



Continuous Disclosure Notice

Portfolio Information as at 30 June 2024

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.

Although the Fund may not at all times hold 50% or more of its non-cash assets invested in mortgage loans and/or unlisted mortgage schemes (mortgage loans being loans secured by a mortgage over real property), we have included information regarding ASIC's benchmarks and disclosure principles as they apply to the Responsible Entity and, where applicable, the Fund.

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

The financial information in this document is extracted from the Fund's accounting and management records as at 30 June 2024 and is based on unaudited financial records unless stated otherwise.

This document has been prepared by Westlawn Financial Services Limited ABN 20 141 420 920, AFS Licence No. 518648 as the Responsible Entity of the Fund and has been provided to keep you informed and to assist you in better understanding the nature of this investment.

Capitalised terms have the meaning given to them in the Product Disclosure Statement dated 18 April 2024 (PDS), unless otherwise defined. The PDS can be obtained by contacting us on 1300 WESTLAWN or on our website at <https://www.westlawn.com.au/incomefund/>.

Date of issue

31 July 2024

Benchmarks Section

ASIC Benchmark	Compliance with the Benchmark	Explanation	Disclosure Principles
<p>Benchmark 1: Liquidity</p> <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. 	This benchmark is met.	We have cash flow estimates for the Fund which meets these requirements.	Refer to Disclosure Principle 1 below for additional disclosures.
<p>Benchmark 2: Scheme borrowing</p> <p>The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.</p>	This 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.	Refer to Disclosure Principle 2 below for additional disclosures.
<p>Benchmark 3: Loan portfolio and diversification</p> <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). 	This benchmark is not met.	<p>As the Fund was only established on March 2020 and issued its first PDS on 4 December 2020, it will not have a diversified portfolio of assets until it has received sufficient capital from investors and its portfolio has been fully invested in Loans.</p> <p>Once the total value of the Loan portfolio exceeds \$100 million, the Fund intends to satisfy items (a), (b) and (c) of this benchmark but will not meet item (d).</p> <p>Certain Loans will not be secured by first mortgages over real property (including registered leasehold title).</p>	Refer to Disclosure Principle 3 below for additional disclosures.
<p>Benchmark 4: Related party transactions</p> <p>The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.</p>	This benchmark is met.	We currently do not and do not intend to lend to our related parties or to the Investment Manager.	Refer to Disclosure Principle 4 below for additional disclosures.

ASIC Benchmark	Compliance with the Benchmark	Explanation	Disclosure Principles
<p>Benchmark 5: Valuation policy</p> <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. 	<p>This benchmark is not met.</p>	<p>For Loans secured over real property assets, the Fund will meet this benchmark other than in relation to (d) as given the regional locations of the security assets, it is not possible for the Fund to regularly rotate or have a diversity of suitably qualified valuers given the limitations in the regional marketplace.</p> <p>For Loans secured over assets other than real property (such as a general security interest over a Borrower's assets or over chattels), the Fund will not meet this benchmark but will implement procedures to assess the adequacy of the security provided in accordance with its Compliance Plan valuation section.</p>	<p>Refer to Disclosure Principle 5 below for additional disclosures.</p>
<p>Benchmark 6: Lending principles – loan to valuation ratios</p> <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. 	<p>This benchmark is met.</p>	<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>For Loans secured over assets other than real property, the Fund may lend on an LVR of up to 80% of the value of the assets securing the Loan (such as the assets of a business acquired by the Borrower or chattels).</p>	<p>Refer to Disclosure Principle 6 below for additional disclosures.</p>
<p>Benchmark 7: Distribution practices</p> <p>The responsible entity will not pay current distributions from scheme borrowings.</p>	<p>This benchmark is met.</p>	<p>The Fund will not borrow and all distributions will be sourced from interest or payments received from Loans, proceeds received from the repayment of Loans and new application funds.</p>	<p>Refer to Disclosure Principle 7 below for additional disclosures.</p>
<p>Benchmark 8: Withdrawal arrangements</p> <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>	<p>This benchmark is not met.</p>	<p>The Fund operates as a non-liquid scheme and each Class of Units will have a minimum investment term. This means investors will only be able to withdraw their investment at the end of their Class' investment term which may be anywhere between 6 months and 5 years (subject to accepting a withdrawal offer in the time frame required and sufficient funds being available to meet the withdrawals).</p> <p>If an investor does not withdraw their investment at the end of their Class' investment term, then their investment in the relevant Class will be rolled over for a further investment term.</p>	<p>Refer to Disclosure Principle 8 below for additional disclosures.</p>

Disclosure Principles Section

1. 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.

We manage the Fund's liquidity by paying distributions from interest or payments received from Loans, proceeds received from the repayment of such Loans and new application funds, not borrowing on behalf of the Fund, maintaining a cash flow forecast for the Fund to assist, monitor and budget for cash inflows and outflows, issuing Subordinated Units and only enabling investors to withdraw at the end of each Class' investment term.

We aim to issue Subordinated Units to related parties or our associates from time to time in order to equal at least 1% of the aggregate Issue Price of all issued Units. The issue of Subordinated Units is a mechanism to be used by the Responsible Entity to facilitate the redemption of Units at the end of their applicable investment term for not less than the Issue Price per Unit (being the price of each Unit at the time of issue) to be redeemed.

The Fund also has the benefit of a letter of financial support from the ultimate shareholders of the Responsible Entity (namely, COG Financial Services Limited and Westlawn Holdings Pty Ltd in their respective proportions) that commits those parties to provide sufficient financial support that may be necessary to enable the Fund to meet its financial commitments as and when they fall due. However, this letter of financial support does not guarantee the repayment of your capital investment.

There are many risk factors that may affect the liquidity of the Fund including:

- (a) failure of Borrowers' to pay interest on their Loans or repay their capital at the end of their Loans' terms;
- (b) a decline in the Australian property market making it difficult to sell any real property underlying securities;
- (c) imbalance on the maturity of assets with accepted withdrawal offers at the end of an investor's investment term;
- (d) insufficient equity in the security assets of the Fund to repay investors' capital;
- (e) insufficient number of Subordinated Units issued to equal the Issue Price of Units (being the price of each Unit at the time of issue) to be redeemed and/or no market or funds for an entity to subscribe to any Subordinated Units; and
- (f) government intervention and regulation changes resulting in the Fund being unable to fulfil its objective.

The Fund manages the risk by adhering to prudent lending practice in accordance with its Lending Policy and Procedures Manual and by issuing Subordinated Units.

2. 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.

The Fund does not currently have any borrowings and does 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. 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.

ASIC requires the product disclosure statements for unlisted mortgage schemes to disclose the nature of the scheme's investment portfolio. As the Fund has been operating and investing in Loans for less than 4 years, the nature, diversity and composition of the Fund's portfolio may change rapidly and significantly.

Until the Fund's Loan portfolio reaches \$100 million, there will be no limitation on the size of any single Loan transaction by the Fund as a percentage of the total value of its Loan portfolio nor on the aggregate exposure of the Fund to a single Borrower. Upon the total value of the Loan portfolio reaching \$100 million, the Fund's policy on diversification of assets is to ensure that the adverse impact of a default arising from one Loan will not have an unduly detrimental effect on the entire Loan portfolio and for the Fund to hold a well-balanced portfolio of Loans. Specifically, no single Loan by the Fund will exceed the equivalent of 5% of the total value of the Loan portfolio and the Fund's aggregate exposure to the same Borrower or to parties related to a Borrower may not exceed the equivalent of 5% of the total value of the Loan portfolio.

(a) Analysis of number and value of loans by

i) Class of activity

Asset class	No. of accounts	Value (\$)
Property development	2	5,547,741
Residential investment	0	0
Commercial	3	6,055,269
Industrial	0	0
Retail	0	0
Total	5	11,603,010

ii) Geographic region

State	No. of accounts	Value (\$)
NSW	5	11,603,010
QLD	0	0
VIC	0	0
Total	5	11,603,010

iii) **Proportion of loans that are in default or arrears for more than 30 days**

Days in arrears/default	No. of accounts	Value (\$)
30-60 days	0	0
61-90 days	0	0
> 90 days	0	0
Total	0	0

iv) **Nature of the security for loans made by the Fund,**

Security type	No. of accounts	Value (\$)
Registered first mortgage – development loans	1	2,668,578
Registered first mortgage – non development loans	3	7,959,440
Goods Mortgage	1	974,992
Total	5	11,603,010

v) **Loans approved but have funds that have yet to be advanced and the funding arrangements in place for these undrawn commitments**

Security type	No. of accounts	Value (\$)
Registered first mortgage – development loans	2	2,202,259
Registered first mortgage – non development loans	0	0
Goods Mortgage	0	0
Total	2	2,202,259

Loans approved but yet to be advanced are generally funded from a combination of existing cash reserves and new investors funds received.

Should it be required, the Fund also has the benefit of a letter of financial support from the ultimate shareholders of the Responsible Entity (namely, COG Financial Services Limited and Westlawn Holdings Pty Ltd in their respective proportions) that commits those parties to provide sufficient financial support that may be necessary to enable the Fund to meet its financial commitments as and when they fall due. This financial support would be in the form of new investors funds rather than any form of borrowing.

vi) Maturity profile of all loans in increments of not more than 12 months

Maturity	No. of accounts	Value (\$)
0 to 3 months	0	0
3 to 12 months	3	8,051,524
1 year to 2 years	0	0
2 years to 3 years	2	3,551,486
3 years to 4 years	0	0
4 years to 5 years	0	0
Total	5	11,603,010

vii) Loan-to-valuation ratios for loans, in percentage ranges (only for loans secured by real property)

LVR (%)	No. of accounts	Value (\$)
0 – 50	3	8,051,524
50.01 – 60	0	0
60.01 – 70	0	0
70.01 – 75	0	0
75.01 – 80	1	2,576,494
80.01+	0	0
Total	4	10,628,018

viii) Interest rates on loans, in percentage ranges

Rate (%)	No. of accounts	Value (\$)
7.00 – 7.49	0	0
7.50 – 7.99	1	974,992
8.00 – 8.49	0	0
8.50 – 8.99	1	2,576,494
9.00 – 9.49	1	2,503,783
9.50 – 9.99	2	5,547,741
Total	5	11,603,010

ix) Loans where interest has been capitalised

Interest method	No. of accounts	Value (\$)
Interest not capitalised	3	6,055,269
Interest capitalised	2	5,547,741
Total	5	11,603,010

(b) Proportion of the total loan (by value) that has been lent to the largest borrower and the 10 largest borrowers

Interest method	No. of accounts	Value (\$)
Largest borrower/asset	1	2,879,163
10 largest borrowers	5	11,603,010

(c) the percentage of loans (by value) that are secured by second-ranking mortgages

There are no loans secured by second ranking mortgages.

(d) the use of derivatives (if any)

There is no use of derivatives

(e) a clear description of the non-mortgage assets of the scheme, including the value of such assets

The following is a summary of the non-loan assets of the Fund

Asset type	Description	Value (\$)
Cash and cash equivalents	Cash held in Australian bank accounts	6,426,154
Trade and other receivables	Accrued interest & other debtors	93,853
Other financial assets	Wholesale investments in special purpose lending vehicles	16,516,100
	Interests in contributory mortgage schemes (registered first mortgages)	5,764,520
Total		28,800,627

(f) the scheme's diversification policy and how the assets correlate with that policy

The Fund aims to apply the following key lending parameters to investments identified and acquired as a Fund Asset using funds raised by the issue of Units in the Fund:

Key lending parameter	Description	Parameter met (Yes/No)
Type of Loans	Real property or chattel mortgages, hire purchase or finance lease agreements, other Loans or indirect Loans via investment in funding trusts or special purpose lending vehicles where the credit parameters for underlying borrowers has been approved.	Yes
Types of security property	Mortgages over real property, plant, equipment & chattels, and security interests over shares and other assets.	Yes
Maximum Loan to Value Ratio (LVR)	For Loans secured by real property, a maximum LVR of 80% will apply, except for Loans for property development which will be limited to an LVR of 70% (based on 'as is' and 'upon completion' valuation). For all other Loans, the maximum LVR will be dependent on a number of factors including the type of security being offered (if any) and the financial position of the Borrower.	Yes
Maximum exposure to a single Loan ¹	5% of the Gross Asset Value of the Fund's Assets	No Note 2
Maximum exposure to a single borrower ¹	5% of the Gross Asset Value of the Fund's Assets	No Note 2
Maximum exposure to property development ¹	20% of the Gross Asset Value of the Fund's Assets	Yes
Maximum Loan term ¹	5 years	Yes
Geography ¹	Predominantly eastern Australia within the following target ranges as a percentage of the total Loan portfolio; NSW 50-70%, Queensland 10-30%, Victoria 5-15%, all other states and territories 0-10%	No Note 2
Maximum exposure to a single special purpose lending vehicle	20% of the Gross Asset Value of the Fund's Assets.	No Note 2

We may vary the above investment parameters, or adopt additional investment parameters, based on our view of market conditions at such time.

Note 1 – These parameters are only intended to apply to direct Loans and not indirect Loans via investment in funding trusts or special purpose lending vehicles, as these indirect vehicles will maintain their own strict investment parameters.

Note 2 – As the Fund was only established in March 2020, it will not have a diversified portfolio of assets until it has received sufficient capital from investors and its portfolio has been fully invested in Loans. Once the total value of the Fund's Loan portfolio exceeds \$100 million, the Fund intends to satisfy these lending parameters.

Lending policy

When considering a secured Loan application, we will assess the:

- (a) the nature of security property, such as real property (i.e. commercial, retail, industrial, residential) or other assets;
- (b) credit risk analysis of the Borrower, including assessment of income sources from which to meet the Loan repayments, together with analysis of income earning potential of the security property/asset;
- (c) worst case scenario analysis including assessment of marketability of the security property/assets and likely timeframe to achieve a sale if required; and
- (d) typically, for Loans secured by a mortgage over real property, an LVR of no greater than 80% of independently assessed security value.

When considering an unsecured Loan application we will assess the credit risk of the Borrower, including assessment of income sources from which to meet the Loan repayments.

Our Lending Policy and Procedures Manual covers the policies and procedures in respect to approving, monitoring and recovering Loans. A summary of our lending guidelines are summarised below:

- (e) Loan applicants are required to provide sufficient evidence that they are well established in their occupation supported by a proven credit repayment record or satisfactory credit report which indicates that they are able to comply with their Loan repayment obligations;
- (f) business Loans are predominantly secured by a registered security interest over the business' assets, and where considered appropriate, a registered mortgage over real property owned by the business or its principals;
- (g) in respect to motor vehicle loans, equipment and asset finance, a security interest must be registered over the relevant chattel;
- (h) for property Loans, before funds are advanced, an independent valuation will be obtained taking into account relevant factors such as the sale price likely to be obtained for the proposed security property, and factors affecting the possible sale of the security property; and
- (i) we will ensure that property valuations are obtained only from approved independent valuers, and are no more than three months old at the time of the loan application.

We will manage Loans by monitoring the Borrower's performance as well as (where applicable) conducting regular reviews of the security property to ensure any negative movements in the underlying security value are proactively managed to ensure the required LVR is maintained.

Investment in other unlisted mortgage schemes

The Fund may invest in other unlisted mortgage schemes from time to time. The Fund will only invest in registered schemes that apply the disclosure principles in Sections C and D of RG45. The mortgage scheme must comply in full with Disclosure Principle 6: Lending principle – Loan-to-valuation ratios, and must not be exposed to any property development lending. The scheme will be required to satisfy all other RG45 benchmarks (to the extent they are applicable to the particular scheme), or otherwise provide a reasonable explanation for not meeting the benchmark.

Refer to Disclosure Principle 4 below for details on potential investments in a contributory mortgage scheme that is managed by a related party of the Responsible Entity.

4. 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.

The Fund will not make Loans to related parties, including the Investment Manager.

The Fund may however, from time to time, assign an existing Loan or parcel of Loans to a related party, including the Investment Manager or accept the assignment to it of an existing Loan or parcel of Loans from a related party including the Investment Manager, and such assignments will also be on the same commercial basis as Loans to unrelated parties and made in accordance with its Lending Policy and Procedures Manual. The Borrowers of such assigned Loans will be unrelated third parties to the Responsible Entity and the Investment Manager.

The Responsible Entity is a wholly owned subsidiary of the Investment Manager and is part of the Westlawn Group. The Responsible Entity and the Investment Manager are parties to the Investment Management Agreement. The terms of the Investment Management Agreement are on arms' length and commercial terms.

The Fund intends to maintain an investment in a special purpose lending entity known as the Westlawn Warehouse Trust No. 1 ABN 47 826 755 626 (WWT). The senior ranking financier of WWT will be a big four Australian bank which will hold Class 1 Notes and provide 73% funding support to the facility. The Fund will hold all the Class 6 Notes in the WWT which will rank subordinate to the Class 1 Notes and provide 5% funding support to the facility. The Fund also intends to hold Class 5 Notes from time to time alongside other wholesale mezzanine investors which will rank above the Class 6 Notes but below the Class 1 Notes. The underlying collateral of the WWT consists of a diversified portfolio of chattel mortgage loans advanced to Australian small to medium enterprises where, in all cases, the loan is secured by a registered charge over an asset used by the borrower in the business. These loans are assessed, approved, and then funded by the Investment Manager before they are sold into the WWT. The Investment Manager will also be responsible for the ongoing servicing of the loans and in the case where there is a default by the borrower, will repossess the asset and forward the proceeds to the WWT. The WWT will at all times have an independent professional trustee and manager to carry on the day-to-day administration, supervision and management of the WWT.

The Fund may, from time to time, make loans by investing in Equity-One Mortgage Fund ARSN 115 289 579 (EMF). The responsible entity of EMF is Equity-One Mortgage Fund Limited ACN 106 720 941 which is a subsidiary of the Investment Manager and is also part of the Westlawn Group. EMF is a contributory mortgage scheme that provides loans to unrelated third parties on a fully secured basis. Any investments the Fund may make in EMF will be on arms' length and commercial terms.

Units in the Fund held by related parties are summarised below;

Class of Units	No. of accounts	Value (\$)
Class 24M	1	10,000
Class 12M	0	0
Class 6M	0	0
Wholesale Class 2M	0	0
Subordinated	1	7,350,000
Total	2	7,360,000

5. 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 Loans secured by a mortgage over property, the Fund, other than in the circumstances described below, will obtain an independent valuation of security property in respect of a Loan before the issue of the Loan, on renewal of the Loan (if the LVR is more than 50%), 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 Borrower.

In isolated cases, an independent valuation of security property in respect of a Loan will not be obtained if:

- (a) the LVR is less than 50% having regard to the particular type of property; or
- (b) the value of the security property is supported by other independent documentation.

Where any Fund Asset is other than a mortgage, the value will be determined by any two of the Directors on a six monthly basis, in consultation with the Auditor, on the basis that if two of the Directors and the Auditor agree on the value of such Asset, no further valuation is required. If there is no agreement, then the procedures for valuation of a mortgage shall apply in respect of any such Asset.

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.westlawn.com.au.

6. 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 by the Fund will be 80% of the value of the security property, and, for property development Loans, the maximum LVR will apply on both an 'as is' and on an 'as if complete' basis.

In the case of Loans advanced by the Fund for property development or construction purposes, the Fund's Lending Policy and Procedures Manual requires:

- (a) funds to be advanced in stages based on independent evidence of progress;
- (b) an independent valuation to be obtained on an 'as is' basis and 'as if complete' basis;
- (c) a maximum LVR of 70%; and
- (d) for interest to be payable during the term of the Loan and not capitalised, except in cases where the maximum permitted LVR will not be exceeded.

The maximum and weighted average LVR for the Fund as at the date of reporting is as follows;

Type of loan	Maximum LVR (%)	Weighted LVR (%)
Property development	70	40
Non property development	80	64

The following details the percentage (by value) of the completion of funds lent for property development and the loan-to-cost ratio as at the date of reporting;

Development loan no.	Drawn value (\$)	Value of completion (%)	Loan-to-cost ratio (%)
1	2,668,578	57	48
2	2,879,163	93	20

7. 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 from Loans, proceeds received from the repayment of Loans and new application funds and not from Fund borrowings (as the Fund will not borrow).

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 fails to meet interest payments under its Loan.	The Fund anticipates that until the total value of the Loan portfolio exceeds \$100 million, the Fund's Loan portfolio may not be diversified between Borrower, Loan type or geography of security property or asset. Therefore, if a Borrower defaults on its interest payments or economic or property market conditions impact certain borrowers, businesses, properties or geographies, and the Fund has a large exposure to these factors, it will likely have a significant adverse impact on any distributions paid to investors.
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 1% per annum of the Fund's Gross Asset Value (for example costs in selling security assets upon borrower default), it may result in the distributions paid to investors being 1% per annum lower than anticipated.

8. 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.

Investment terms

The Fund is an open-ended trust meaning there is no fixed term for the Fund, however your investment is subject to the Investment Term applicable to the Class of Units in which you invest.

The Fund operates as a non-liquid managed investment scheme and investors can only withdraw from the Fund in response to a withdrawal offer made by us at the end of that Unit's investment term. However, we cannot guarantee the offer or payment of withdrawals at any particular time.

You will only be able to withdraw your investment at the end of your Class' Investment Term pursuant to your submission of a withdrawal request and our withdrawal offer. You will not have any other right to withdraw your investment. Unless you submit your withdrawal request and accept our withdrawal offer before the end of your Investment Term and within the time-frames specified for your Class as set out in Part 2, your Units will automatically rollover for the same Class Investment Term.

As part of our design and distribution policy, an experienced issuer representative will engage directly with each potential investor (either in person or by phone) and ask a series of questions in order for us to understand, at a high level, whether the potential investor may be within the target market for the Class of Units. The same process will be followed for existing Unitholders subject to a rollover, unless they have been through this process within the last 12 months, in which case we will rely on the existing investor information.

If we are unable to contact you in order to determine whether or not you are considered to be in the target market for the product, we will not rollover/reinvest the Units for a further Investment Term and will redeem the Units on their maturity date.

The Fund is not an 'at call' cash account and should not be thought of as such.

Repayment and Subordinated Units

Repayment of your investment is dependent upon the repayment of the Loans. In order to offset the risk of capital losses to you as a result of default by a Borrower at the end of your Investment Term or a mismatch between Investment Terms and Loan maturity terms, related entities of the Responsible Entity may subscribe to Subordinated Units which will be issued at the Issue Price but with different terms to other Units issued in the Fund. Importantly, the Subordinated Units are issued as a mechanism by the Responsible Entity to facilitate the Redemption Price of a Unit to be redeemed at a price not less than the Issue Price per Unit (being the price of each Unit at the time of issue). That is the return of capital on a Subordinated Unit is subordinated to the return of capital on a non-Subordinated Unit.

Withdrawal process

The Responsible Entity intends to make Withdrawal Offers to Eligible Investors by email.

In order to be an Eligible Investor you must lodge a Withdrawal Request with the Responsible Entity at least 30 days before the end of your Investment Term. You do not have the right to participate in a Withdrawal Offer until your Investment Term has expired.

The Withdrawal Request must advise the Responsible Entity of the amount the Eligible Investor would like to withdraw from the Fund, which can be all or part of your investment amount.

The Responsible Entity intends to regularly email Withdrawal Offers to Eligible Investors, the Withdrawal Offer will explain the amount of money available to satisfy withdrawals, when the offer

closes and when payment of withdrawal proceeds can be expected (no later than 21 days after close of the offer).

Eligible Investors who receive a Withdrawal Offer, do not have to respond as the Responsible Entity will assume these investors wish to participate up to the amount of their Withdrawal Request.

If the Withdrawal Request is not satisfied in full then any remaining investment amount will automatically be included in the next Withdrawal Offers until all Eligible Investors receive the full amount of their Withdrawal Request.

Important information

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Information on this product can be obtained from our website <https://www.westlawn.com.au/incomefund/> or by calling 1300 WESTLAWN (1300 937 852).

Investment decisions should not be made upon the basis of past performance or distribution rate since each of these can vary. The information provided in this document is current at the time of publication.