loss from default by any one borrower or class of borrowers.

As a contributory mortgage scheme, the Fund is not required to disclose against this principle.

Unitholders will only have a beneficial interest in the Loan Investments in which they have elected to invest and not in the Fund's entire portfolio. Therefore, lack of diversification is a risk for Unitholders in contributory mortgage schemes generally. Further information in relation to specific Loan Investments, such as the targeted distribution rates and term of investment, is set out in the SPDS relating to that Loan Investment.

3.6 Disclosure principle 4 – Related party transactions

This principle requires responsible entities to disclose their approach to related party lending, investments and other transactions, and how such transactions are assessed and monitored to consider whether the transaction is made with the same rigour and independence as transactions made on an arm's length commercial basis.

CFMG Land and the SPV Developers 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 SPV Developer) may not enforce its rights against a related party. See sections 3.2 (Benchmark 4) and 10.10 of this PDS for information about our Conflicts Policy that governs the related party transactions we may enter.

Should an event of default arise under a loan agreement and the SPV Developer 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 of the relevant Class informed of the actions being taken.

The Responsible Entity will not seek Unitholder approval to transact with a SPV Developer. The intended terms of a loan agreement will be benchmarked to market and will only be entered if those terms are in line with industry practice.

The directors of the Responsible Entity will only enter a loan agreement with a related party, including a SPV Developer, if they 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.

3.7 Disclosure principle 5 – Valuation policy

This disclosure principle requires the responsible entity to provide investors with information about the valuation of the property securing a loan in which investors have, or are being offered, an interest.

For Loan Investments secured by a mortgage over real property, will obtain an independent valuation of security property in respect of a Loan Investment before the issue of the loan, on renewal of the loan (if the LVR is more than 80%), and if we form a view that there is a likelihood of a decrease in the value of security property which may cause a material breach of a covenant of the relevant loan agreement with the SPV Developer.

The Fund's Valuation Policy (which includes the Fund's Unit Pricing Policy), the Compliance Plan and the Constitution each include a section on valuing the Fund's assets and is available on our website at www.cfmcapital.com.au.

3.8 Disclosure principle 6 – Lending principles – loan to valuation ratio

The loan to valuation ratio (LVR) is a measure of the amount of the loan provided to a borrower against the latest valuation obtained in respect of the security property. LVR is an indicator of how conservative or aggressive a scheme's lending practices are. Generally, the higher the LVR, the more vulnerable the scheme will be to a change in market conditions (for example, a downturn in the property market).

The maximum LVR for each Loan Investment by the Fund will be:

- for a project site suitable for a residential land subdivision - the total maximum borrowing in respect of this form of Loan Investment must not exceed 70% of the 'as if complete' valuation;
- for other loans where the security property is individual completed land allotments (residual stock loans) - the total maximum borrowing in respect of this form of Loan Investment must not exceed 80% of the 'as is' valuation.

It is possible that the maximum LVR is exceeded in some circumstances from time to time during the life of a loan, for example, if a loan is in default, the total LVR on that loan may exceed 80%.

3.9 Disclosure principle 7 – Distribution practices

This disclosure principle requires responsible entities to explain how the scheme will fund distributions to investors and to disclose any risks associated with current distribution practices.

Distributions from the Fund to investors will be sourced from interest or payments received or withheld from Loan Investments, proceeds received from the repayment of Loan Investments and not from Fund borrowings (as the Fund will not borrow).

Generally, distributions for each Loan Investment's minimum investment term will be made from loan funds withheld by the Fund from the total loan amount advanced to each SPV Developer and will be paid quarterly by electronic funds transfer to the Unitholder's nominated Australian bank account. In the event a Loan Investment's minimum investment term is extended, any distributions for such extended period have not been withheld by the Fund from the loan funds advanced to the SPV Developer.

The key factors that would have the most material impact on the ability to provide distributions to investors are:

FACTORS IMPACTING TARGET DISTRIBUTION RATES	RISK OF CHANGES TO THESE FACTORS ON DISTRIBUTIONS	SENSITIVITY ANALYSIS BASED ON CHANGES TO THESE FACTORS
Borrower default	If a borrower, being a SPV Developer, fails to meet interest payments under its loan agreement.	If a SPV Developer does not make any interest payments, Unitholders in the Class related to that Property Development loan may not receive any interim distributions.
Fund expenses	If the Fund incurs extraordinary expenses, which are not payable by us from our management fee or other resources.	If the Fund incurs extraordinary expenses of 0.8% per annum of the Fund's Gross Asset Value relating to a Loan Investment (for example costs in selling security assets upon borrower default), it may result in the distributions paid to the Unitholders in that Class being 0.8% per annum lower than anticipated for that Loan Investment.

3.10 Disclosure principle 8 – Withdrawal arrangements

This disclosure principle requires responsible entities to explain the scheme's withdrawal policy and the ability of investors to withdraw from the scheme.

The Fund operates as a contributory mortgage scheme.

Unitholders may not withdraw their investment before the end of the Class term (although transfers are permitted subject to the Constitution at the risk of the Unitholder). The SPDS will disclose the anticipated minimum investment term for the relevant Class.

If the relevant loan is not repaid by the SPV Developer by the end of the relevant loan term, the Responsible Entity may agree to extend the term for up to 12 months. If at the end of the term (that is not extended) or at the end of the extended term the relevant loan is not repaid, the Responsible Entity will commence recovery proceedings against the applicable SPV Developer.

If the SPV Developer fails to repay the entire underlying loan, or we are unable to recover the entire underlying loan upon enforcing our security, then you will receive less than the amount you invested in that Loan Investment.

In such circumstances, the amount you receive from the Loan Investment will be less than the amount you invested in that Class and the actual amount received will reflect each Class Unitholder's proportionate interest in the shortfall in the repayment of the loan by the SPV Developer.

When a loan is repaid (in full or part) we will redeem the Units corresponding to that Loan Investment and pay those funds to the Unitholder.

4. Management of the Fund

The Responsible Entity is an unlisted public company that holds AFSL number 291390 issued by ASIC. The Fund is an unlisted managed investment scheme registered with ASIC.

The AFSL enables the Responsible Entity to act as the responsible entity and trustee of the CFMG First Mortgage and Income Fund and to manage the day to day activities of the Fund in accordance with its AFSL, the Corporations Act, the Constitution and the Compliance Plan.

The Responsible Entity is an experienced fund manager who has been the manager and responsible entity of the CFMG Land

and Opportunity Fund ARSN 602 610 006 since its inception in November 2016. The experience and track record of the Responsible Entity is also gained through its role as manager and responsible entity of the Trust which since its inception in July 2021 has, in respect of capital that has fallen due for redemption, returned 100% of the capital to investors. However note that past performance should not be relied upon as indicative of future performance.

The Board and the management team of the Responsible Entity have significant experience in banking, finance, property development, accounting, taxation and general management.

Board



Scott Watson

Managing Director

Scott is a founding director of both the residential land development and income fund businesses of CFMG Capital.

After five years as a solicitor in private practice advising a wide range of clients including State Government departments, publicly listed and private companies, Scott joined a private development and financial services group where his responsibilities included management of the group's legal requirements and obligations, project management and broad acre acquisitions.

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

Scott holds Bachelor degrees in Law and Accountancy, a Graduate Diploma in Urban and Regional Planning and has more than 15 years broad experience in the property development and finance industries.



Jim Frayne

Independent Director

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

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

He is a former director of an ASX listed entity and a member of several Compliance Committees of registered Managed Investment Schemes.

Jason has 15 years experience in the property industry specialising in valuation and real estate advisory. Jason has had a broad range of property experience across all sectors including residential, commercial, retail, industrial, rural, special purpose and mixed use. This broad range of experience has seen Jason and his Valuation Practice (JPM Valuers & Property Consultants) actively providing advice to the public, private and government bodies across Victoria, New South Wales, Queensland and Northern Territory.

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

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

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



Jason Matigian

Independent Director

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

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

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

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

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



Barrie Adams

Independent Director

Senior Management

Senior Management of the Responsible Entity have a strong history in real estate investment and believe the potential exists to gain access to attractive returns available from investments in loans for Property Investment with a diversification of the loan portfolio through geography, projects and price points and have access to a positive flow of lending opportunities.



Ross Stiles

Independent Director
and Chairman CFMG Capital

During a career spanning more than 40 years, Ross has held a number of senior executive positions with a strong emphasis on the Financial Services sector, particularly with a Property and Real Estate background.

In 1998, Ross was a founding partner and Managing Director of ASX Top 200 company Cromwell Corporation Limited (ASX Code CMW), now known as Cromwell Property Group, and managed and directed the growth of the Company, now one of Australia's largest Real Estate Investment Trusts with a market capitalisation of more than \$2 billion as at 31 December 2017, and total assets under management of \$11.2 billion. Apart from his role of Managing Director at

Cromwell, Ross was Compliance Director and Responsible Manager for the Managed Investment Schemes the company promoted.

Since his retirement from Cromwell Ross has maintained his interest in property, real estate and financial services, and has undertaken a number of residential and industrial land developments in his own right. Ross is a shareholder and director of Brisbane based home building company Arkistruct Pty Ltd. He is actively involved as a shareholder in Xceda Capital Group Limited, which holds controlling interests in Asset Finance Limited (New Zealand) and Xceda Capital Pty Ltd in Australia, both of which hold licences issued by the Reserve Bank of New Zealand and ASIC.



Wayne Hamburger

Independent Director CFMG Capital

Wayne has 18 years lending experience working with various types of loan scenarios and debt structuring. Wayne has held state and national manager positions with finance brokerage and property companies. With experience in corporate governance and compliance as a Responsible Manager across mortgage broking and financial planning. Wayne has had extensive dealings with new land estates throughout Australia. Wayne also teaches Financial Planning and accounting subjects at Swinburne Online University.

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. Wayne is a member of the Mortgage & Finance Association of Australia, Associate Fellow of the Australian Institute of Management and a Justice of the Peace (Qualified).

With close to 15 years experience in management, marketing and strategy development, Andrew brings to the group an in-depth understanding of property and financial services sectors through senior marketing and operations roles at AMP, Devine Limited and Ausbuild.

With significant involvement in the sales, marketing and leasing of in excess of \$2.5 billion worth of residential, retail and commercial property in Queensland, NSW, Victoria and South Australia, Andrew brings expertise throughout a project lifespan from acquisition to final settlements.

Andrew has also worked in large organisations in specialist strategic marketing positions such as Suncorp & Australian Insurance Holdings and holds a Bachelor of Business (Management) specialising in Marketing, Human Resource Management and Industrial Relations and has commenced a Masters Degree in Property Economics.



Andrew Thomson

General Manager

Elio oversees the sales and marketing functions across all aspects of the business.

Elio works closely with Sales Managers in both the land development and investment management departments, while leading the marketing team across both digital and offline, as well as brand development.

A national and international award winning dynamic marketing professional with significant experience in managing brands, products and places – Elio has experience across a range of major organisations in development and asset management such as Aveo Group, Charter Hall, Lend Lease, Stockland and Colonial First State.



Elio Iacutone

National Sales and Marketing Manager

Custodian

Although we manage all assets of the Fund, we have appointed an independent custodian to hold the assets of the Fund.

The Responsible Entity has appointed The Trust Company (Australia) Limited under a Custodian Agreement. The Custodian's role is to hold the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions.

The Trust Company (Australia) Limited has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to a Unit holder for any act done or omission made in accordance with the Custodian Agreement.

The Trust Company (Australia) Limited's role as Custodian is limited to holding the assets of the Fund.

5. Risks of investing

5.1 Introduction

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

You should be aware that the value of the Fund's assets, income it may generate and the value of the Fund itself can be influenced by a number of factors, including those outside our control.

This section describes certain risks associated with an investment in the Fund.

Before deciding whether to subscribe for Units, you should carefully consider the principal risks to which you are exposed and whether 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 PDS from a professional adviser.

5.2 Specific risks

Borrower default risk	A key risk in relation to a loan is that a borrower may not be able to meet interest payments or repay its loan. Default may be caused by a number of factors including a change in a borrower's circumstances, significant economic changes, changes to market conditions or other unforeseen events or circumstances.
Security risk	<p>If a borrower defaults, the Fund will rely upon the security arrangements in place to recover the loan principal, interest and any other amounts due to the Fund. It is possible that the value of assets secured in respect of a loan may be inadequate to cover the full amount of money outstanding to the Fund.</p> <p>This may occur due to a variety of reasons, including a decline in a borrower's financial position leading to lower cash flows or a lower value attributable to the security property, capital depreciation of a security asset or enforcement of the security taking longer than anticipated.</p>
Decline in Property Development values	<p>The value of a Loan Investment may decline during the term of the loan for the relevant secured property. Factors that may influence the value of a property include:</p> <ol style="list-style-type: none"> an over-supply of similar types of properties that may result in a decline in a property's value, both in the short and long-term; and timing of the sale of a property - unforeseen circumstances or changing market conditions may result in the sale proceeds being lower than the initial acquisition price.
Resale risk	There is a risk that a borrower will not be able to sell the security property at the end of the loan. There is a risk there may be a delay in realising the loan proceeds, or that the sale price for the property may be less than the costs of acquiring it.
Investment term risk	The property market is cyclical, and there is a risk that the property market may be in a downturn at the end of the term of a loan when the property the subject of a Loan Investment is required to be realised and the loan repaid. This may result in the property realising a capital loss which will adversely affect the performance of your investment.
Valuation risk	<p>Although we take precautions to ensure all valuations are accurate and reliably obtained, there is a risk that a valuation will be fundamentally flawed. This can occur, for example, if the wrong methodology is used, if comparable properties or assets relied on are not truly comparable or if the assumptions and data about an asset that the valuer relies upon are false or incomplete.</p> <p>If a valuation being relied upon is wrong, then the Fund may understate the true loan-to-valuation ratio in respect of the Loan Investment. This can increase the chances of a shortfall of funds from a default sale of a security property to repay the loan, capitalised costs and any other amounts owed.</p>
Liquidity risk	An investment in the Fund should be treated as an illiquid long term investment because there is no secondary market for Units. If you wish to exit your investment prior to the end of your Class investment term and the Loan Investment being repaid, you will need to find a buyer for your Units.
Debt recovery	If the Fund is required to enforce the terms of any security arrangement to recover outstanding monies in relation to a Loan Investment, this may involve the sale of security property. The sale of assets may take time and this delay may temporarily leave the Fund with insufficient cash to meet distributions to that Class of Unitholders or to repay in full the Loan Investment amount to those Unitholders.

Insurance risk	If the underlying security asset is not properly insured or an event occurs which is not covered by insurance, there is a risk Unitholders may suffer loss on their Investment Loan if the security asset is partially or substantially destroyed or if the progress of any development is materially delayed.
Income distribution risk	<p>There is no guarantee on the income return of the Fund.</p> <p>This risk relates to the volatility of income distributions to Unitholders. Income distributions to Unitholders in the Fund primarily depend upon the net return that the Fund receives from the Loan Investment for each Class.</p>
Capital risk	<p>There is no guarantee on the return of a Unitholder's capital or the investment performance of the Fund.</p> <p>An investment in the Fund is not capital guaranteed and is not protected by any bank deposit provisions. Should an Investment Loan suffer a capital loss, the value of a Unitholder's Class decreases and the Unitholder also suffers a capital loss.</p>
Compliance risk	<p>If we fail to comply with our AFSL conditions, the Constitution, Compliance Plan or Corporations Act it will likely have an adverse impact on you and the value of your investment. In particular, this may occur if ASIC take action to:</p> <ul style="list-style-type: none"> a. wind up the Fund; or b. remove us as the responsible entity.
Investment management risk	This is the risk that changes to our management or the loss of other key personnel may result in us not anticipating movements in the mortgage market, not adequately complying with our obligations regarding management of the Fund and increase the risk of policies and procedures not being adhered to.
Counter Party Risk	<p>There are risks associated with counterparties fulfilling their obligations including the potential for disputes between a SPV Developer and CMFG Land as manager. The principals of CFMG Land are experienced in managing the delivery of residential land subdivisions.</p> <p>The Responsible Entity will closely monitor the progress of the Loan Investment and the underlying secured property.</p>
Conflict of Interest Risk	<p>A number of related parties are providing services to the property the subject of the Loan Investment and receiving fees creating a potential for conflicts of interest.</p> <p>The Responsible Entity has a conflict of interest policy for dealing with conflicts of interest.</p> <p>Should an event of default arise under a loan agreement with a SPV Developer and the SPV Developer does not remedy that default then the Responsible Entity will and is required to take action to recover the money owed.</p> <p>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.</p> <p>The Responsible Entity will keep the Unitholders informed of any actions being taken.</p>
Documentation Risk	<p>The interlocking arrangements involved in the Loan Investment, the secured property underlying the Loan Investment and arrangements between the Trust and the SPV Developer are governed by a set of legal documents and contracts which include a loan agreement and corporate project and asset management agreement with CFMG Land. The risk of dispute over the interpretation or enforceability of the documentation may have a materially negative impact on a Loan Investment and distributions under the applicable Class.</p> <p>The Responsible Entity has engaged professional advisers including in the fields of law to assist in interpreting the agreements.</p>

5.3 General risks

Taxation risk	<p>The tax summary in this PDS has been prepared based on the law existing at the date of this document. However, Australian tax laws are constantly changing, with the introduction of various reform proposals which may affect your investment in the Fund.</p> <p>Tax liability is your responsibility and we are not responsible for the taxation consequences of an investment in the Fund. If you are uncertain about any taxation effects of your investment you should seek your own taxation advice.</p>
Regulatory risk	<p>There is the risk that changes to the regulatory environment for financial services or the property industries may, directly or indirectly, affect the value of an investment in the Fund.</p>
Legislative changes	<p>Changes in government policy and legislation, including changes to the taxation system, planning and environment laws, regulation and policy, may affect the performance of the Fund.</p>
Macroeconomic risk	<p>The general state of the Australian and international economies, as well as change in taxation, monetary policies, interest rates, property market and statutory requirements may affect leasing demand, the market value and demand for property, and have a negative impact on the Fund's performance and the performance of the Fund's assets.</p>
COVID-19 risk	<p>At the date of this PDS, the outbreak of the COVID-19 pandemic has continued, resulting in significant volatility within the Australian and global economies.</p> <p>The risks set out in this section 5 as well as other unknown risks may arise as a result of COVID-19 which may adversely impact the Fund and the ability of borrowers to repay loans and for the Responsible Entity to source investments for the Fund.</p>



6. Fees and other costs

6.1 Consumer advisory warning	
DID YOU KNOW?	TO FIND OUT MORE
<p>Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.</p> <p>For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).</p> <p>You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.</p> <p>You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.</p>	<p>If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.</p>



6.2 Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

Taxes are set out in another part of this document.

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

Type of fee or cost	Amount ¹	How and when paid
ONGOING ANNUAL FEES AND COSTS		
Management fees and costs The fees and costs for managing your investment		
Management fee	1.1% p.a. of the total funds invested in the Fund	Monthly in arrears out of the Fund assets
Asset identification, fundraising and structuring fee	Up to 4.4% of the funds raised by the issue of Units	Upon the issue of Units in the Fund out of the Fund assets
Administration fees and costs	Up to 0.55% p.a. of the total funds invested in the Fund	Monthly in arrears out of the Fund assets
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
Transaction costs The costs incurred by the scheme when buying or selling assets	Nil	Not applicable
MEMBER ACTIVITY RELATED FEES AND COSTS (FEES FOR SERVICES OR WHEN YOUR MONEY MOVES IN OR OUT OF THE SCHEME)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Not applicable

¹ All figures disclosed include the net effect of GST and reduced input tax credits.

6.3 Example of annual fees and costs

This table gives an example of how fees and costs in the Units for this product can affect your investment over a one year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example

BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR

Contribution fees	Nil	For every \$50,000 you put in, you will be charged \$0.
PLUS Management Costs	6.05% p.a.*	And, for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$3,025 each year.
PLUS Performance fees	Nil	And, you will be charged or have deducted from your investment \$0 in performance fees each year.
PLUS Transaction costs	Nil	And, you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS cost of Units in the Fund		<p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of</p> <p>\$3,025</p> <p>What it costs you will depend on the investment option you choose and the fees you negotiate.</p>

6.4 Additional explanation of fees and costs

Management costs comprise the additional fees or costs that a Unitholder incurs by investing in the Fund rather than investing directly in the underlying assets.

MANAGEMENT FEE

- The Responsible Entity is entitled to be paid out of the assets of the Fund a fee (Management Fee) of 1.1% per annum of the funds invested in the Fund. The actual amount paid by Unitholders will correspond to the funds invested in Units in the Fund.
- The Management Fee is calculated and payable monthly in arrears.
- The Management Fee must be paid up to the date of completion of the final winding up of the Fund.
- For example, if a total of \$5 million is invested in the Fund, the Management Fee for a particular calendar month would be calculated as follows:

$$\$5,000,000 \times 0.011 \div 12 = \$4,583.33$$

ASSET IDENTIFICATION, FUNDRAISING AND STRUCTURING FEE

- The Responsible Entity is entitled to be paid a fee (Asset identification, fundraising and structuring fee) out of the assets of the Fund when it issues Units in the Fund.
- The Asset identification, fundraising and structuring fee is an amount up to 4.4% of the value or amount of funds raised by the issue of Units.
- The Asset identification, fundraising and structuring fee is due and payable on the date of the issue of Units from the assets of the Fund.
- For example, if 2,000,000 Units are issued, then the Asset identification, fundraising and structuring fee is calculated as follows:

$$\$2,000,000 \times 0.044 = \$88,000$$

ADMINISTRATION FEE AND COSTS

- a. The Responsible Entity is entitled to be paid out of the assets of the Fund an administration fee (Administration Fee) of 0.55% per annum of the funds invested in the Fund. This is a fixed fee which reimburses fees and costs incurred by the Responsible Entity in performing its duties as responsible entity. The actual amount paid by Unitholders will correspond to the funds invested in Units in the Fund.
- b. The Administration Fee is calculated and payable monthly in arrears.
- c. The Administration Fee must be paid up to the date of completion of the final winding up of the Fund.
- d. For example, if a total of \$5 million is invested in the Fund, the Administration Fee for a particular calendar month would be calculated as follows:

$$\$5,000,000 \times 0.0055 \div 12 = \$2,291.66$$

6.5 Units in lieu

We may elect to receive Units instead of all or part of any fee which we are entitled to receive (plus any applicable GST) as responsible entity for the Fund. Any such issue of Units must be based on the current net asset value of the Fund in accordance with the Constitution.

6.6 Removal fee

Under the Constitution, we are entitled to a fee of 5.5% of the value of the Fund assets if we are removed as the responsible entity of the Fund (other than for gross negligence in the management of the Fund or a material fiduciary breach). For example, if the Fund gross asset value was \$5 million, we would be entitled to receive a removal fee of \$275,000 if removed as responsible entity. The Management Costs row in the table in section 6.3 above does not include any removal fee.

6.7 Other fees

The Responsible Entity (or an associate) may receive and charge fees in addition to other fees specified in this PDS and recover costs and outlays for any other services not reasonably contemplated by the Responsible Entity as being part of those duties for which it is remunerated where the services are provided by the Responsible Entity (or an associate) to the Fund.

6.8 Can fees be different for different investors?

No.

6.9 Government charges and GST

Government taxes such as stamp duty and GST may be applied as appropriate. Please refer to 'Taxation considerations' in section 7.

7. Taxation considerations

7.1 General information only

Australian tax laws are complex and are subject to constant change. The views in this PDS are based on law and announcements current in Australia as at the date of this PDS. It does not take into account or anticipate any changes in the tax law or future judicial interpretations of the law after this time, nor does it take into account the tax law of countries other than Australia.

The taxation comments in this section are general in nature by necessity and the taxation implications may vary for each investor depending on their particular circumstances. Accordingly, we recommend you seek your own professional advice regarding the taxation implications associated with an investment in the Fund.

In this respect, the taxation comments below are only relevant for Australian resident investors who hold their units on capital account. They are not relevant for investors who hold their investments on revenue account or may be subject to special tax rules such as banks, insurance companies, managed investment trusts, tax exempt organisations and dealers in securities.

You may be required to pay tax in relation to your investment in the Fund (generally income tax). However, you may be able to claim some tax offsets or have the benefits of some tax concessions.

Some tax information has been provided for you below. However, although every care is taken, it is never possible to rule out the risk that on a subsequent review, taxation liabilities for the Fund could be increased or the benefit of concessions reduced.

7.2 Distributions

Under current legislation, the trustee of the Fund will not be subject to taxation provided its taxable income is distributed in full to investors each year.

The Fund will fully distribute its distributable income each year, calculated in accordance with the Constitution and applicable taxation legislation, to investors who are presently entitled to the income under the Constitution. Tax losses (if any) generated by the Fund cannot be passed to investors. However, provided specific requirements are satisfied, the Fund should be able to carry forward losses, offsetting them against income derived in future years.

7.3 Income tax

You may be liable to pay income tax on Distributions received from the Fund depending on your total taxable income and your income tax rate and will need to include in your income tax return, your share of the Fund's taxable income for each financial year. The tax impact for you in relation to Distributions from the Fund will depend on:

- a. your personal tax position;
- b. your marginal tax rate; and
- c. the composition of the Distribution, i.e. the class of income making up the Distribution.

We will send you an annual statement indicating the taxable and non-taxable component of Distributions (including any tax offsets) for the financial year, to assist in the preparation of your income tax return.

7.4 Capital gains tax

There should be no capital gains tax liability for investors where the capital amount returned to investors will generally equal the amount initially invested (except if the Fund suffers a loss).

7.5 Transfer duty

Depending on the application of relevant State and Territory laws, transfer duty may be payable upon the transfer of Units. Investors should seek professional advice in relation to the application of transfer duty prior to transferring Units.

7.6 Tax file numbers – Australian residents

You can choose whether to provide your Tax File Number (TFN) on your Application Form. If you do not provide your TFN or claim an exemption, we are required to deduct tax at the highest marginal rate, plus the Medicare Levy (currently 46.5%), from your Distributions. We are authorised to collect TFNs under Australian tax law.

If you are a business taxpayer you may provide us with an ABN instead of a TFN.

7.7 Goods and services tax (GST)

The issuing and redemption of Units will not be subject to GST.

GST is not payable on a transfer of Units. However, GST may be incurred on services that you acquire in relation to the acquisition, disposal or redemption of Units (such as legal or accounting advice). You should seek advice about whether you are entitled to claim input tax credits in respect of GST on those costs.

GST is not payable on Distributions made to you.

7.8 Withholding tax (overseas investors)

This summary does not consider the Australian income tax implications for non-resident investors. However, it is noted that Australian taxation laws impose obligations to withhold tax from Distributions paid to overseas investors in certain circumstances. If you are not an Australian resident for tax purposes, withholding tax will be deducted from your distributions at the prescribed rate. These rates may vary depending on the components of the distribution and the country in which you reside.

Overseas investors should seek independent advice as to the application of withholding tax to their particular circumstances.

7.9 Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities.

If you are a US resident for tax purposes, you should note that the Fund is a 'Foreign Financial Institution' under FATCA and complies with its FATCA obligations, as determined by the inter-governmental agreement entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund must obtain and disclose information about certain investors to the Australian Taxation Office (ATO).

In order for the Fund to comply with its obligations, we require that you provide certain information about yourself, including your US Taxpayer Identification Number. We will determine whether the Fund is required to report your details to the ATO based on our assessment of the relevant information received.

7.10 Common Reporting Standard (CRS)

The CRS is a tax reporting regime developed by the Organisation for Economic Co-operation and Development (OECD). Australia has committed to implementing the CRS by signing the Multilateral Competent Authority Agreement with the OECD and passing appropriate supporting legislation enabling tax information to be exchanged between tax authorities.

From 1 July 2017, the CRS requires financial institutions to identify and report foreign resident account holder information to their local tax authority, which will in turn exchange the information with the tax authorities of participating foreign jurisdictions.

7.11 Not tax advice

This tax summary is not tax advice. It is provided by us as a general statement relating to high level Australian tax implications for an investor in the Fund. It does not address all tax consequences of an investment in the Fund, or investments by the Fund. Investors should seek their own independent advice as to how an investment in the Fund might affect their personal tax position.

We are not licensed under the tax agent services regime and cannot provide tax advice to investors. This section is intended to be a general guide only and is not intended to be definitive advice, nor relied upon as such. As the taxation outcomes will depend on individual investors' personal circumstances, it is recommend that all investors consult with their taxation adviser in relation to how these outcomes may apply to them.

8. Making, withdrawing & monitoring your investment

8.1 Initial investments

The minimum initial investment amount is \$25,000 or as otherwise stated in each SPDS.

All individual or joint investors in the Fund must be at least 18 years of age.

8.2 How to make your initial investment

To make your initial investment, please send us your:

- cheque made payable to [The Trust Company (Australia) Limited] ACF CFMG Development and Income Fund <insert name of investor(s)>;
- completed and signed Application Form; and
- required customer identity verification documents (refer to the Application Form for instructions).

8.3 Restrictions on investments

Under the Constitution, we can refuse an Application for any reason and we are not required to advise you of the reason.

In particular, where we consider it to be in the best interests of investors, we may suspend Application requests.

8.4 Cooling-off rights

Investors have no 'cooling off' rights when they invest in the Fund. Therefore, if you change your mind about your investment, the Responsible Entity is under no obligation to accept a request to withdraw an Application once received.

8.5 Loan Investment information

Details which are specific to a Loan Investment will be contained in the corresponding SPDS seeking subscriptions for that Loan Investment. The SPDS provides the following information in relation to a proposed Loan Investment:

- the amount to be advanced to the SPV Developer and the LVR;
- the identity of the SPV Developer and the purpose of the Loan;
- the term of the Loan Investment;
- the lower and higher rate of interest payable by the SPV Developer;
- the applicable targeted distribution rate;
- details of the address and description of the security property;
- details of the value of the secured property as certified by an approved valuer, including the value, the basis of the valuation; and
- if applicable, a summary of any differences in the terms of the Loan Investment and underlying loan from those set out in this PDS.

8.6 Targeted distribution rate

Distribution rates will ultimately depend upon the income generated by the Loan Investment in which you have invested and any amounts deducted from that income in order to meet our management fees. Our fees will be deducted from the income of the Fund prior to distributions being paid to investors.

A targeted distribution rate is set out in the SPDS for each Loan Investment.

The targeted distribution rate is an estimate only and is calculated by reference to the interest rate payable by the SPV Developer under the relevant loan agreement less our management fees and costs.

The targeted distribution rate is not a guaranteed return to investors and an investment in the Fund is subject to investment risk, including the loss of capital invested. You should refer to section 5 for a discussion of the risks of investing in a Loan Investment.

The actual distribution rate you receive may be lower than the targeted distribution rate. The actual distribution rate will be dependent upon the payment of interest by the SPV Developer, whether default interest is payable by the SPV Developer and if there are any administration or enforcement costs.

8.7 Payment of distributions

Payment of distributions on Units will be dependent upon the SPV Developer meeting its obligations and making loan interest payments in full and on time in accordance with the applicable loan agreement.

Generally, distributions for each Loan Investment's minimum investment term will be made from loan funds withheld by the Fund from the total loan amount advanced to each SPV Developer and will be paid quarterly by electronic funds transfer to the Unitholder's nominated Australian bank account. In the event a Loan Investment's minimum investment term is extended, any distributions for such extended period have not been withheld by the Fund from the loan funds advanced to the SPV Developer. Subject to the availability of funds, distributions on Units will be paid by electronic funds transfer into your nominated Australian financial institution account.

The transfer of distributions to your account will typically occur within 5 Business Days of the end of each distribution period for a Loan Investment as specified in the SPDS.

8.8 Withdrawing your investment

There are no withdrawal rights available to Unitholders. Once invested you should consider your investment committed for at least the minimum term of the Class as specified in the SPDS.

If the relevant loan is not repaid by the SPV Developer by the end of the relevant loan term, the Responsible Entity may agree to extend the term for up to 12 months. If at the end of the term (that is not extended) or at the end of the extended term the relevant loan is not repaid, the Responsible Entity will commence recovery proceedings against the applicable SPV Developer.

Upon the partial or full repayment of the Loan Investment we will redeem those Units corresponding to that Loan Investment and pay these funds to your bank account as nominated in the relevant Application Form within 5 Business Days from the date of the partial or full repayment of the Loan Investment.

You may at any time sell or transfer your Units to another person at your own risk subject to the Constitution.

8.9 Monitoring your investment

We will send you regular information about your investment, including:

- a. confirmation of the acceptance of your initial investment;
- b. distribution statements;
- c. an annual taxation summary; and
- d. quarterly periodic statements.

At any time you may request a transaction statement that shows either all transactions since your last regular statement or all transactions for a specific period.

We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact our Investor Relations team on 1800 155 526.

A concise annual report for the Fund is available from our website www.cfmcapital.com.au. You can request a paper copy of the concise annual report free of charge at any time.

9. Material documents

9.1 Constitution

The Fund was established by the Constitution.

The Constitution is the primary document governing the relationship between us as responsible entity, and Unitholders. As a Unitholder, you will be bound by the provisions of the Constitution. The Constitution, in conjunction with the Corporations Act, regulates the operation of the Fund and set out the rights and obligations of Unitholders and our responsibilities and duties as the Responsible Entity.

The Constitution includes provisions which relate to:

- a. the Responsible Entity's powers, duties and obligations;
- b. the rights and obligations of Unitholders;
- c. the ability of Unitholders to remove the Responsible Entity;
- d. the issue of Units and the prohibition on the redemption or repurchase of Units or, for Units which carry withdrawal rights, the procedures for the redemption of Units;
- e. the transfer and transmission of Units;
- f. the valuation of the Fund;
- g. fees payable to the Responsible Entity;
- h. the Responsible Entity's right to be indemnified out of the Fund for expenses, losses and liabilities arising in its capacity as responsible entity subject to us having properly performed our duties;
- i. the winding up of the Fund;
- j. meetings of Unitholders;
- k. complaints and other procedures in relation to the Fund; and
- l. our limitation of liability (subject to the Corporations Act).

The Responsible Entity may amend the Constitution without Unitholder consent where we reasonably believe the amendment will not adversely affect Unitholders' rights. Otherwise, the Constitution can only be amended if at least 75% of votes cast by Unitholders (at a meeting convened in accordance with the Constitution and the Corporations Act) vote in favour of the amendment.

We may retire, or be removed as responsible entity by investors, in accordance with the Corporations Act.

A copy of the Constitution may be obtained by searching ASIC records or by written request to us and a payment of a fee (currently \$10).

9.2 Compliance Plan

We have prepared a Compliance Plan which has been lodged with ASIC. The Compliance Plan is a document that outlines the principles and procedures in relation to the conduct of the Fund that we follow to ensure we comply with the provisions of the Corporations Act, ASIC policies and the Constitution.

The Compliance Plan deals with a wide range of issues including:

- a. that the assets of the Fund are identified as assets of the Fund;
- b. the assets of the Fund are valued at appropriate regular intervals; and
- c. that accurate records of the Fund's operations are kept.

Each year, adherence to the Compliance Plan is audited by an external Compliance Plan auditor and the audit report is lodged with ASIC.

9.3 Custody Agreement

The Responsible Entity has entered into a Custody Agreement appointing The Trust Company (Australia) Limited as custodian of the Trust's assets. The Trust Company (Australia) Limited is an independent custodian who will hold the assets of the Fund. The Custodian acts on the instructions of the Responsible Entity and the duties of the Custodian pursuant to the agreement include:

- a. holding assets of the Fund as agent of the Responsible Entity of the Fund;
- b. acting on the specific instructions given by the Responsible Entity or its authorised representatives; and
- c. ensuring that the Custodian acts, insofar as its duties are concerned, in accordance with the Corporations Act.

Under the Custody Agreement, the Responsible Entity indemnifies the Custodian in relation to its properly performed services as custodian of the Fund.

9.4 Company and Project Management Agreement

Each SPV Developer will engage CFMG Land to provide project management functions and administrative and company secretarial functions pursuant to a written Company and Project Management Agreement.

In accordance with the Company and Project Management Agreement and in exchange for the provision of the agreed services CFMG Land will earn management fees as set out below.

PROJECT MANAGEMENT FEE

CFMG Land will earn a project management services fee in consideration for CFMG Land endeavoring to do all things it may deem necessary, prudent and desirable for carrying out the efficient, businesslike and proper management of a property development.

The project management fee:

- 1.1 comprises an amount equal to 2.0% plus GST of the gross sales price received by a SPV Developer from any sale and/or similar transaction relating to a property; and
- 1.2 is payable on the date of settlement of the sale by a SPV Developer of any allotment developed or created from a project site.

COMPANY AND ASSET MANAGEMENT SERVICES FEE

CFMG Land will earn a company and asset management services fee in consideration for CFMG Land endeavoring to do all things it may deem necessary, prudent and desirable for carrying out the efficient and proper management of a SPV Developer, a project site and a property development.

The company and asset management fee:

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

COMPANY SECRETARIAL SERVICES FEE

CFMG Land will earn a company secretarial services fee in consideration for CFMG Land endeavoring to do all things it may deem necessary, prudent and desirable for carrying out the efficient administration of a SPV Developer's secretarial affairs.

The company secretarial services fee:

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

A SPV Developer must reimburse CFMG Land for any:

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

10. Additional information

10.1 Responsible Entity indemnified

To the extent permitted by the Corporations Act and the law, we, as responsible entity, are indemnified out of the Fund against any claim, action, damage, loss, liability, cost, expense or payment which we incur or are liable for, provided that it does not arise from our failure to properly perform our duties.

10.2 Investors' liability limited

The Constitution seeks to limit the liability of investors to the amount of their investment plus other moneys payable to us or the Fund pursuant to the Constitution (if any). However, because this is a matter which can only ultimately be determined by the courts, no assurance or guarantee is given that investors' liability will be limited in a manner discussed above.

10.3 Complaints

If you have a complaint about any aspect of your investment in the Fund, please write to us at:

Complaints Manager

CFMG Equity and Income Funds Limited
GPO Box 1993,
Brisbane QLD 4001

Alternatively, you can phone us on 1800 155 526 (within Australia) or +61 7 3613 0001 (outside Australia).

We are a member of, and participate in, the Australian Financial Complaints Authority (AFCA), an independent complaints resolution organisation. If you feel your complaint has not been satisfactorily resolved you are entitled to make a complaint to AFCA at:

Australian Financial Complaints Authority

GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 932 678

Email: info@afca.org.au

10.4 Labour standards and social, ethical and environmental considerations

While we do not explicitly take into account these factors and do not have a specific methodology for the extent to which these factors are considered, we may take them into account as one of the components considered in investing the assets of the Fund.

10.5 Updated information

Where there is a change to information which is not material to investors this updated information will be made available on our website at www.cfmcapital.com.au (Updated Information). If you require a paper copy of any Updated Information please contact us using the details in the Corporate Directory and it will be provided without charge on request.

While this PDS and any Updated Information are up to date at the time of preparation, changes may be made to the Fund from time to time. Investors should ensure that they keep up to date with the latest information on the Fund.

To obtain this information either:

- visit our website at www.cfmcapital.com.au; or
- phone us on 1800 155 526 (inside Australia) or +61 7 3613 0001 (from outside Australia).

A paper copy of the most recent information will be sent to you free of charge on request.

10.6 Unit pricing policy

We have a policy for Unit pricing discretions we use in relation to the Fund for the purposes of ASIC legislative instrument 2015/847. Our Unit pricing policy for the Fund and records of the discretions we exercise are available, free of charge, on request and can be obtained by contacting us by email at investorrelations@cfmgcapital.com.au or by phone on 1800 155 526.

10.7 Disclosing entity

The Fund may become a disclosing entity in which case the following arrangements will apply.

As a disclosing entity, the Fund will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. You will have the right to obtain various financial reports lodged with ASIC for the Fund.

We will satisfy our continuous disclosure obligations for the Fund by publishing material information on our website at www.cfmcapital.com.au.

Any material information affecting the Fund will be placed on our website.

Accordingly, given the disclosure of material information will be made on our website, we will not be required to lodge continuous disclosure notices for the Fund with ASIC.

10.8 Privacy

The privacy of your personal information is important to us. We collect personal information directly from you through the Application Form and from third parties who assist us with our business. The purpose of collecting your information on the Application Form is to process your application and manage your investment in the Fund. If the personal information you provide to us is incomplete or inaccurate, we may not be able to work with you effectively, or at all, and may be delayed in performing our business functions.

If you invest in the Fund on the recommendation of your financial adviser, details of your investment and information about you will be provided to your financial adviser.

All personal information collected will be collected, used and stored by us in accordance with our privacy policy, a copy of which is available on request or at our website listed below.

From time to time, we may wish to advise you about other services and products which could suit your needs. By making an application, you agree that we may disclose your personal information to other corporations specifically, but not solely, for marketing purposes.

However, if you do not want this information to be used for this purpose, you must exercise your right to instruct us not to disclose any information concerning your personal information. You may do this by ticking the 'non-disclosure' box on the Application Form. However, we may still disclose personal information where required by law.

You are entitled to request reasonable access to, and correction of, your personal information. We reserve the right to charge an administration fee for collating the information requested.

For a copy of our privacy policy and for information about how we deal with personal information, including how you can complain about privacy-related matters and how we respond to complaints, please visit our website at www.cfmcapital.com.au.

10.9 Keeping us informed

Our records about you are important. Please inform us in writing of any changes to the personal details that you have given us. This may be a new postal address, a change of name or new account details for Distribution or withdrawal payments. When requesting a change of personal details please give us:

- a. the full name in which your investment is held and your account number;
- b. the changes you are requesting;
- c. a contact name and daytime telephone number; and
- d. appropriate signatories on the request.

Some changes also require additional documents (such as a change of name request). Please note that we will only change your nominated account if we receive an original, signed, written request. We will send you written confirmation of any changes that you request us to make to your personal details.

10.10 Related parties

We may enter into transactions with, and use the services of, any related company of the Responsible Entity. Those arrangements will be based on arm's length commercial terms.

We, any Director or officer or any party related to them may invest in the Fund. It is our policy to ensure that those arrangements are on arm's length commercial terms. We have a conflict resolution procedure in place in the unlikely event that a conflict of interest arises.

10.11 Investment by our officers and employees

Pursuant to the Constitution, we, any Director or officer or any party related to them may invest in the Fund. It is our policy to review any such application, which must be on the same basis as that of other applicants.

We have a conflict resolution procedure in place in the unlikely event that a conflict of interest arises.

10.12	Disclosure of Interests
	<ul style="list-style-type: none"> a. Directors (or their associates) have a beneficial interest in shares in the Responsible Entity and will benefit from fees derived by it. b. Directors receive directors' fees for carrying out their duties as directors of the Responsible Entity. c. The Responsible Entity, Directors and other related parties of the Responsible Entity may hold interests in the Fund from time to time. Where this occurs those investments will be acquired and dealt with on the same terms as any other investor in the Fund. d. The Responsible Entity or Directors of the Responsible Entity do not borrow from the Fund.
10.13	Consents
	<p>The following parties have given and not withdrawn their consent to be named in this PDS in the form and context in which they are named:</p> <ul style="list-style-type: none"> a. The Trust Company (Australia) Limited ACN 000 000 993; b. BDO Audit Pty Ltd ACN 134 022 870; c. McCullough Robertson Lawyers. <p>To the maximum extent permitted by law, each of the above party's expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. Each of the above party's does not guarantee the repayment of capital or any particular rate of capital or income return.</p>
10.14	Electronic PDS
	<p>This PDS is available in electronic form at www.cfmcapital.com.au. We will send, on request, any person receiving this PDS electronically, a paper copy of the PDS free of charge during the period of the Offer. Applications must be made by completing and submitting the online Application Form.</p> <p>We will not accept a completed Application Form if we have reason to believe that the applicant has not received a complete electronic copy of the PDS and the relevant SPDS or if we have reason to believe that the Application Form or electronic copy of the PDS and the relevant SPDS has been altered or tampered with in any way.</p> <p>While we believe that it is extremely unlikely that during the period of the Offer the electronic version of this PDS and the relevant SPDS will be tampered with or altered in any way, we cannot give any absolute assurance that this will not occur. If you are in doubt about the validity or integrity of an electronic copy of the PDS and the relevant SPDS you should immediately request a copy of the PDS and the relevant SPDS directly from us or your adviser.</p>
10.15	Directors' authorisation
	Each Director has consented to and authorised the issue of this PDS.

Corporate directory

Fund CFMG First Mortgage and Income Fund ARSN 118 670 705	Solicitors McCullough Robertson Lawyers Level 11, Central Plaza 2 66 Eagle Street Brisbane QLD 4000
Responsible Entity CFMG Equity and Income Funds Limited ACN 112 753 876, AFSL No. 291390 138 Mary Street, Brisbane City QLD 4000	Financial Report and Compliance Plan Auditor BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000
Custodian The Trust Company (Australia) Limited ACN 000 000 993, AFSL No. 235145 Level 18, 123 Pitt Street Sydney NSW 2000	

Glossary

In This Document:

AML/CTF Act	means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
Application Form	means the Application Form attached to or accompanying the SPDS.
ASIC	means the Australian Securities and Investments Commission.
Board	means the board of directors of the Responsible Entity.
Business Day	means a day other than a Saturday, Sunday or public holiday in Brisbane, Queensland.
CFMG Land	means CFMG Land Limited ACN 127 663 414.
Class	means a class of Units issued which have a proportionate interest in a particular Loan Investment.
Compliance Plan	means the compliance plan of the Fund as amended from time to time.
Conflicts Policy	means the conflicts policy maintained by the Responsible Entity.
Constitution	means the constitution of the Fund as amended from time to time.
Corporations Act	means Corporations Act 2001 (Cth) and includes the Corporations Regulations 2001 (Cth).
Custodian	means The Trust Company (Australia) Limited ACN 000 000 993, AFSL No. 235145.
Director	means a director of the Responsible Entity.
Distribution	means the income paid to investors from the Fund.
Fund	means the registered managed investment scheme CFMG First Mortgage and Income Fund ARSN 118 670 705.
Lending Policy and Procedures Manual	means the lending policy and procedures manual maintained by the Responsible Entity.
Loan Investment	means a loan investment which is secured by a registered mortgage over real property.
PDS or Product Disclosure Statement	means this Product Disclosure Statement.
Responsible Entity, our, we and us	means CFMG Equity and Income Funds Limited ACN 112 753 876.
SPDS	means a supplementary product disclose statement for an offer of a Class, containing specific details of the applicable Loan Investment.
SPV Developer	means a special purpose vehicle managed by CFMG Land and whom is the principal or borrower for a Loan Investment.
Unit	means a unit in the Fund.
Unit Pricing Policy	means the unit pricing policy maintained by the Responsible Entity.
Valuation Policy	means the valuation policy maintained by the Responsible Entity.



CFMG
Capital

Real people.

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

138 Mary Street,
Brisbane City QLD 4000
GPO Box 1993, Brisbane QLD 4001

Printed: April 2025