

The logo for Equity-One, featuring the text "EQUITY-ONE" in a white serif font with a trademark symbol, set against a dark red rectangular background. A thin white arc is positioned below the text.

EQUITY-ONE™

PRODUCT DISCLOSURE STATEMENT
EQUITY-ONE MORTGAGE FUND ARSN 115 289 579
1 MARCH 2011

CONTENTS

1. Important Notice	2
2. How to apply to become a Member of the Fund	4
3. Fund at a Glance	5
4. Letter from the Managing Director	6
5. ASIC Benchmarking.....	7
6. Details of the Offer of Interests in the Equity-One Mortgage Fund.....	12
7. About Equity-One Mortgage Fund Limited	16
8. Risks	18
9. Fees and Expenses	21
10. Tax Considerations	25
11. Additional Information	26
12. Complaints	30
13. Glossary.....	30
14. Investor Guide to Completing the Application Form	32
15. Application Form	33
16. Investor Identification Program	37
17. Sample Part B PDS	41
18. Corporate Directory	44

PRODUCT DISCLOSURE STATEMENT – PART A

1. Important Notice

1.1 Responsible Entity

Equity-One Mortgage Fund Limited ACN 106 720 941 (**Responsible Entity**) is the responsible entity of the Equity-One Mortgage Fund ARSN 115 289 579 (**Fund**) and the issuer of interests in the Fund under the Product Disclosure Statement (**PDS**). The Responsible Entity is solely responsible for the PDS. The Responsible Entity's Australian Financial Services Licence (**AFSL**) number is 277318.

1.2 Two-part PDS

The PDS is a two-part PDS. This document comprises Part A of the PDS (**Part A PDS**). A sample of Part B of the PDS (**Part B PDS**) is attached to this document. Initially, potential investors will be provided with a Part B PDS marked "SAMPLE" when receiving the Part A PDS. Potential investors may become a Member of the Fund by completing the Application Form attached to the Part A PDS and submitting their Application Moneys to the Responsible Entity. By submitting an Application Form and Application Moneys, a person may be accepted by the Responsible Entity as a Member of the Fund. If the Responsible Entity accepts an Application (which it may do, or not do, in its absolute discretion), it will notify the Applicant that they have been accepted as a Member within 7 days of the Responsible Entity receiving the Application Form and Application Moneys from the Applicant.

However, all Application Moneys provided to the Responsible Entity will initially only be held on trust by the Responsible Entity for the Member. That is, Application Moneys will not be invested in any Loan until after the Member has been provided with another PDS, containing both this Part A PDS and a Part B PDS that contains the specific information of the investment to be entered into, such as the term of the Loan, the relevant interest rate, the details of the Security Property in respect of the investment and the identity of the Borrower. It is only once a Member completes a Consent Form attached to that specific Part B PDS indicating their acceptance of that particular investment that their Application Moneys will be allocated to that particular investment (**Sub-scheme**).

A Member will be provided with a Part A PDS and a specific Part B PDS once the Responsible Entity has identified a Sub-scheme which has characteristics that are similar to those nominated by the Member in their Application Form (e.g. preferred investment type, preferred type of Security Property, preferred mortgage rank, etc.). In the Responsible Entity's reasonable opinion, a Member may generally expect to receive a Part A PDS with a specific Part B PDS within approximately 1 month of the Member obtaining membership of the Fund.

In providing the Member with a Part A PDS and a specific Part B PDS, the Responsible Entity will also enclose a simple covering note which will bear the date on which the Part A PDS and the specific Part B PDS was sent to the Member. If the Member does not complete the Consent Form attached to the specific Part B PDS, and return the Consent Form to the Responsible Entity, within 14 days of having been sent the Part B PDS (i.e. the date of the covering note), the Application Moneys may be returned to the investor by the Responsible Entity and the Member will be removed from the Register of Members by the Responsible Entity unless the Member and the Responsible Entity have agreed that the Responsible Entity will retain the Member's Application Moneys and will send a new and updated specific Part B PDS.

Under the Constitution, a Member may redeem their Application Moneys provided that the Member gives 5 business days written notice to the Responsible Entity within 14 days of signing the Application Form and the Member has not already completed, and submitted to the Responsible Entity, a Consent Form attached to a specific Part B PDS.

The Responsible Entity may, in its absolute discretion, reject any Application made by an Applicant to become a Member of the Fund.

1.3 Important Information

This Part A PDS is dated 1 March 2011.

The PDS (incorporating both the Part A PDS and the Part B PDS) is an important document. Potential investors should read the whole of the PDS to make an informed decision about this investment product and should only rely on the information in the PDS.

If you have received the PDS electronically, then the Responsible Entity will give you a paper copy of the PDS during the life of the PDS free of charge on request by telephoning the Responsible Entity on (03) 9602 3477. If the PDS is received electronically, you should ensure that the complete Application Form and PDS have been received. If you are unsure whether the electronic document you have received is complete, please call the Responsible Entity on (03) 9602 3477.

No person is authorised to provide any information or to make any representation in connection with the Offer described in the PDS, including this Part A PDS, which is not contained in the PDS. Any information or representation not so contained may not be relied on as having been authorised by the Responsible Entity.

On 12 December 2006, the federal Parliament passed the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (**AML/CTF Act**). To meet its regulatory obligations as a reporting entity under this legislation, it will be necessary for the Responsible Entity to collect and verify minimum customer identification information, which will vary by investor type. The data to be collected has either been added to the Application Form in this PDS or will be collected from you after your application form is submitted and before Application Moneys are allocated to a particular Sub-scheme.

Some of the words used in the PDS (generally commencing with a capital letter) have defined meanings. The definitions appear in Section 13 of the Part A PDS.

Information contained in the PDS may change from time to time. If the change will be materially adverse then, in accordance with the Corporations Act, the Responsible Entity will issue a supplementary PDS. However, if the change will not be materially adverse to the Offer, the Responsible Entity may not issue a supplementary PDS.

1.4 Distribution of PDS

The distribution of the PDS in a jurisdiction outside Australia may be restricted by law, and persons who come into possession of the PDS should seek legal advice and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable law. The PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

1.5 Disclaimers

Any investment in the Fund does not represent an investment or liability of the Responsible Entity or any related body corporate of the Responsible Entity, and is subject to investment risks including loss of capital or income. Neither the Responsible Entity nor any employee, agent, officer or related body corporate of the Responsible Entity guarantees the performance or success of the Fund, payment of distributions or repayment of your initial investment contribution.

You should read the whole of this PDS carefully before making a decision on whether to invest. This PDS contains general information only regarding the Fund and does not constitute financial product advice. Importantly, though the Responsible Entity has provided general information in Section 10 about the tax considerations of an investment in the Fund, no representation with respect to any income tax or other taxation consequences of any investment in the Fund is made under this PDS. Investors must seek their own independent taxation advice.

This PDS does not take into account the investment objectives, financial situation and particular needs of each potential investor. Accordingly, before you invest you should read the PDS (incorporating both this Part A PDS and, initially, the sample Part B PDS and, subsequently, the specific Part B PDS) and any supplementary PDS in full. The Responsible Entity also recommends that before making a decision to invest in the Fund, you consult a financial adviser or other professional adviser.

2. How to apply to become a Member of the Fund

Applying to become a Member of the Fund and acquiring an interest in a Sub-scheme is a two-stage process.

First, an Applicant must complete the Application Form attached to this Part A PDS. If the Responsible Entity accepts a completed Application Form from an Applicant (which it may do, or not do, in its absolute discretion), the Applicant will become a Member of the Fund and obtain an interest in the Fund equal in proportion to the size of the Application Moneys they invested as a proportion of total Application Moneys invested by all Members. However, it should be noted that by simply becoming a Member of the Fund, the Member will not have any Application Moneys advanced to a Borrower under a particular Sub-scheme. Upon becoming a Member, the Application Moneys of the Member will, initially, only be held on trust by the Responsible Entity on behalf of the Member.

If the Responsible Entity accepts an Application, it will notify the Applicant that they have been accepted as a Member within 7 days of the Responsible Entity receiving the Application Form and Application Moneys from the Applicant. Once an Application has been accepted and the Responsible Entity has identified a Sub-scheme which suits the Member's investment profile, the Member will be sent the specific Part B PDS. The specific Part B PDS sets out the specific details of the term of the Loan and the relevant interest rate, the details of the Security Property being offered to the Member and the identity of the Borrower in respect of the particular Sub-scheme.

In the Responsible Entity's reasonable opinion, a Member may generally expect to receive a specific Part B PDS within approximately 1 month of the Member obtaining membership of the Fund.

By completing the Consent Form attached to the specific Part B PDS the Member will have their Application Moneys allocated to that particular Sub-scheme described in the specific Part B PDS once the Sub-scheme is fully subscribed. If the Member does not complete and return the Consent Form within 14 days of being sent the specific Part B PDS (i.e. within 14 days of the date of the covering note with which the specific Part B PDS was sent to the Member), the Application Moneys may be returned to the Member and the Member will be removed from the Register of Members unless the Member and the

Responsible Entity have agreed that the Responsible Entity will retain the Member's Application Moneys and will send a new updated and specific Part B PDS. A sample of the Part B PDS is included in the PDS the first time the PDS is sent to potential investors so as to provide potential investors with an indication as to the type of information contained in a Part B PDS.

Under the Constitution, a Member may redeem their Application Moneys provided that the Member gives 5 business days written notice to the Responsible Entity within 14 days of signing the Application Form and the Member has not already completed, and submitted to the Responsible Entity, a Consent Form attached to a specific Part B PDS.

The Responsible Entity reserves the right to reject any Application in its absolute discretion.

3. Fund at a Glance

Fund Name	Equity-One Mortgage Fund
ARSN	115 289 579
Responsible Entity	Equity-One Mortgage Fund Limited ACN 106 720 941
Responsible Entity's AFSL	277318
Established since	25 June 2005
Minimum initial investment	\$5,000
Return type	Fixed rate interest payments
Income payments	Monthly or as otherwise agreed
Management fees	<p>First Mortgages: Not exceeding 3% per annum of the total amount of funds invested by the Member within a Sub-Scheme during each month, calculated daily and payable monthly in advance.</p> <p>Second Mortgages: Not exceeding 5% per annum of the total amount of funds invested by the Member within a Sub-Scheme during each month, calculated daily and payable monthly in advance.</p>
Redemption of Application Money	Written request within 14 days of signing the Application Form
Term of investment	1 month to 5 years
Withdrawals	Members cannot withdraw their investment until maturity or repayment of the Loan.

4. Letter from the Managing Director

1 March 2011

Dear Investor

Equity-One Mortgage Fund

I am delighted to present to you this opportunity to participate in the Offer of investing in the Equity-One Mortgage Fund (**Fund**).

The Fund is an established mortgage fund and its philosophy is to provide investors with a competitive fixed interest rate investment that has the capacity to generate a regular income stream, whilst also providing the reassurance from the knowledge that your funds are secured by real estate which you have personally approved.

There are several investment options available to investors who may invest by having the Responsible Entity registered on title of the Security Property as Mortgagee on trust for the investor(s) investing in the relevant Sub-scheme (known as a Nominee Mortgage), by having their name registered on title of the Security Property as Mortgagee individually (known as a Direct Mortgage) or as one of a group of investors (known as a Contributory Mortgage).

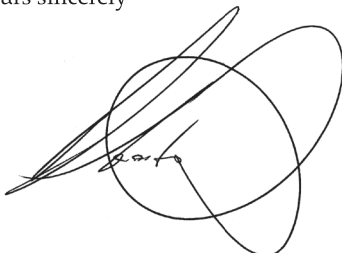
There is also flexibility from an investment perspective in respect of being able to have a First Ranking Mortgage or Second Ranking Mortgage as security over Security Property. Further, Security Property may consist of residential, commercial, industrial or rural land and the term of the Loan (and Sub-scheme) may range from a minimum of 1 month to a maximum of 5 years.

As a Member, you will enjoy the benefits of my 19 years of experience in the mortgage industry, and from the care, skill and professionalism of our organisation.

Equity-One Mortgage Fund Limited holds an Australian Financial Services Licence (Licence Number 277318) issued by ASIC enabling it to act as the Responsible Entity of the Fund and as Custodian of the assets of the Fund.

On behalf of the Directors of Equity-One Mortgage Fund Limited, I invite you to become a Member of the Fund and enjoy the prospect of a competitive return on your investment.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dean Koutsoumidis', written over a large, stylized circular scribble.

Dean Koutsoumidis
Managing Director
Equity-One Mortgage Fund Limited

5. ASIC Benchmarking

ASIC has developed eight benchmarks for unlisted mortgage schemes that can help investors understand the risks, access the rewards being offered and decide whether investments are suitable for them.

Responsible entities of unlisted mortgage schemes in which retail investors invest should address the benchmarks in their disclosures on an 'if not, why not' basis.

ASIC has stated that failure to meet one or more of the benchmarks does not mean that a particular mortgage scheme is necessarily a poor investment. However, additional disclosure to investors will be needed so that investors can assess its impact on their investment decision,

A summary of the benchmarks are set out below along with details on the Fund's compliance.

Liquidity

Description

'Liquidity' means a mortgage fund's ability to meet its short-term cash needs.

To meet this benchmark, the Responsible Entity must:

- estimate the Fund's cash needs for the next 3 months;
- ensure the Fund has enough cash or other liquid assets to meet those cash needs ('liquid assets' are assets that can be readily converted into cash); and
- describe the Fund's policy on balancing its assets against its debts (or 'liabilities').

Satisfied?

Not applicable.

This benchmark does not apply to contributory schemes.

Scheme borrowing

Description

To meet this benchmark, the Responsible Entity must disclose details such as the total debts due by the Fund and any undrawn credit facilities during the next 1 to 5 years, the purpose for the loans and any breaches of loan agreements.

Satisfied?

Not applicable.

The Fund does not borrow. If this changes the Responsible Entity will provide an update to Members.

Portfolio diversification

Description	Satisfied?
<p>To meet this benchmark, the Responsible Entity must describe:</p> <ul style="list-style-type: none"> • the Fund’s assets (including number and types of loans, largest loans, defaults or late payments, upcoming loan commitments and any security taken over loans); • the Fund’s policy for lending money (including how much it will lend to each borrower and rollover terms); and • the Fund’s policy on investing in other mortgage funds and if those funds should meet ASIC’s benchmarks. 	<p>Not applicable.</p> <p>This benchmark does not apply to contributory schemes.</p>

Related party transactions

Description	Satisfied?
<p>To meet this benchmark, the Responsible Entity must disclose:</p> <ul style="list-style-type: none"> • the number and value of loans, investments and other transactions the Fund has made with related parties • how the Fund assesses, approves and monitors related party transactions 	<p>Benchmark satisfied.</p> <p>The Responsible Entity and its sole shareholder, D.D.K. Holdings Pty Ltd, are Members of the Fund. The terms on which the Responsible Entity and D.D.K. Holdings Pty Ltd are Members are no different to the terms upon which any prospective investors may become Members of the Fund pursuant to the PDS. Some of the funds used by the Responsible Entity to invest in the Fund have been borrowed from its sole shareholder, D.D.K. Holdings Pty Ltd on arm’s length commercial terms.</p> <p>The Fund has no other lending or investments with related parties.</p> <p>Should this situation change, whereby the Responsible Entity transacts with related parties, including lending or investing, it will do so on no more favourable terms than those offered to investors or borrowers and clearly disclose to the prospective investor that the proposed investment is to a related party. Any loan to a related party will be subject to the same borrower due diligence, valuation requirements, LVR and default loan management measures applied to non-related party transactions.</p> <p>Further details are provided in Sections 11.2 and 11.7</p>

Valuation policy

Description

To meet this benchmark, the Responsible Entity must:

- disclose how often valuations are done (and how recent a valuation must be for a new loan);
- establish a panel of valuers; and
- ensure that no one valuer conducts more than one third of the valuation work for the Fund, calculated by value of properties (other than for contributory mortgage schemes); and
- value property in the following way –

Type of asset	Basis for valuation
Property development	'As is' basis and 'As if complete' basis
Other property (e.g. established buildings)	'As is' basis

For contributory mortgage funds, the Responsible Entity only needs to disclose the valuation of a property securing a loan if the particular investor is being offered an interest in that loan.

Valuers should be registered under one of the State/Territory valuer registers and include a statement in their valuation reports on whether the valuation complies with relevant industry standards and codes.

Satisfied?

Benchmark is not satisfied insofar as the requirement that no one valuer conducts more than one third of the valuation work of the Fund is concerned. The Responsible Entity uses valuers from its Approved Valuer panel, with whom it has developed long standing relationships based on trust and whose service levels and costs are proven and satisfactory. It is the Responsible Entity's policy to use valuers it believes are specialised in various fields.

The Fund does not lend for construction and all its valuations are completed "as is". The 'as is' valuation is an estimate of the market value of the property in its current state.

It is the Responsible Entity's policy that valuations must not be more than 4 months old when the loan is settled. A Sub-scheme may be increased within 12 months of the date of the original valuation at the discretion of the investor. New valuations are obtained after 3 years from the date of the advance, or earlier at the discretion of the investor.

Any proposed Security Property must be valued before being proposed to a Member. Valuations may only be carried out by an Approved Valuer listed on the Responsible Entity's Approved Valuer panel.

Approved Valuers making up the Responsible Entity's Approved Valuer panel or who otherwise agree to undertake a valuation on behalf of the Responsible Entity, must:

- be experienced in valuing the relevant type of Security Property;
- have knowledge of the local property market;
- be registered under a State or Territory valuer registration regime; and
- hold appropriate professional indemnity insurance.

Lending principles

Description	Satisfied?
<p>The benchmark requires the Fund to:</p> <ul style="list-style-type: none"> • only lend money for property development in stages based on progress made; and • maintain the following LVRs: <ul style="list-style-type: none"> - where the loan relates to a property development – 70% on the basis of the latest ‘as if completed’ valuation; and - in all other cases – 80% on the basis of the latest market valuation. <p>ASIC has noted that the LVR should be on the unencumbered value of the property.</p> <p>It has also noted that the responsible entity of a contributory mortgage fund will meet this benchmark for a particular investor if the loan in which the investor has an interest satisfies the above ratios.</p>	<p>Benchmark satisfied.</p> <p>The Fund complies with the LVRs recommended by ASIC and does not lend for property development by way of construction loans.</p> <p>It is the Fund’s practice that LVRs will not exceed 65% on a first mortgage and 75% on a second mortgage. However, if an LVR exceeds these limits (and without any way exceeding the prescribed LVR or 80% as stated in the Constitution of the Fund), the LVR will be disclosed in the Part B PDS provided to the investor detailing the specific details of the loan the subject of their investment in the Fund.</p>

Distribution practices

Description	Satisfied?
<p>This addresses the transparency of the Fund’s distribution practices.</p> <p>To meet this benchmark, the Responsible Entity must disclose:</p> <ul style="list-style-type: none"> • the source of the current distribution being paid to investors and any forecast distributions; • if the distributions are not sourced solely from income, received, why the distributions are being made and whether they can be maintained over the next 12 months; and • the circumstances in which a promised return (if applicable) might not be paid to investors. 	<p>Benchmark satisfied.</p> <p>The Responsible Entity will pay interests and return capital invested in a Sub-scheme out of principal and interest payments received from the Borrower.</p> <p>The specific rate of return for a particular Sub-scheme will be stipulated in the applicable Part B PDS.</p> <p>The Fund’s method of distribution of income is set out in this PDS. Each investment stands alone and the distribution comes solely from income received for the particular investment during the term of the loan. Income, in the form of interest payments received from the Borrower (at a fixed interest rate), less the fees and costs of the Responsible Entity, will be electronically transferred to a Member’s nominated bank account on a monthly basis.</p> <p>As outlined in this PDS, there are risks, including that some income payments can be affected by non-performing loans where a Borrower fails to make a required payment and some of the investment may be lost if a Borrower defaults and the Security Property sells for less than the amount outstanding.</p>

Withdrawal arrangements

Description	Satisfied?
<p>To meet this benchmark, the Responsible Entity must clearly state (if relevant to the fund):</p> <ul style="list-style-type: none"> • the longest period of time investors might have to wait before they can get your money back; • any significant risks that could stop investors being able to get their money back; and • the Fund’s policy on re-investing (‘rolling over’) investors’ money at the end of the initial period (for example, whether this happens automatically). 	<p>Benchmark satisfied.</p> <p>Given the nature of the Fund a member may redeem Application Moneys provided:</p> <ul style="list-style-type: none"> • the Member has given 5 Business Days written notice to the Responsible Entity within 14 days of submitting an Application Form; and • the Member has not already completed a Consent Form consenting to the Application Moneys being allocated to a Sub-scheme by the Responsible Entity. <p>A Member of the Fund has no right of withdrawal once their money has been allocated to a particular Sub-scheme until the repayment or maturity of the Mortgage in the Sub-scheme in which the Member has invested. The term of the investment will be disclosed in the Part B PDS provided to the Member. A Member will be repaid their initial investment only on maturity or upon the discharge of the Loan relating to the particular Sub-scheme. For example, if the term of the Loan is for 12 months, then the Member will be entitled to get their money back shortly thereafter.</p> <p>There may be a delay in a Member being able to withdraw from the Fund in a situation where the Borrower has defaulted and the Security Property the subject of the Sub-scheme must be sold. The Member may have to wait until the Security Property is sold and the proceeds of sale are available for distribution. There is also a risk that some of the investment may be lost if a Borrower defaults and the Security Property sells for less than the amount outstanding. In such a situation, any loss would be apportioned amongst investors in proportion to their investment.</p> <p>After repayment or maturity of a Loan, a Member may elect to withdraw or renew (rollover) their investment into the same or another Sub-scheme.</p> <p>Further details are provided in Section 11.4</p>

6. Details of the Offer of Interests in the Equity-One Mortgage Fund

The Fund gives investors an opportunity to invest in Mortgages and earn a fixed rate of return over a fixed term of investment (agreed at the start of the investment). The investment is secured by Mortgages over Security Property. The Fund has maximum LVRs meaning that the money advanced to a Borrower will not exceed a fixed percentage of the Security Property's independent valuation. Setting a maximum LVR is aimed at ensuring that the value of the Security Property is sufficient to cover the amount of the Loan.

6.1 The Fund and the Responsible Entity

The Equity-One Mortgage Fund was established on 25 June 2005 and is managed by the Responsible Entity, Equity-One Mortgage Fund Limited. The Responsible Entity holds an AFSL to act as Responsible Entity of the Fund and Custodian of the assets of the Fund.

The Responsible Entity has a Board of Directors and a Compliance Committee. In addition, the Responsible Entity complies with the net tangible asset requirements of its AFSL.

The Directors and senior management of the Responsible Entity have extensive experience in dealing with Mortgage investments (for additional information on the experience of the Directors and senior management, see Section 7).

6.2 The Investment

Through the PDS, the Fund is offering investors the opportunity to invest in particular Mortgages. Mortgages that will be invested in by the Fund will predominantly have as their Security Property metropolitan residential property, with a lesser mix of suitable commercial, industrial and rural properties.

In essence, a Member of the Fund, through the Responsible Entity, lends money to a Borrower (or Borrowers), either individually or jointly with other Members. The Borrower, in turn, agrees to pay the Member (or Members), through the Responsible Entity, interest over the term of the Loan and, at maturity of the Loan, repay the principal amount borrowed. As security for lending this money, the Borrower (or mortgagor) grants a Mortgage over Security Property to the Member.

A Mortgage is a legal charge given over real estate owned by the Borrower to a Mortgagee (i.e. the Member) in order to secure their promise to repay a debt at some later date. The Mortgage is usually registered by a government registry (e.g. a Land Registry Office) in order to protect the Mortgagee. A Mortgagee holds the security in priority to any non-Mortgagee creditors of the Borrower (excluding government authorities). In this regard, it is important to note that a Mortgagee of a First Ranking Mortgage holds their security in priority to the Mortgagee of a Second Ranking Mortgage over the same property.

An individual Mortgage is obtained in respect of each Sub-scheme within the Fund. The moneys advanced to a Borrower within a particular Sub-scheme may be invested by one or more Members. The amount of money lent under a particular Sub-scheme will always be equal to or less than 80% of the current valuation of the Security Property which is to be held as the Mortgage Security. For further information in this regard, refer to Section 6.5.

The details of the term of the Loan, the rate of interest, mortgage priority and the nature of the Security Property will always be provided to a Member (through the specific Part B PDS) before their Application Moneys are advanced to a particular Sub-scheme. A Member's Application Moneys will never be advanced to a Borrower under a particular Sub-scheme unless the Member consents in writing to such an allocation beforehand by completing and lodging a Consent Form with the Responsible Entity.

The Responsible Entity believes that an investment in the Fund will provide a relatively low risk investment at a secure, fixed rate of return.

6.3 The Equity-One Mortgage Fund – Key Features

INVESTOR SUITABILITY

The Responsible Entity believes the Fund is suitable for investors seeking a relatively stable and secure return on investment with regular income distributions.

Suitable investors are likely to include superannuation funds, retirees and pension funds, individuals seeking a secured income stream, institutions, charitable trusts and other trust institutions.

LOAN TERMS

The Loans offered to Borrowers are fixed term.

They are secured by either a registered or registrable First Ranking Mortgage or Second Ranking Mortgage.

The Loan terms will vary for each Sub-scheme.

This gives the Member the flexibility of selecting loan terms that suit their risk profile and income needs.

SECURITY PROPERTY

The Fund's Sub-schemes will typically invest in Mortgages secured over residential metropolitan property. However, the Fund may invest in Mortgages over commercial, industrial and rural property from time to time. The relevant Mortgage may be a First Ranking Mortgage or a Second Ranking Mortgage.

A First Ranking Mortgage provides a higher level of security than a Second Ranking Mortgage in that it has priority in relation to repayments of interest and principal over a Second Ranking Mortgage.

As a means of compensating a Member for the higher risk associated with a Second Ranking Mortgage, a higher interest rate will usually be applicable to Sub-schemes with this type of security.

A Member's Application Moneys will never be advanced on a Loan secured by a particular Security Property unless that Member consents in writing to such an allocation by completing and lodging the Consent Form in the Part B PDS which will detail the nature of the Security Property, the terms of the relevant Loan, and the identity of the Borrower.

INCOME PAYMENTS

Income, in the form of interest payments made by a Borrower (at a fixed interest rate), less the fees and costs of the Responsible Entity (see Section 9), is deposited to a Member's nominated bank account on a monthly basis, unless otherwise agreed between the Member and the Responsible Entity.

CAPITAL

The amount of capital invested by the Member remains the same and is repaid to the Member on maturity of the Loan relating to the relevant Sub-scheme.

MINIMUM INVESTMENT

The minimum investment of a Member in the Fund is \$5,000. Investment amounts may be for any amount which is \$5,000 or more.

WITHDRAWALS

A Member of the Fund has no right of withdrawal once their money has been allocated to a particular Sub-scheme.

A Member will be repaid their initial investment only on maturity of the Loan relating to the particular Sub-scheme.

RESPONSIBLE ENTITY FEES

The Responsible Entity is entitled to a management fee, being:

- (i) 3% per annum for First Ranking Mortgages; and
- (ii) 5% per annum for Second Ranking Mortgages, of the total amount of funds Members have invested with the Fund during each month, calculated daily and payable monthly in advance.

The Responsible Entity is also entitled to be reimbursed for all reasonable costs and expenses incurred in the proper performance of its duties as Responsible Entity of the Fund.

For a more complete description of the fees and expenses associated with an investment in the Fund, refer to Section 9.

6.4 Key benefits of an investment in the Fund

INVESTOR OPTIONS

When completing the Application Form attached to this Part A PDS, the investor has a number of options relating to the Mortgage Security. These include:

- (i) Direct, Contributory or Nominee Mortgage

On the Application Form, an investor may choose whether they wish to have themselves registered on the title of the Security Property as Mortgagee (i.e. Direct Mortgage or Contributory Mortgage) or whether they wish the Responsible Entity to be named on the title of the Security Property as registered Mortgagee on their behalf (i.e. Nominee Mortgage). The features of each of these types of Mortgages are described below:

Direct Mortgage: One Member provides the entire Loan funds in respect of one Sub-scheme. The Member's name is registered on the title of the relevant Security Property as Mortgagee.

Contributory Mortgage: Multiple Members provide the Loan funds in respect of one Mortgage Sub-scheme and all of their names are registered on the title of the relevant Security Property as Mortgagee.

Nominee Mortgage: The Responsible Entity is registered on the title of the Security Property, but holds the Mortgage over the Security Property on trust for the Member or Members who have provided the Loan funds in respect of that particular Sub-scheme.

It is important to note that the criteria adopted by the Responsible Entity in assessing the creditworthiness of a prospective Borrower and the level of Borrower due diligence undertaken by the Responsible Entity (see Section 8.5) is no different whether the Mortgage Security is Direct, Contributory or Nominee.

Accordingly, the underlying risk in respect of a Mortgage is not different based solely on whether the Mortgage is Direct, Contributory or Nominee.

A potential risk for a Member in electing to have the Responsible Entity registered on the title of the Security Property as Mortgagee (i.e. Nominee Mortgage) is that the Member is exposed to potential loss if the Responsible Entity becomes insolvent or acts fraudulently. In these circumstances, the Member may need to incur considerable expense in enforcing its rights in respect of their interest in the relevant Mortgage. For these reasons, there is a benefit in the Member choosing to be registered on the title of the Security Property as Mortgagee (e.g. Direct Mortgage). However, it is important to note that a Member's rights under a Mortgage are no more or less enforceable under a Direct Mortgage or a Contributory Mortgage than a Nominee Mortgage.

In order to mitigate the risk of fraud, the Responsible Entity is required under its AFSL to have in place insurance covering professional indemnity and fraud by officers that is adequate having regard to the nature of its activities carried out under its AFSL. In compliance with this requirement, the Responsible Entity has in place professional indemnity cover of \$5 million.

Potential benefits in a Member electing to be part of a Sub-scheme where the Mortgage Security is a Nominee Mortgage are the privacy afforded to a Member in not needing to have their name registered on the title of the Security Property as Mortgagee and the convenience in having the Responsible Entity act as custodian or nominee for the Member in the best interests of the Member. Under a Nominee Mortgage, all registrable documents (e.g. deeds of priority, discharge of mortgages, etc.) are executed by the Responsible Entity on behalf of the Members of a Sub-scheme. Under a Direct Mortgage or a Contributory Mortgage, each Member of the relevant Sub-scheme needs to execute each of these documents themselves, which may be a time-consuming process. This benefit is relevant in the context of a Mortgagee sale of the Security Property, where the Member's involvement in the procedural aspects of the Mortgagee sale is minimal where the Mortgage Security is a Nominee Mortgage compared to the Member's involvement in a Mortgagee sale where the Mortgage Security is a Direct Mortgage or a Contributory Mortgage.

(ii) First Ranking Mortgage or Second Ranking Mortgage

Potential investors may nominate on the Application Form whether they wish to invest in a First Ranking Mortgage or a Second Ranking Mortgage. A First Ranking Mortgage provides a higher level of security than a Second Ranking Mortgage in that it has priority in relation to repayments of interest, principal and any enforcement costs and expenses over a Second Ranking Mortgage.

To compensate for the higher risk associated with a Second Ranking Mortgage, a higher interest rate will usually be applicable to Sub-schemes with this type of Mortgage Security. Accordingly, this option provides Members with a greater ability, in investing in the Fund, to select a Sub-scheme that matches their risk and return objectives.

(iii) Size of Investment

The minimum investment into the Fund is \$5,000. Investment amounts may be for any amount which is \$5,000 or more.

INCOME

The Responsible Entity expects that in respect of most Sub-schemes, the Members of those Sub-schemes will be entitled to the interest paid by the relevant Borrower (at the fixed interest rate) less the Responsible Entity's management fee. In these Sub-schemes, Members will also be entitled to any default interest which is paid by a Borrower for the late repayment of interest in respect of the Borrower's Loan and any "break fees" paid by a Borrower on the early repayment of the Borrower's Loan. However, Members of these Sub-schemes bear the risk of Borrower default. That is, Members of these Sub-schemes will only receive income through the monthly repayments of interest that are actually made by the Borrower in respect of the Loan. The Responsible Entity's fees are paid out of the monthly repayments made by Borrowers. Therefore, the Responsible Entity will not receive its management fee in respect of a particular Sub-scheme unless and until the relevant Borrower has made the appropriate repayment of interest.

TERM OF THE INVESTMENT

The term of a Sub-scheme offered under the PDS will be between 1 month and 5 years. Members will have knowledge of, and will have consented to (through the Consent Form), this term before their Application Moneys are advanced to any Sub-scheme.

INTEREST PAYMENTS

Members will have interest paid directly to their nominated bank account monthly, or as otherwise agreed between the Member and the Responsible Entity.

Upon the Responsible Entity accepting a Member's Application, the Member's Application Moneys will be deposited into a trust account until the Responsible Entity allocates such Application Moneys to a particular Sub-scheme. Any interest earned on a Member's Application Moneys deposited into a trust account pending allocation to a Sub-scheme will be to the benefit of the Responsible Entity.

SECURITY OF INVESTMENT

The Constitution of the Fund prescribes the maximum LVRs for various types of Security Property. All Security Property is independently valued on a regular basis. When a Sub-scheme of the Fund is established, the LVR of that

Sub-scheme will never exceed 80%. That is, the amount of the Loan in respect of a Sub-scheme will never be greater than 80% of the current valuation of the relevant Security Property.

For the valuation practices of the Fund, refer to Section 6.5

6.5 Valuation practices

The Responsible Entity is responsible for obtaining a valuation of each Security Property and is responsible for the review of all valuations. For the purposes of approving a Loan Application made by a Borrower and determining whether the LVR requirements of the Fund are satisfied in respect of a Security Property, a valuation must be an independent valuation provided to the Responsible Entity by an Approved Valuer, or be the most recent municipal valuation of the land and improvements.

An independent valuation must be requested by the Responsible Entity. The Approved Valuer can only be an independent valuer of at least 5 years experience appointed from the Responsible Entity's approved panel of valuers. The Responsible Entity shall not accept an independent valuation procured by a Borrower.

Original valuation reports are filed by the Responsible Entity in each particular Borrower's file for each Sub-scheme proposal.

6.6 How to Invest in the Fund

Investing in the Fund is a two stage process.

First, the Application Form attached to this Part A PDS must be completed by the potential investor. Accompanying the Application Form must be the Application Moneys, or a direct debit request for the Application Moneys, which the investor wishes to invest in the Fund.

Once the Application Form has been submitted to the Responsible Entity, the Responsible Entity may decide to accept or reject the Application. If the Responsible Entity accepts the Application, the Applicant will become a Member of the Fund.

However, in becoming a Member of the Fund, the Member's Application Moneys are not automatically allocated to a particular Sub-scheme. The Application Moneys of a new Member will be held on trust for the

Member by the Responsible Entity, pending allocation to a Sub-scheme with the Member's approval. Any interest earned on a Member's Application Moneys deposited into a trust account pending allocation to a Sub-scheme will be for the benefit of the Responsible Entity.

Once an investor has become a Member of the Fund a specific Part B PDS will be sent to the Member which discloses the specific details of the Sub-scheme being offered to the Member (e.g. location and valuation of Security Property, LVR in respect of the Security Property, term of Loan, interest rate, identity of the Borrower, etc.).

If a Member decides to invest in the particular Sub-scheme offered to the Member, that Member must complete the Consent Form attached to the Part B PDS. The Member's Application Moneys will be allocated to that Sub-scheme on the terms contained in the Part B PDS, provided the Sub-scheme is fully subscribed. The Member will be notified shortly after their Application Moneys have been allocated to the Sub-scheme. If the Member does not complete and return the Consent Form to the Responsible Entity within 14 days of the Consent Form being sent to the Member, the Member's Application Moneys will be returned by the Responsible Entity and the Member will be removed from the Register of Members unless the Member and the Responsible Entity have agreed that the Responsible Entity will retain the Member's Application Moneys and will send a new updated and specific Part B PDS.

7. About Equity-One Mortgage Fund Limited

Equity-One Mortgage Fund Limited is the Responsible Entity of the Fund. The Responsible Entity has been granted an AFSL (AFSL number 277318), which allows the Responsible Entity to act as the Responsible Entity of the Fund and Custodian of the assets of the Fund.

7.1 Board of Directors of Equity-One Mortgage Fund Limited

Dean Koutsoumidis **Managing Director/Responsible Officer**

Dean Koutsoumidis has extensive experience in the management of a mortgage lending business, and has been the Managing Director of the Responsible Entity since its inception. Previously, Dean specialised in second mortgage and bridging finance products. as the Managing Director of Equity-One Finance & Investments Pty Ltd. Under this mortgage lending business, Dean dealt, on a regular basis, with finance consultants, mortgage brokers, wholesale lenders, valuers and its legal representatives As the Managing Director of Equity-One Finance & Investments Pty Ltd, Dean was responsible for managing the mortgage portfolio. Dean acted as Equity-One Finance & Investments Pty Ltd's Managing Director since 29 April 1998.

Dean also has experience in operating as an independent mortgage broker and consultant and has conducted business as a mortgage originator for Perpetual Trustees Victoria Ltd and for National Australia Bank mortgage products.

Dean has a Diploma of Financial Planning from Deakin University and RMIT and is a member of the Mortgage & Finance Association of Australia and Australian Institute of Company Directors.

Franklin Troise **Non-Executive Director**

Frank Troise has considerable experience in the mortgage lending industry in both lending and finance broking. Frank has largely gained this experience in his role as managing director of Metiere Pty Ltd, a finance brokerage consultancy business, which he has held since 17 June 1999. . In the course of this business, Frank has provided services to Equity-One Finance & Investments Pty Ltd, a related party of the Responsible

Entity, and this has enabled Frank to obtain a thorough knowledge of mortgage products and key industry factors.

Frank is currently completing a Diploma of Mortgage Lending and is a member of the Mortgage Industry Association of Australia.

Adrian Lo Giudice
Non-Executive Director

Since 1990, Adrian Lo Giudice has gathered experience in real estate and property development. He is a licensed real estate agent and registered builder with the Building Practitioners Board of Victoria. He previously worked for an independent real estate agency until establishing his own real estate agency business in 1991. After several years in operating this business Adrian broadened his interests to property development and construction, with the establishment of Teren Building Services Pty Ltd on the 7th of June 2000.

Adrian has broad experience in the Melbourne property market. He deals on a regular basis with a range of real estate agents, finance companies and banks, building consultants, architects and planners, sub-contractors and suppliers. He has experience in undertaking both small and larger scale property development and construction projects of a diverse nature including land subdivision, industrial projects, child care centres and residential developments.

Adrian, through Teren Building Services Pty Ltd, is a member of the Master Builders Association of Victoria. Adrian is also a Member of the Australian Institute of Company Directors.

7.2 Responsible Officers and Senior Management of Equity-One Mortgage Fund Limited

Dean Koutsoumidis
Managing Director/Responsible Officer

Refer to Section 7.1.

George Aivazidis
Compliance Officer/Responsible Officer

George Aivazidis has been involved in the corporate regulatory environment since 1984, working with Corporate Affairs – Victoria and subsequently the Australian Securities and Investments Commission until 1998. Following ASIC, George worked as the compliance and contracts manager of a company

listed on the Australian Stock Exchange offering interests in managed investment schemes and in 2001 as the professional standards manager for a financial planning company. From 2003 George was engaged as a compliance manager by one of Australia's major banks to assist with its application for an AFSL and the changes introduced by the Financial Services Reform Act 2001. George has also worked as the national audit and compliance manager of a financial planning subsidiary of a large financial services group.

Since 2004 George has been a Director of Professional Compliance Services Pty Ltd which offers compliance and risk management services to financial product and service providers.

George has a Bachelor of Commerce from the University of Melbourne, Diploma of Financial Services (FP) and is an Associate of the Australasian Compliance Institute.

Michael Tyers
Mortgage and Portfolio Manager

Michael Tyers has considerable experience in both the mortgage and legal fields and has worked in these areas since 1993. Michael has worked in various legal offices in the capacity of a senior law clerk, mainly in the area of mortgage lending, acting for public companies and private investors alike.

Michael's technical knowledge is of great assistance in the process of seeing mortgages through from application through to settlement, and particularly so in the area of credit due diligence.

Michael also has experience in the area of general office accounting having also filled the role of senior accounts manager at two of the legal offices he has previously worked with.

7.3 Compliance Committee

The Fund has a Compliance Committee in place. The Compliance Committee's role is to monitor Compliance with the Compliance Plan. The compliance Committee must also regularly assess the adequacy of the Compliance Plan and report any breaches of the Corporations Act or the Constitution to the Responsible Entity. If the Responsible Entity does not take appropriate action to deal with the breach, the Compliance Committee will report the breach to ASIC. The membership of the Compliance Committee is as follows:

George Aivazidis

Chairman of Compliance Committee

Refer to Section 7.2.

Nick Corbo

External Compliance Committee Member

Nick has gained a wide range of tax and audit experience since 1988 in his various roles with chartered accounting firms. Initially, Nick worked as a graduate accountant with 2 medium sized accounting practices between 1988 and 1990. In July 1992 Nick was admitted a partner of Carrington Myers Chartered Accountants. During 1995 Nick Corbo was admitted as a member to the Institute of Chartered Accountants in Australia after completing the Institute's Professional Year program and obtaining a Certificate of Public Practice.

In 1999 Nick became managing partner of Carrington Myers Chartered Accountants. During this time he has gained extensive experience in all aspects of taxation and business services ranging from small businesses to larger, national-sized businesses.

Nick has a Bachelor of Business from LaTrobe University, having graduated in April 1988.

Mark Bird ACA MBA

External Compliance Committee Member

Mark has over 25 years experience in accounting and taxation, holding roles within the profession and the corporate sector. As a taxation specialist, Mark is very familiar with the complex rules and regulations with which businesses need to comply.

A chartered accountant by profession, Mark has held senior leadership roles in some of Australia's largest companies including Ansett Australia and Foster's Brewing Group, Carlton and United Breweries Limited and Village Roadshow Limited.

Currently, Mark is Head of Tax for one of Australia's most respected health funds. He is currently undertaking a Masters of Taxation at the University of Melbourne and is expected to complete these post-graduate studies in 2006.

Mark has a keen interest in the ethical and modern day behaviour of corporations, their ethos and their community values.

8. Risks

8.1 Introduction

This Section identifies the areas that the Responsible Entity regards as the major risks associated with an investment in the Fund. Investors should be aware that an investment in the Fund involves many risks. Whilst the Responsible Entity intends to use prudent skill and care to minimise the risks to Members, no assurances can be given about the success or otherwise of any Member's investment in a Sub-scheme. Potential investors should read the whole of the PDS in order to fully appreciate the risks associated with an investment in the Fund, and the manner in which the Fund intends to operate in relation to those risks, before any decision is made to become a Member of the Fund.

8.2 General Risk Factors

The Fund invests in Mortgages over real estate and therefore the Fund is exposed to the general risks affecting the property market as described below.

PROPERTY RISK

Property risk describes the risk that real estate values will be affected by the supply and demand for the particular properties used as Security Property, competing developments, interest rates, inflation, rental returns, vacancy rates, property outgoings, investor demand, economic conditions, business confidence, insurance premiums, government and banking policies and general market conditions.

Any decrease in real estate values will mean that the value of Security Property used as security for a Sub-scheme is also likely to decline, meaning that LVRs in respect of Security Property are likely to increase.

INFLATION RISK

Inflation risk is the risk that inflation rates will increase and, as a consequence, decrease the real (i.e. inflation adjusted) return of an investment in the Fund. If inflation increases by a significant amount, there is a risk that the rate of inflation may exceed the return received on an investment in the Fund.

INTEREST RATE RISK

Each Sub-scheme of the Fund is a fixed rate investment. If market interest rates increase, the fixed interest rate of the Sub-scheme may be relatively low compared to the prevailing market interest rate given the level of risk of the investment and other fixed interest rate investments that may be available on the market.

SUB-SCHEME INVESTMENT

Sub-scheme risk is the risk that a particular Sub-scheme investment which a Member invests in will not perform as well as another Sub-scheme within the Fund.

For example, interest rates offered to Members of different Sub-schemes may vary from time to time and are influenced by a combination of supply and demand factors and competition by similar market participants.

MARKET RISK

Market risk is the risk that the whole real estate/property market falls in line with the general economic conditions in Australia or overseas markets due to various internal factors (such as oversupply of real estate on the market for sale) or external factors (such as economic conditions or market sentiment).

8.3 Specific Risks

There are also specific risks attributable to the Fund based upon the nature of its operations. The main risks specifically associated with the activities of the Fund are “Income Risk” and “Capital Risk”.

INCOME RISK

Income Risk is the risk of a failure of a Borrower to pay interest on time or in full in accordance with the terms of the Loan. If a Borrower does not pay interest on time or in full in accordance with the terms of the Loan and Mortgage, this may have a material adverse effect on the return on investment for the Members of the relevant Sub-scheme(s). The Responsible Entity does not guarantee that a Borrower will pay the amount of interest which it owes under the Loan.

CAPITAL RISK

Capital Risk is the risk of a failure or delay by the Borrower to repay the principal advanced to the Borrower under the terms of the Loan on the agreed repayment date. This risk is relevant for Members of all Sub-schemes. If a Borrower does not repay the whole or any of the principal advanced to it under the terms of the Loan on the agreed repayment date or at any later date, this may have a material adverse effect on the return of investment of Members. That is, in these circumstances, Members may not receive their entire capital investment at the completion of the term of the Sub-scheme. The Responsible Entity does not guarantee the repayment to a Member of the moneys the Member has invested in the Fund and which have been allocated to a Sub-scheme.

MORTGAGE RANKING RISK

A First Ranking Mortgage provides a higher level of security than a Second Ranking Mortgage in that it has priority in relation to repayments of interest and

principal and any enforcement costs and expenses over a Second Ranking Mortgage. Therefore, the Income Risk and Capital Risk is greater for a Mortgagee in respect of a Second Ranking Mortgage as compared with a First Ranking Mortgage.

As a means of compensating a Mortgagee for the higher risk associated with a Second Ranking Mortgage, a higher interest rate will usually be applicable to Sub-schemes with this type of security.

8.4 Regulatory Risks

Potential investors should also note that changes are frequently made to Australian taxation and corporate laws and regulations, which may affect the value of an investment in the Fund.

In particular, recent changes to the National Consumer Credit Code may require the Responsible Entity to hold a credit licence in order to carry on consumer credit activity. Presently, the Responsible Entity does not engage in consumer credit activity, however it may do so in the future. In order to mitigate this risk, the Responsible Entity has registered with ASIC for the purposes of obtaining a credit licence.

8.5 Risk Management Processes of the Responsible Entity

In order to seek to manage the above risks, the Responsible Entity has adopted a number of procedures aimed at minimising the risk to Members of both income and capital loss and loss incurred as a result of the realisation of one of the general risks mentioned above.

It is important to note, however, that not all risk can be foreseen and/or sufficiently reduced. Therefore, it is not possible for the Responsible Entity to protect the value of an investment from all risks.

Some of the key risk management procedures implemented by the Responsible Entity are as follows:

LOAN TO VALUATION RATIOS (LVRs)

The Constitution of the Fund prescribes the maximum LVR for various types of Security Property. All Security Property is independently valued on a regular basis. When a Sub-scheme is established, the LVR of that Sub-scheme will never exceed 80%. That is, the amount of the Loan in respect of a Sub-scheme will never be greater than 80% of the current valuation of the Security Property.

These LVR requirements are aimed at ensuring that even if real estate values decrease, the value of the Security Property will still be sufficient to cover the value of the Loan. In this regard, risk generally increases as the LVR rises. Therefore, the Responsible Entity manages Capital Risk by setting conservative LVRs.

For the valuation practices of the Fund, refer to Section 6.5.

BORROWER DUE DILIGENCE

The Constitution of the Fund also prescribes various checks which the Responsible Entity must undertake on the Borrower to assess the Borrower's ability to meet its obligations under a Loan.

These checks include conducting credit checks on a potential Borrower through an independent credit agency. In this regard, the Borrower must provide the Responsible Entity with details of its real estate assets and secured liabilities, a statement of the Borrower's income, and details of any bankruptcy or insolvency of the Borrower as part of the Borrower's Loan Application to the Responsible Entity. The Borrower must also provide full details of the land offered as security for the Loan.

The information provided by the Borrower to the Responsible Entity, and the results of the independent credit checks conducted on the Borrower, are made available to the Members of the relevant Sub-scheme upon request. A request for this information may be made by a Member, free of charge, in writing to the Responsible Entity.

The Responsible Entity manages both Income Risk and Capital Risk by undertaking due diligence checks on Borrowers.

APPROVED VALUERS

The Responsible Entity manages the risk of obtaining an overstated valuation in respect of Security Property by imposing strict criteria which any Approved Valuer must satisfy. Approved Valuers must be independent of the Responsible Entity (and the Borrower) and must have the requisite experience.

INSURANCE

The Responsible Entity will obtain insurance in respect of each Security Property for an amount equal to or greater than the amount recommended by the Approved Valuer assessing the relevant Security Property. This insurance coverage aims to protect Members from loss in the event of any damage to, or reduction in value of, the Security Property.

DEFAULT LOAN MANAGEMENT

In the event that a Borrower is in default in respect of Loan repayments the Responsible Entity will undertake the following measures.

A letter is sent by the Responsible Entity to the Borrower informing the Borrower of the default and requesting payment of the relevant amount owing (including default interest) within 14 days of the date of

the letter. The Borrower is also contacted by telephone to confirm the default and the amount outstanding. If the Loan remains in arrears for 1 monthly instalment, no further action is undertaken, but at the discretion of the Responsible Entity the matter may be referred to its legal representative. If the Borrower is in default under the relevant Loan for 2 monthly instalments at any time during the term of the Loan, the Responsible Entity will refer the matter to its legal representative who will issue a statutory default notice to the Borrower. The statutory default notice requires the Borrower and/or the guarantor of the relevant Loan (if applicable) to remedy the default within 7 days of the notice if the Mortgage is registered in the State of Victoria. All other states provide that the Borrower must rectify the default within 31 days. In the event that the amount in arrears is not paid within that time, further action is taken under the Mortgage with a view to selling the Security Property by way of Mortgagee sale.

Each Member of the relevant Sub-scheme will be sent details of the action being taken by the Responsible Entity to remedy the default at the time the initial letter notifying the Borrower of the default is sent to the defaulting Borrower. Each Member of the relevant Sub-scheme will also receive details of the progress of any action taken by the Responsible Entity in respect of the default.

Where the default remains unrectified and the relevant Security Property is sold as a result of Members and the Responsible Entity exercising their right to sell a Security Property, the available proceeds of the sale of the Security Property will be distributed in the following order:

- the Responsible Entity is reimbursed for administration costs and expenses it incurs in enforcing the Mortgage and arranging for the sale of the Security Property;
- the Members are repaid the amount of their principal investment;
- the Members are paid any interest (including default interest) which has accrued under the Sub-scheme; and
- the Responsible Entity is paid its management fee in respect of the Sub-scheme.

9. Fees and Expenses

Set out in this Section are the fees and costs associated with the Offer and the ongoing operation of the Fund, all of which are deducted before payments are made to Members of the Fund.

9.1 Consumer Advisory Warning

Government regulations require the Responsible Entity to include the following standard consumer advisory warning. The information in the consumer advisory warning is standard across all product disclosure statements and is not specific to information on fees and costs in the Fund.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund 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).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

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)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

9.2 Fees and Other Costs

This document 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 (Section 10).

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

Type of Fee or Cost	Amount	How and When Paid
<i>Fees when your money moves in or out of the Fund</i>		
Establishment fee	Nil	Not Applicable
The fee to open your investment		
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	Not Applicable
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	Not Applicable
<i>Termination fee</i> The fee to close your investment	Nil	Not Applicable
<i>Management costs</i>		
The fees and costs for managing your investment		
Administration costs¹ are the fees and costs for operating the Fund. They include administration and other fees charged by the Responsible Entity, distribution costs and other expenses incurred in operating the Fund.	Nil	Paid by the Fund to the Responsible Entity as incurred by the Responsible Entity. These costs are paid from the fees that are paid to the Fund by Borrowers (e.g. loan establishment fees, insurance administration fees, etc.).
Management fees and costs² are the fees and costs for investing in the Fund. They include fees charged by the Responsible Entity and other expenses incurred in investing in the Fund.	First Mortgages: An amount not exceeding 3% of each individual Sub-scheme loan amount. Second Mortgage: An amount not exceeding 5% of each individual Sub-scheme loan amount.]	Paid by the Fund to the Responsible Entity monthly in advance. This fee is debited against and paid out of interest paid in each Sub-scheme or, at the discretion of the Responsible Entity, is held to the account of the Sub-scheme on maturity or repayment of the relevant Loan.
<i>Service fees</i>		
<i>Investment switching fee</i>	Nil	Not Applicable
The fee for changing investment options		
<i>Adviser fee</i>		
The fee for extra advice from your adviser about your investment.	Nil	Not Applicable

1. See “Administration Costs” in the Additional Explanation of Fees and Costs in Section 9.5.

2. See “Management Fees and Costs” in the Additional Explanation of Fees and Costs in Section 9.5.

9.3 Example of Annual Fees and Costs – Where the Security Property is secured by a First Ranking Mortgage

This table gives an example of how the fees and expenses for the Fund can affect your investment over a one year period. This table should be used to compare this product with other managed investment products.

EXAMPLE – Where the Security Property is secured by a First Ranking Mortgage		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	3%	And , for every \$50,000 you have in the Fund, you will be charged \$1,500 each year.
EQUALS Cost of Fund		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 of: \$1,650 What it costs you will depend on the fees you negotiate with your fund manager or financial adviser.

9.4 Example of Annual Fees and Costs – Where the Security Property is secured by a Second Ranking Mortgage

This table gives an example of how the fees and expenses for the Fund can affect your investment over a one year period. This table should be used to compare this product with other managed investment products.

EXAMPLE – Where the Security Property is secured by a Second Ranking Mortgage		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	5%	And , for every \$50,000 you have in the Fund, you will be charged \$2,500 each year.
EQUALS Cost of Fund		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 of: \$2,750 What it costs you will depend on the fees you negotiate with your fund manager or financial adviser.

9.5 Additional Explanation of Fees and Costs

ADMINISTRATION COSTS

The Responsible Entity is entitled to be reimbursed out of the Fund for all costs, charges and expenses incurred by the Responsible Entity in relation to the proper performance of its duties in relation to the Fund to the extent that such reimbursement is not prohibited by the Corporations Act. It is important to note that as at the date of this PDS the Responsible Entity has never exercised this entitlement. That is, from the date of establishment of the Fund to the date of this PDS, the Responsible Entity has not been reimbursed for any costs, charges or expenses it has incurred in relation to the proper performance of its duties in relation to the Fund.

Administration costs are able to be paid by the Fund to the Responsible Entity as incurred by the Responsible Entity.

No administration costs will be charged to a Member until the Member's Application Moneys have been advanced to a particular Sub-scheme with the Member's consent. If a Member does not complete a Consent Form and has its Application Moneys refunded, no administration costs will be deducted from the Application Moneys returned to the investor.

The Responsible Entity is entitled to be reimbursed out of the Fund for all costs, charges and expenses incurred by the Responsible Entity in relation to the proper performance of its duties in respect of the Fund to the extent that such reimbursement is not prohibited by the Corporations Act. These include expenses associated with:

- (a) the Constitution, any supplemental deed and the formation of the Fund;
- (b) the preparation, review, distribution and promotion of the PDS and any supplementary PDS that may be required;
- (c) the acquisition, disposal, sale or other dealing with assets;
- (d) any proposed acquisition, disposal, sale or other dealing with an investment;
- (e) the administration or management of the Fund;
- (f) convening and holding meetings of Members and the implementation of any resolution or special resolution;

- (g) communications with Members;
- (h) tax and financial institution fees;
- (i) the engagement of agents, valuers, contractors and advisers (including legal advisers);
- (j) preparation, audit and lodgement of taxation returns and accounts of the Fund, including the fees of the auditor of the Fund;
- (k) termination of the Fund and the retirement or removal of the Responsible Entity and the appointment of a replacement responsible entity;
- (l) any court proceedings, arbitration or other dispute concerning the Fund, including any proceedings against the Responsible Entity, except to the extent that the Fund is found by a court to be in breach of trust or to have been grossly negligent, in which case any expenses paid or reimbursed must be repaid by the Responsible Entity into the Fund;
- (m) any costs and expenses associated with the Board of Directors of the Responsible Entity carrying out the functions required by the Compliance Plan;
- (n) complying with any law and any request or requirement of ASIC;
- (o) fees payable to any credit rating organisation;
- (p) preparing, printing and posting accounts, cheques and all other documents or making payments to Members;
- (q) all fees and costs in connection with being a member of an external complaints handling scheme (including as required by the terms of the Responsible Entity's AFSL), in applying for membership, application and ongoing membership fees, in maintaining membership and any costs and disbursements in connection with any complaints or matters referred to or to be, or proposed to be, dealt with by the manager of such a scheme in accordance with the terms of such a scheme;
- (r) establishing and maintaining a Register of Members;
- (s) establishing and maintaining the accounting and investment recording systems of the Fund; and
- (t) development and operation of computer facilities (including web site applications), salaries and costs relating to the matters set out in the paragraphs above.

In addition to the above, the Responsible Entity is entitled to be reimbursed out of the assets of a Sub-scheme all amounts which the Borrower is required to pay that the Responsible Entity is unable to recover from the Borrower under the Sub-scheme including:

- (a) all unpaid interest due and payable under a Mortgage which is paid by the Responsible Entity or its associates to Members of the Sub-scheme;
- (b) all costs and expenses incurred in preparing a Security Property for sale, including completion of building works;
- (c) all professional fees, costs and expenses incurred in relation to engaging Approved Valuers, quantity surveyors, project managers and other building or property consultants incurred in connection with the Security Property;
- (d) legal costs and expenses incurred in recovering all moneys to which the Members of a Sub-scheme are entitled under a Mortgage;
- (e) payment of all expenses relating to credit checks, title searches and enquiries and company searches (including historical company searches);
- (f) payment of all rates and taxes payable on the Security Property; and
- (g) payments of all repairs and maintenance to the Security Property and of any insurance amounts.

MANAGEMENT FEES AND COSTS

The Responsible Entity is entitled to a management fee of 3% per annum (inclusive of GST) of moneys invested in relation to investments where Security Property is secured by First Ranking Mortgages and 5% per annum (inclusive of GST) of moneys invested in relation to investments where Security Property is secured by Second Ranking Mortgages.

The Responsible Entity's management fee is paid by the Fund to the Responsible Entity monthly in advance. This fee is debited against and paid out of interest paid in each Sub-scheme or, at the discretion of the Responsible Entity, is held to the account of the Sub-scheme on maturity or repayment of the relevant Loan.

The Responsible Entity may, in its absolute discretion, waive or reduce any entitlement to recover a management fee.

The Responsible Entity may, in its absolute discretion, charge an administration fee, of \$330.00 on any one Sub-scheme, where it recovers unpaid (default) interest which has been capitalised, for the benefit of the Member(s) in that particular Sub-scheme.

10. Tax Considerations

10.1 Income tax

A Member will begin to receive income once that Member's investment is allocated to a particular Sub-scheme. Whilst the precise details of the investment will vary according to the terms of the Sub-scheme, the investments will generally comprise interest bearing securities, with interest being paid no less frequently than annually.

Generally, the interest income will be assessable to the Member in the year in which it is received by the Member, in the case of a Direct Mortgage, or by the Responsible Entity where it acts as nominee for the Member. However, a Member that otherwise carries on a money lending business would be assessable at the time that the interest became due and payable.

The Mortgages will not be issued at a discount nor redeemable at a premium. Accordingly, the provisions of Division 16E of the Income Tax Assessment Act 1936 (Cth) (as amended) will have no application.

The Member would be entitled to a deduction for management fees and administration expenses paid to the Responsible Entity.

A Member may quote their Tax File Number (TFN) or claim an exemption from doing so by completing the TFN section of the Application Form attached to this PDS. It is not an offence to decline to quote a TFN, but if a Member chooses not to provide their TFN to the Responsible Entity, the Responsible Entity will withhold from that Member's interest entitlements, tax at the highest marginal rate plus levies. If a Member is not an Australian resident, tax will be withheld from that Member's interest entitlements at the prescribed rates.

In the event that a Borrower defaults on repayment of the principal, the loss would generally constitute a capital loss. The loss would be realised at the time that the Loan is compromised or the Borrower is wound up. A capital loss can be offset against capital gains made by the Member in the same or a subsequent year: a capital

loss cannot be offset against ordinary income. However, in the case of a Member that otherwise carries on a money lending business, the loss would not be a capital loss and could be set off against ordinary income.

You should consult your taxation adviser in relation to your circumstances.

10.2 Goods and services tax (GST)

GST applies to the Responsible Entity's fees and expenses set out in Section 8. GST which is applicable will be deducted from the interest collected from Borrowers.

No GST is payable on the acquisition of the investment by the Member or on any interest paid to the Member during the term of the investment. However, Members who are registered for GST purposes may be able to claim a full (or any) input tax credit for GST payable on expenses that relate to the investment, including the Responsible Entity's fees.

11. Additional Information

11.1 Material Documents

The following sets out a summary of the material documents which are relevant to the Fund.

The material documents are the Constitution establishing the Fund and the Compliance Plan of the Fund.

CONSTITUTION

The Constitution is the primary document governing the relationship between the Members of the Fund and Equity-One Mortgage Fund Limited as the Responsible Entity of the Fund. The Fund was established by the Constitution on 25 June 2005 and registered with ASIC on 25 July 2005. An amended constitution was lodged with ASIC on 3 December 2007.

The Constitution contains extensive provisions in respect of the legal obligations of the Responsible Entity and the Members and the rights and powers of each. The Constitution can be amended unilaterally by the Responsible Entity where the change does not adversely affect the rights of the Members of the Fund. Otherwise, a special resolution of the Fund must be passed by Members at a properly convened meeting.

A number of the important provisions of the Constitution are discussed elsewhere in the PDS, in particular this Part A PDS.

Among other things, the Constitution deals with the following important matters:

(i) *Obtaining an interest in the Fund. (See Section 6.)*

(ii) *The powers of the Responsible Entity.*

The Responsible Entity has broad powers to manage the Fund, including the power to approve and establish Sub-schemes and advance moneys to particular Borrowers, subject to the limits on approving and establishing Sub-schemes imposed by the Constitution.

(iii) *Remuneration and expenses of the Responsible Entity.*

The Responsible Entity is entitled to be indemnified out of the assets of the Fund for all liabilities and expenses incurred in the proper performance of its duties. The Responsible Entity is also entitled to a management fee. For more details of fees and expenses see Section 8.

(iv) *Fees and expenses to be paid by the Borrower.*

The Responsible Entity is entitled to be paid by the Borrower various fees in relation to the establishment of each Sub-scheme including a Loan Application fee, an establishment fee (for establishing the Sub-scheme and the relevant Mortgage), a Sub-scheme modification fee (to cover agreed variations to a Mortgage or the terms of the relevant Sub-scheme), an insurance administration fee, an interest collection fee (for Borrowers who make interest payments by cheque or cash), a valuation fee, an administration fee (for work conducted by the Responsible Entity at the request of the Borrower), a discharge administration fee, a payout calculation fee and a settlement attendance fee.

(v) *Transfer of interests in the Fund.*

A member may assign their interest in the Fund to another if the Corporations Act permits such an assignment and if they receive the written consent of the Responsible Entity.

(vi) *Member's right to withdraw from the Fund.*

A Member has no right to withdraw from the Fund.

(vii) *Complaints handling.*

The Constitution prescribes a formal process by which Members can raise complaints with the Responsible Entity. For further details see Section 11.

(viii) *Convening, holding, attending and voting at meetings of Members.*

The Responsible Entity may at any time convene and conduct a meeting of Members in accordance with the Corporations Act. Every Member will be entitled to receive notice of, and attend and vote at, meetings of the Fund. All questions at a meeting will be decided by a majority vote. The Corporations Act governs the number or, on a poll, the value of the votes required to be received to pass a resolution.

(ix) *The retirement and removal of the Responsible Entity and the appointment of a new Responsible Entity.*

The Responsible Entity must retire when required to do so by, and in accordance with, the Corporations Act. The Responsible Entity may retire from office upon giving not less than 6 months notice in writing (or such shorter notice as the Members may, by special resolution, approve) to the Members of its intention to retire. If it retires, the Responsible Entity must appoint a replacement responsible entity in its place.

(x) *The duration of the Fund.*

The Fund commenced on 25 June 2005 and is for a term of 80 years.

(xi) *Winding-up of the Fund.*

The Fund may be wound up by the Responsible Entity in accordance with the Corporations Act, an extraordinary resolution of the Members or by order of the court.

COMPLIANCE PLAN

The Compliance Plan is the document which outlines the principles and procedures which the Responsible Entity will apply to ensure that it complies in all respects with the provisions of the Corporations Act, ASIC policy and the Constitution of the Fund. The Compliance Plan is dated 25 June 2005 and has been lodged with ASIC.

The Compliance Plan deals with an extensive range of issues, from the formation and operation of the Fund to the frequency and manner in which the Fund's assets will be valued. The Compliance Plan also focuses on the systems in place to ensure competent management of the Fund. Systems for a wide variety of functions, including accounting, filing and office security, are also prescribed.

11.2 Interests of the Directors of the Responsible Entity

Other than as disclosed in the PDS, none of the Directors of the Responsible Entity has any interest (nor has had

any interest in the two years before the issue of the PDS) in the promotion of the Fund or in any transactions proposed to be entered into by the Fund. Except for remuneration or reimbursements that have been paid, accrued or will accrue to the Responsible Entity under the Constitution, no amount has been paid or agreed to be paid to the Responsible Entity for services rendered by it in connection with the promotion or formation of the Fund, or for other services rendered in accordance with the Constitution.

Equity-One Mortgage Fund Limited is, as at the date of this Part A PDS, a Member of the Fund, having invested over \$4, 500,000 in the Fund.

The terms upon which Equity-One Mortgage Fund Limited is a Member of the Fund are no different to the terms upon which Applicants may become Members of the Fund pursuant to the PDS.

Other than their ordinary remuneration and other entitlements as Directors, no Director of the Responsible Entity has been paid or agreed to be paid any amount in cash (or otherwise) to induce them to become or to qualify them as a Director, or for other services rendered in connection with the promotion and formation of the Fund, other than as disclosed in the PDS.

Mr Dean Koutsoumidis, Director of Equity-One Mortgage Fund Limited, is the spouse of the sole shareholder in D.D.K. Holdings Pty Ltd, which is the sole shareholder in Equity-One Mortgage Fund Limited. D.D.K. Holdings Pty Ltd will benefit from any fees earned by the Responsible Entity.

11.3 Interests of the parties involved in the Offer

Except as set out below or elsewhere in the PDS, during the period of 2 years prior to the issue of the PDS:

(a) no expert, or any firm in which any such expert is a partner, has had any interest in:

- (i) the formation or promotion of the Fund;
- (ii) any transactions entered into or proposed to be entered into in connection with the Fund's formation or its promotion or this Offer; and
- (iii) this Offer; and

(b) no amount or benefit, whether in cash, interests in the Fund or otherwise, has been paid or agreed to be paid to any such expert, or firm in which any such expert is a partner, for services rendered by the expert or the

firm in connection with the formation or promotion of the Fund or this Offer.

11.4 The Right to Redeem Application Moneys

Under the Constitution, a Member may redeem their Application Moneys provided that the Member gives 5 business days written notice to the Responsible Entity within 14 days of signing the Application Form and the Member has not already completed, and submitted to the Responsible Entity, a Consent Form attached to a specific Part B PDS.

In addition, once an investor completes an Application Form and becomes a Member of the Fund, their Application Moneys will be held on trust for them by the Responsible Entity. Once the Responsible Entity has identified a Sub-scheme which suits the Member's investment profile, the Responsible Entity will send an updated, specific Part B PDS detailing the specific Sub-scheme available to the Member for investment and the terms of such investment. In the Responsible Entity's reasonable opinion, a Member may generally expect to receive a specific Part B PDS within approximately 1 month of the Member obtaining membership of the Fund.

If the Member does not sign and return the Consent Form attached to the specific Part B PDS to the Responsible Entity within 14 days of it being sent to the Member by the Responsible Entity (i.e. within 14 days of the date of the covering note with which the specific Part B PDS was sent to the Member), the Member's Application Moneys will be returned to the Member and that Member will be removed from the Register of Members unless the Member and the Responsible Entity have agreed that the Responsible Entity will retain the Member's Application Moneys and will send a new updated and specific Part B PDS.

The statutory 14 day cooling-off period is not applicable in relation to Applications to invest in the Fund.

11.5 Reporting requirements and the right to obtain information

The Responsible Entity will notify, in writing, all Applicants in relation to their Application including a notification that an Applicant's Application has been accepted (where applicable).

The Responsible Entity will report to all Members the details of their investments in a Sub-scheme (including

Loan Amount, the term of the Loan, the applicable interest rate, and information in respect of the Security Property) upon their Application Moneys being allocated to a particular Sub-scheme.

The Responsible Entity will send all Members a tax report at the end of each financial year detailing the income received from their investment over that financial year.

11.6 Continuous Disclosure

Depending on the number of Members, the Fund may become a 'disclosing entity' and be subject to regular reporting and continuous disclosure obligations under the Corporations Act. If this occurs, copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

Under the Corporations Act, the Responsible Entity is obliged to notify Members that they are entitled to obtain from the Responsible Entity copies of:

- (i) the annual financial report most recently lodged with ASIC by the Fund;
- (ii) any half-year financial report lodged with ASIC by the Fund after lodgement of that half-year financial report; and
- (iii) any continuous disclosure notices given by the Fund after lodgement of that financial report referred to above.

It should be noted that at the date of this PDS, no reports or notices of the nature referred to in (ii) and (iii) above have been lodged or given.

The Responsible Entity will comply with its continuous disclosure obligations in relation to the Fund by lodging continuous disclosure notices with ASIC as and when required.

11.7 Conflicts of Interest and Related Party Transactions

Potential conflicts may occasionally arise between the interests of Members, the Responsible Entity, and related parties of the Responsible Entity.

As the responsible entity of the Fund and the holder of an AFSL, the Responsible Entity has a responsibility to manage conflicts of interest and act in the best interests of Members. If there is a conflict between the Members' interests and its own interests (or interests of a related

party), priority will be given to the Members' interests. The Responsible Entity has in place appropriate conflicts and related party management procedures which monitor its conduct and identify, record, report and manage conflicts or potential conflicts.

All proposed related party transactions are reported to the Compliance Officer.

The Compliance Officer will record in the conflicts of interest register any actual or potential conflicts of interest. The conflict of interest register will contain:

- (i) a description of the conflict;
- (ii) whether it is to be controlled or avoided; and
- (iii) if there should be disclosure, how and to whom it has been disclosed.

When a conflict arises, an assessment of the conflict will be undertaken by the Compliance Officer and if appropriate referred to the Board. If the Managing Director of the Responsible Entity, or the Board, considers that a transaction is such that the conflict or potential conflict is best avoided in the interests of a Member(s), the Responsible Entity will not proceed with the transaction.

All such transactions are subject to approval by the Board. Authorisation is only given if the transaction is considered in the best interest of the Member(s). External legal advice may be obtained if best interest cannot be determined. All related party transactions are made on a commercial arm's length basis.

11.8 Legal Proceedings

The Responsible Entity is not, and has not been during the 12 months preceding the date of the PDS, involved in any legal or arbitration proceedings which could have a significant effect on the financial position of the Fund.

As far as the Directors of the Responsible Entity are aware, no such proceedings are threatened against the Fund or the Responsible Entity.

11.9 Privacy Statement

The Privacy Act 1988 (Cth) (Privacy Act) and amendments made to the Privacy Act by the Privacy Amendment (Private Sector) Act 2000 (Cth) govern the use of an individual's personal information gained by an organisation from dealings with the individual. The National Privacy Principles of the Privacy Act govern

the way in which organisations should treat personal information.

The Responsible Entity is committed to managing and only using personal information in ways that comply with the Privacy Act. As a result, the Responsible Entity will apply the National Privacy Principles in respect of all information you provide in making an Application for investment in the Fund.

The information the Responsible Entity obtains from you on the Application Form is used to evaluate your Application, as well as to issue and manage your investment. The Responsible Entity will retain the information you provide for record keeping purposes; however, once your personal information is no longer required, the Responsible Entity will either destroy it, or retain it in a way that does not identify that it relates to you.

You have a right to know the information the Responsible Entity holds which relates to you and to require the Responsible Entity to correct any errors in respect of that information. In this regard, you can assist the Responsible Entity to keep your details up to date by advising the Responsible Entity of any information that is incorrect. You can call the Responsible Entity or write to it at the address listed in the Corporate Directory to obtain details about the information the Responsible Entity holds which relates to you.

As well as reporting to you about your investment in the Fund, the Responsible Entity may use your contact details to let you know about other investment opportunities. If you prefer not to receive these communications, please telephone or mail the Responsible Entity at the contact details referred to in the Corporate Directory. If the Responsible Entity is obliged to do so by law, it will pass your personal information to other parties strictly in accordance with the relevant legal requirements.

11.10 Money Laundering and Counter Terrorism Financing

The Federal Government has enacted laws in relation to money laundering and terrorism financing. The Responsible Entity is required to implement procedures to satisfy its obligations under this legislation. The Responsible Entity proposes to meet its obligations through agreement with the Australian financial services licensees through whom you may be introduced to the investment. You will be required to provide them

with proof of your identity. If you are not introduced to the investment through an Australian financial services licensee, the Responsible Entity will need to collect this proof of identity directly from you before accepting your application. The Responsible Entity will let you know directly if this is required.

Information collected by the Responsible Entity may need to be disclosed to government or law enforcement agencies and independent contractors retained by the Responsible Entity to advise on, and implement procedures to satisfy, anti-money laundering obligations. The Responsible Entity will only disclose information about applicants where it reasonably considers that it is required to do so by the laws of Australia. Where we are required to disclose information to relevant authorities, we may not be able to tell you when this occurs.

Information obtained by the Responsible Entity will be maintained in a secure manner for the period of time required by the laws of Australia.

12. Complaints

If you, as a Member of the Fund, have a complaint about the performance of the Responsible Entity, then you are entitled to have your complaint dealt with in a proper and efficient manner. The Constitution details how complaints should be made and how the Responsible Entity must deal with them.

If you have a complaint, then you should notify the Responsible Entity in writing. Once you have made a complaint, the Responsible Entity's Complaints Officer will respond immediately to notify you of the receipt of your complaint and will seek to resolve the complaint within 45 days.

If a satisfactory resolution to the complaint cannot be reached within 45 days of the making of the complaint, then you may lodge your complaint with the Credit Ombudsman Service Limited (COSL) (details below) which is an external complaints resolution service, or take whatever other action you believe is appropriate.

Case Management Team

C/- Credit Ombudsman Service Ltd
PO Box A252
Sydney, NSW, 1235

Toll Free: 1800 138 422

Facsimile: (02) 9273 8440

Website: www.cosl.com.au

13. Glossary

The following is a glossary of the terms used in the PDS:

AFSL means Australian Financial Services Licence.

Applicant means the person or entity who submits the Application Form accompanying this document to acquire an interest in the Fund.

Application means the process of submitting an Application Form.

Application Form means the form attached to this document, to be used by a person or entity seeking to become a Member of the Fund.

Application Moneys means the amount received by the Responsible Entity from the Applicant for the interest applied for in the Fund.

Approved Valuer means an independent valuer of not less than 5 years experience which has been appointed by the Responsible Entity from the Responsible Entity's approved panel of valuers to conduct a valuation of Security Property.

ASIC means the Australian Securities and Investment Commission, its successor or any regulatory body which performs its functions.

Borrower means any person who applies to the Responsible Entity to borrow Member funds and is approved by the Responsible Entity and has Member funds advanced to them.

"break fees" means fees which are payable by a Borrower as a consequence of an early repayment by the Borrower of the Borrower's Loan.

Capital Risk means the risk of a failure or delay by a Borrower to repay the principal advanced to the Borrower under the terms of the loan, on the agreed repayment date.

Complaints Officer means the person appointed by the Responsible Entity to oversee the Fund's complaints handling procedure with the duties and responsibilities prescribed by the Constitution.

Compliance Committee means the compliance committee of the Fund appointed in accordance with Part 5C.5 of the Corporations Act.

Compliance Plan means the compliance plan of the Fund that was lodged with ASIC on 11 July 2005.

Consent Form means the form attached to the Part B PDS which, when completed by a Member, indicates to the Responsible Entity that the Member consents to their Application Moneys being allocated to the particular Sub-scheme to which the Consent Form relates and the Responsible Entity will then allocate those Application Moneys.

Constitution means the constitution of the Fund dated 25 June 2005 and registered with ASIC on 25 July 2007 as amended 3 December 2007.

Contributory Mortgage means a particular kind of Mortgage as defined in Section 5.4 of this PDS.

Corporations Act means the Corporations Act 2001 (Cth).

COSL means Credit Ombudsman Service Limited ABN 59 104 961 882.

Direct Mortgage means a particular kind of Mortgage as defined in Section 5.4 of this PDS.

Director means a director of the Responsible Entity as defined in the Corporations Act.

First Ranking Mortgage means a mortgage secured over land or an interest in land which has priority over any other mortgage secured over the same land or the same interest in land.

Fund means the Equity-One Mortgage Fund ARSN 115 289 579.

Income Risk means the risk of a failure of a Borrower to pay interest on time or in full in accordance with the terms of the Loan.

Loan means the moneys loaned to the Borrower under the Sub-scheme.

Loan Application means the application by a potential Borrower to the Responsible Entity to borrow Member funds.

Loan to Valuation Ratio means a ratio expressed as a percentage by dividing the loan amount compared by the valuation of the Security Property in a Sub-scheme where the Responsible Entity has approved both the loan amount and valuation.

LVR means Loan to Valuation Ratio.

Maturity Date means, in relation to a Mortgage under a Sub-scheme, the day on which scheduled principal and interest of the Mortgage falls due for repayment as determined by the terms of the Sub-scheme.

Member means any person who holds an interest in the Fund or any Sub-scheme.

Minimum Investment means \$5,000.

Mortgagee means the person or entity that holds the Mortgage over the Security Property as security for moneys advanced a Sub-scheme.

Mortgage or Mortgage Security means a mortgage secured over land or an interest in land registered in the name of a Member or held on trust for the Member in any Sub-scheme in the Fund.

Nominee Mortgage means a particular kind of Mortgage as defined in Section 5.4 of this document.

Offer means the offer of interests in the Fund contemplated by the PDS.

Part A PDS means this document, forming one part of the complete PDS.

Part B PDS means the part of the Product Disclosure Statement which provides a Member with specific details of a Sub-scheme, including the terms of the Loan and the nature of the Security Property.

PDS or Product Disclosure Statement means this Product Disclosure Statement and includes both the Part A PDS and the Part B PDS.

Register of Members means the register of Members of the Fund kept by the Responsible Entity pursuant to the Corporations Act and the Constitution.

Responsible Entity means Equity-One Mortgage Fund Limited ACN 106 720 941.

Second Ranking Mortgage means a mortgage secured over land or an interest in land which ranks second in priority to another mortgage secured over the same land or the same interest in land.

Security Property means any property offered by a Borrower as security for an approved Sub-scheme in the Fund.

Sub-scheme means a Mortgage facility that has been approved by the Responsible Entity and for which a specific Part B PDS containing the details of the Sub-scheme has been issued to a Member or Members.

TFN means Tax File Number.

14. Investor Guide to Completing the Application Form

14.1 Investor Details

Applicants may be one or more individuals, a company, incorporated association, partnership or an unincorporated association.

Persons signing for:

Corporations and Incorporated Associations

Acknowledge:

- you are the officers of that corporation or incorporated association;
- you have the authority to bind the corporation or incorporated association;
- the certificate of incorporation attached to the application is a true and correct copy; and
- company Applicants may sign under seal, although a seal is not required.

Joint Investors

Agree to hold the interests as joint tenant and acknowledge that:

- unless otherwise stated, both signatures are required for additional applications; and
- all liability shall be both joint and several.

Partnerships

- Acknowledge that you are a partner in the partnership and are investing on behalf of the partnership.
- Acknowledge that you have the authority to bind the partnership.
- Agree all liability shall be both joint and several.

Trustees

- Acknowledge that investing in the Fund is an authorised investment of the trust.

Unincorporated Associations

Acknowledge you:

- have authority to bind the unincorporated association; and
- invest for and on behalf of the unincorporated association.

14.2 Communication

All communications from the Responsible Entity will be sent to the address shown on the Application Form. For joint applicants, only one address is required. Please include telephone, facsimile, e-mail and mobile telephone details.

14.3 Payment Details

- Complete the payment details in the Application Form. Your contribution will be held by Equity-One Mortgage Fund Limited in a trust account for you until a suitable Sub-scheme is identified and approved by you for investment under the specific Part B PDS.
- Payment may be made by cheque or money order. Application Moneys are payable to Equity-One Mortgage Fund for <name of investor> and, if paying by cheque, crossed “not negotiable”.
- Payment can also be made to the Responsible Entity for the amount you nominate to invest in the Application by debiting any bank account you nominate for that purpose in the attached Application.

14.4 Income Payments

Interest is debited from the Borrower’s account on the first business day of each month. Once this payment has been processed by the Responsible Entity, it will be credited to the bank account you nominate in the Application Form. This should occur by the middle of each month. Your interest income from the Sub-scheme will be credited to the bank account you nominate in the Application Form.

14.5 Signature Declarations

The Applicant must sign the Application Form personally. A person signing under a Power of Attorney must provide a certified copy of the original Power of Attorney with the Application Form. Joint Applicants must each sign the Application Form. An Application by a company may be under seal and must be executed in accordance with its constitution. A copy of its constitution need not be provided. The Application Form should also be dated.

15. Application Form

EQUITY-ONE™

MORTGAGE FUND LIMITED

This form accompanies the Product Disclosure Statement for the Equity-One Mortgage Fund

1. INVESTOR NAME

This is the name in which your investment is/or will be recorded by the Responsible Entity

Investor Name

2. INITIAL INVESTMENT METHOD (minimum requirements apply)

\$ (Cash is not accepted) Cheque attached to front

3. PREFERRED INVESTMENT TYPE

Only Direct Mortgage Only Contributory Mortgage Only Nominee Mortgage All Types

4. PREFERRED TERM

Less than one year One Year Two Years Three Years
 Four Years Five Years Any term up to five years

5. PREFERRED TYPE OF SECURITY PROPERTY

Only Residential Only Commercial or Industrial Only Rural All Types

6. PREFERRED MORTGAGE RANK

Only First Ranking Mortgage Only Second Ranking Mortgage Both Types

7. ANNUAL ACCOUNTS AND REPORTS

Would you like to receive a paper copy of the fund annual report each year?

If you do not cross a box, we will send you a paper copy.

An electronic copy is available by emailing admin@equity-one.com

No Yes

8. PRIVACY NOTICE

Please cross the box if you do not wish to receive any marketing information from the Responsible Entity.

No marketing information

9. INVESTOR DETAILS (Type of Investor)

Company Individual Joint Trust
 Child under 18 Other – please specify

10. APPLICANT A

Title
 Mr Mrs Miss Ms Other - Please specify

First Name

Middle Name

Surname

Date of Birth
 / /

Tax file number or reason for exemption

If a foreign resident for tax purposes, specify your country of residence

Work phone number Home phone number

Fax number Mobile number

Email address

Do you have any other sub-schemes with Equity-One Mortgage Fund Limited ?
 No Yes Specify

12. APPLICANT C

Title
 Mr Mrs Miss Ms Other - Please specify

First Name

Middle Name

Surname

Date of Birth
 / /

Tax file number or reason for exemption

If a foreign resident for tax purposes, specify your country of residence

Work phone number Home phone number

Fax number Mobile number

Email address

Do you have any other sub-schemes with Equity-One Mortgage Fund Limited ?
 No Yes Specify

11. APPLICANT B

Title
 Mr Mrs Miss Ms Other - Please specify

First Name

Middle Name

Surname

Date of Birth
 / /

Tax file number or reason for exemption

If a foreign resident for tax purposes, specify your country of residence

Work phone number Home phone number

Fax number Mobile number

Email address

Do you have any other sub-schemes with Equity-One Mortgage Fund Limited ?
 No Yes Specify

13. APPLICANT D

Title
 Mr Mrs Miss Ms Other - Please specify

First Name

Middle Name

Surname

Date of Birth
 / /

Tax file number or reason for exemption

If a foreign resident for tax purposes, specify your country of residence

Work phone number Home phone number

Fax number Mobile number

Email address

Do you have any other sub-schemes with Equity-One Mortgage Fund Limited ?
 No Yes Specify

14. RELATIONSHIP BETWEEN APPLICANTS

Joint Tenants in Common Partnership Trustee

15. COMPANY, INCORPORATED ASSOCIATION OR BODY

Name of company, incorporated association or body

ABN/ACN if applicable

Tax file number or reason for exemption

If a foreign resident for tax purposes, specify your country of residence

Name of contact person

Phone number

Director/secretary/office holder A

First Name

Surname

Director/secretary/office holder B

First Name

Surname

16. TRUST OR OTHER ENTITY

Name of superannuation fund, minor, deceased estate, business or unincorporated association.

Tax file number or reason for exemption

If a foreign resident for tax purposes, specify your country of residence

17. CONTACT DETAILS

RESIDENTIAL ADDRESS - MANDATORY

We are required to have a residential address for your account.

This cannot be a PO Box

Street Number and Name

Suburb

State

Postcode

ACCOUNT MAILING ADDRESS

This address will receive correspondence in relation to your account. This address can be a PO Box or care of a third party, such as your accountant or financial adviser. If this section is not completed all mail will be sent to your residential address.

Attention or C/O

Street Number and Name (or PO Box)

Suburb

State

Postcode

18. PAYMENT - Electronic Banking

Where would you like your interest to be paid?

Name of financial institution

Branch name

BSB number

 -

Account number

Account Name

Would you like to nominate an additional account for capital repayments?

No Yes - Please fill out your bank account details below

Name of financial institution

Branch name

BSB number

 -

Account number

Account Name

19. ACCOUNT OPERATING INSTRUCTIONS

Please select the account operating instructions for your account

All of us to sign Other – please specify

Joint accounts – if you do not cross a box we will assume “all/both to sign”

Company, Incorporated Association or Body – These accounts must be signed by two officers (e.g. two directors or a director and secretary), or as required by the constitution or rules of the company or body, or signed by one director for a sole company. If you do cross a box, all future written instructions must be executed in the same way as this application.

20. DECLARATION AND SIGNATURE

Please read the Product Disclosure Statement before signing this form

This application accompanies the Equity-One Mortgage Fund Product Disclosure Statement dated 3 December 2007 which contains information about investing in the Equity-One Mortgage Fund and which should be read before applying to become a member of the Fund. The Product Disclosure Statement is issued by Equity-One Mortgage Fund Limited ABN 14 106 720 971 AFSL No.277318. I/We agree to be bound by the provisions of the constitution dated 25 June 2005 and registered with ASIC 25 July 2007 as amended 3 December 2007 which constitutes the Fund. I/We agree to be bound by the terms of this Product Disclosure Statement. I/We acknowledge that investments in the Fund are not deposits with or other liabilities of Equity-One Mortgage Fund Limited and are subject to investment risk, including possible delays in repayment and loss of income or principal invested. I/We further acknowledge that Equity-One Mortgage Fund Limited does not guarantee the performance of the Fund nor does it guarantee the repayment of capital from the Fund.

Authorisation of Applicant A or Company Officer

Signature

Date (DD/MM/YYYY)

 / /

Name

If a company officer, you must specify your corporate title

Individual Director Sole Director Secretary Trustee

Other – please specify

Authorisation of Applicant B or Company Officer

Signature

Date (DD/MM/YYYY)

 / /

Name

If a company officer, you must specify your corporate title

Individual Director Sole Director Secretary Trustee

Other – please specify

Authorisation of Applicant C or Company Officer

Signature

Date (DD/MM/YYYY)

 / /

Name

If a company officer, you must specify your corporate title

Individual Director Sole Director Secretary Trustee

Other – please specify

Authorisation of Applicant D or Company Officer

Signature

Date (DD/MM/YYYY)

 / /

Name

If a company officer, you must specify your corporate title

Individual Director Sole Director Secretary Trustee

Other – please specify

21. POWER OF ATTORNEY

If signing under a Power of Attorney, you are verifying that at the time of signing you have not received notice of revocation of that Power. Please provide a certified copy of the Power of Attorney including appointed signature.

16. Investor Identification Program

To address money laundering and terrorism financing risks under the AML/CTF Act, verification of each new applicant's identity is a prerequisite to establishing an investment with the Fund.

If you are investing via a financial adviser, they will be required to obtain acceptable identity verification documents from you, prior to lodging your Application Form. To do this your financial adviser will need to sight the original or certified copies of your identity verification documents and retain a copy of these. Your financial adviser will then send us copies of your identity verification documents together with your Application Form. If the Application Form is signed under Power of Attorney, we will also require a certified copy of the Power of Attorney document and a specimen signature of the attorney.

If you have not provided identity verification documents to a financial adviser, you will be required to provide certified copies of your identity verification documents directly to the Responsible Entity.

Under relevant laws, we may be required to ask you for additional identity verification documentation and / or information about you or anyone acting on your behalf, either when we are processing your application or at some stage after we issue an interest in a Sub-scheme. We may pass any information we collect and hold about you or your investment to the relevant Government authority.

If you are an existing Member of the Fund and are making an additional investment using the same investor name, then you are not required to provide us with verification documents. However, the Responsible Entity may, at its discretion, request these documents from you in an effort to comply with the AML/CTF Act.

IDENTITY VERIFICATION DOCUMENTS

Whether you are investing via a financial adviser, or directly with the Responsible Entity, you will be required to provide valid identity verification documentation when you invest. The actual documentation required will depend on whether you are an individual investor or a non-individual investor such as a superannuation fund, a trust or a company. The specific documentation required is set out below.

If any documentation you provide is not in English, it must be accompanied by an original copy of an English translation prepared by an accredited translator.

If we do not receive all the required valid identity verification documents with your application form or we are unable to verify your identity at any time, we may not be able to commence your investment or may not process any future withdrawal requests until we receive the required documents. We will contact you as soon as possible if we require more information.

WHAT IS A CERTIFIED COPY?

A certified copy is a document that has been certified as a true and accurate copy of the original document by one of the following person listed below. The authorised person should also print their name and position and if possible affix an official stamp.

WHO CAN CERTIFY?

Identity verification documents may be certified as a true and correct copy of the original document by one of the following persons in Australia. Please ensure that each page of the relevant document(s) is certified.

The person certifying must state their capacity (from the list below) and state on each page that the document is a "true and correct copy of the original".

- Justice of the Peace;
- Police Officer;
- Officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
- Finance company officer with two or more continuous years of service with one or more finance companies (for the purposes of the Statutory Declaration Regulations 1993);
- Officer with, or authorised representative of, a holder of an Australian financial services licence having two or more continuous years of service with one or more licensees;
- Member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years of continuous membership, ie. an accountant;

- Judge of a Court;
- Magistrate;
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described), ie. an Australian lawyer;
- Agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- Permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public;
- Chief executive officer of a Commonwealth Court;
- Australian Consular Officer or an Australian Diplomatic Officer (within the meaning of the Consular Fees Act 1955);
- Notary Public (for the purposes of the Statutory Declaration Regulations 1993)

IDENTITY DOCUMENTATION REQUIRED

Type of investor	Signature required	Verification documents required
Individual	The individual's	<p>Certified copy of one of the following:</p> <ul style="list-style-type: none"> • Current driver's licence issued in Australia or overseas that contains a photograph; or • Current passport. <p>If you do not have one of the above forms of identification, please provide a certified copy of both a Part A document and a Part B document, as listed below:</p> <p>Part A Documents</p> <ul style="list-style-type: none"> • A birth certificate issued by an Australian State or Territory or a foreign government, the United Nations or an agency of the United Nations; or • An Australian citizenship certificate; or • A citizenship certificate issued by a foreign government; or • A Centrelink pension card or health card. <p>AND</p> <p>Part B Documents</p> <ul style="list-style-type: none"> • A notice that: <ul style="list-style-type: none"> - was issued to the individual by the Commonwealth or an Australian State or Territory within the preceding 12 months; - contains the name of the individual and his or her current residential address; and - records the provision of financial benefits to the individual under a law of the Commonwealth, State or Territory (i.e. a Centrelink letter confirming entitlement to Government assistance payments); or • A notice that: <ul style="list-style-type: none"> - was issued to an individual by the Australian Taxation Office within the preceding 12 months; - contains the name of the individual and his or her current residential address; and - records a debt payable to or by the individual by or to

Type of investor	Signature required	Verification documents required
		<p>the Commonwealth under a Commonwealth law relating to taxation (i.e. an income tax assessment notice); or</p> <ul style="list-style-type: none"> • For a person under the age of 18, a notice that: <ul style="list-style-type: none"> - was issued to a person by a school principal within the preceding three months; - contains the name of the individual and his or her current residential address; and - records the period of time that the person attended at the school.
Joint Investors	All joint investors	Each joint applicant must submit the documents for individuals set out above.
Partnership	All partners	<p>Certified copies of one of the following:</p> <ul style="list-style-type: none"> • Partnership Agreement or extract of the Partnership Agreement; or • Minutes of meeting, or extract of minutes of meeting. <p>Individual partners must also submit the documents for individuals as set out above.</p> <p>Corporate partners must also submit the relevant documents for corporations as set out below.</p>
Corporation	Two directors; or a director and company secretary; or if there is only one director, that director	<p>Certified copies of one of the following:</p> <ul style="list-style-type: none"> • A company search conducted on ASIC's database; or • A certificate of company registration issued by ASIC. <p>For a proprietary company, please also provide the following:</p> <ul style="list-style-type: none"> • Full names of each director; and • Full names and addresses (not PO Box) of each beneficial owner holding more than 25% of the issued shares in the company.
Trust	The trustee's	<p>Certified copies of one of the following:</p> <ul style="list-style-type: none"> • Trust Deed or extract of Trust Deed showing the name of the Trust and its beneficiaries; or • A Notice of Assessment issued by the Australian Taxation Office within the last 12 months for the Trust; or • A Certificate or registration from a Commonwealth regulator, showing the Trusts' registration number (if applicable); or • A search of a relevant database of a Commonwealth regulator, showing the Trust's registration number (if applicable). <p>If the Trust is not registered with a Commonwealth regulator, it will also be necessary to supply:</p> <ul style="list-style-type: none"> • the relevant identification documents for the corporate trustee or one of the individual trustees set out above (as applicable); • full names of each beneficiary of the Trust (if known); and • details of the class of beneficiaries (if each beneficiary is not known).

DECLARATION AND SIGNATURE

I / we hereby apply for registration in the Equity-One Mortgage Fund. I / We:

1. declare that the details given in this form are true and correct;
2. acknowledge and agree to be bound by the terms of the constitution dated 25 June 2005 and registered with ASIC on 25 July 2007, as amended on 3 December 2007, which constitutes the Fund;
3. acknowledge that we have received and read a copy of this Product Disclosure Statement and agree to its terms;
4. authorise the Responsible Entity to deduct its management fee on a monthly basis from my distributions;
5. acknowledge and agree that the Responsible Entity may accept or reject any application;
6. have legal power to invest in accordance with this application;
7. understand that if I / we fail to provide any information requested in this Application Form or do not agree to any of the possible exchanges or uses detailed above, my / our application may not be accepted by the Responsible Entity;
8. understand that the Responsible Entity is not liable for any loss incurred by me/us as a result of an action by the Responsible Entity which either delays my/ out Application being processed or results in an Application being rejected, when these actions are necessary for the Responsible Entity to comply with its obligations under the AML/CTF Act;
9. acknowledge and agree that the Responsible Entity may require further information from me/us from time to time in order to meet its obligations under the AML/CTF Act 2006 and I/we agree to provide the Responsible Entity with whatever additional information is reasonably required for the Responsible Entity to meet its obligations under the AML/CTF Act;
10. understand that investments in the Fund are not deposits with, or other liabilities with, the Responsible Entity, and are subject to investment risk, including possible delays in repayment or loss of income and principal invested;
11. acknowledge that the Responsible Entity does not guarantee the performance of the Fund or the repayment of capital or any particular rate of return or any distribution; and
12. understand that the Responsible Entity cannot provide me / us with advice and that if I / we require advice I / we should consult a licensed financial adviser.

17. Sample Part B PDS

PRODUCT DISCLOSURE STATEMENT – PART B

SAMPLE

EQUITY-ONE MORTGAGE FUND

This Part B PDS forms part of the Product Disclosure Statement dated 3 December 2007 and these documents must be read in conjunction with each other.

DATE:	Date of Issue
MORTGAGEE:	EQUITY-ONE MORTGAGE FUND LIMITED (ACN 106 720 941) of 13/256 Queen Street, Melbourne, Victoria 3000.
BORROWER:	BORROWER PTY LTD (ACN 999 999 999) of 1 Flinders Road, Melbourne, Victoria 3000.
PRINCIPAL SUM ADVANCED:	\$500,000
YOUR CONTRIBUTION:	\$30,000
TERM:	1 year.
ESTIMATED COMMENCEMENT DATE:	X XXXX 2007. (Note: The actual commencement date cannot be determined until after the Member has completed and returned the attached Consent Form).
GROSS INTEREST RATE: LESS MANAGEMENT FEES: LESS REFERRAL FEE/S: NET INTEREST RATE:	XX% per annum (fixed rate). XX% per annum (fixed rate). XX% per annum (fixed rate). XX% per annum (fixed rate).
HOW INTEREST IS CALCULATED: HOW INTEREST IS PAYABLE	Daily. Monthly in advance.
DAYS FOR PAYMENT OF INTEREST:	The first business day of each calendar month.
SECURITY:	A [first/second] registered Mortgage over the Security Property.
SECURITY PROPERTY 1: VALUATION:	XXXX Certificate of Title Volume XXXX Folio XXX. Valued by XXX Valuers as at XXXX at \$750,000 (copy attached).
LVR (if First Ranking Mortgage)	Not applicable.

LVR (if Second Ranking Mortgage)

_____ \$100,000: First mortgage-XXXX Bank
 _____ \$500,000: This advance
 _____ \$600,000: TOTAL LVR IS 80% OF VALUATION

**PRODUCT DISCLOSURE STATEMENT – PART B
(Continued)**

SAMPLE

EQUITY-ONE MORTGAGE FUND

	Insurance details will be confirmed to the Member after settlement as it cannot be ascertained by the time the Member accepts the Part B PDS
SPECIAL PROVISIONS:	As set out in the Mortgage which may be inspected at the offices of the Responsible Entity (13/256 Queen Street, Melbourne, Victoria 3000)

DECLARATION OF TRUST:

Equity-One Mortgage Fund Limited HEREBY DECLARES that it is in possession of the Mortgage referred to above and all other relative documents of title relating to the Security Property ON TRUST for the Member.

BORROWER DUE DILIGENCE

The information provided by the Borrower to the Responsible Entity, and the results of the independent credit checks conducted on the Borrower, are made available to Members of the Sub-scheme upon request. A request for this information may be made by a Member, free of charge, in writing to the Responsible Entity.

MEMBER'S NAME:	JOAN SMITH
YOUR CONTRIBUTION:	\$30,000

CONSENT FORM
SAMPLE

EQUITY-ONE MORTGAGE FUND LIMITED (ACN 106 720 941)
 AFS Licence Number 277318
 LEVEL 13,256 QUEEN STREET
 MELBOURNE VIC 3000

DATE:

BORROWER:

AMOUNT (APPLICATION MONEYS) INVESTED:

MEMBER:

<input type="checkbox"/>	I/WE HEREBY consent to the Responsible Entity placing my/our Application Moneys into the above Sub Scheme Mortgage.
OR	
<input type="checkbox"/>	I/WE HEREBY request the Responsible Entity to offer to invest my/our Application Moneys into a different Sub-Scheme Mortgage, details of which the Responsible Entity will provide to me/us and to which I/we will need to give our consent.

 Name

 Name

 Date

 Date

THIS NOTICE MUST BE RETURNED TO THE RESPONSIBLE ENTITY WITHIN 14 DAYS OF THE DATE OF THIS CONSENT FORM. THE RESPONSIBLE ENTITY IS REQUIRED TO RETURN YOUR APPLICATION MONEYS TO YOU IF THIS FORM IS NOT RETURNED TO THE RESPONSIBLE ENTITY WITHIN THE 14 DAY PERIOD IN THE ABSENCE OF ANY PRIOR ARRANGEMENT WITH THE RESPONSIBLE ENTITY.

18. Corporate Directory

Responsible Entity

Equity-One Mortgage Fund Limited
ACN 106 720 941
AFSL No. 277318
Level 13,256 Queen Street
Melbourne, Victoria 3000
Ph: (03) 9602 3477

Auditor

Pitcher Partners
Level 19, 15 William Street
Melbourne Victoria 3000
Ph: (03) 8610- 5279
Fax: (03) 8610-5759

Pitcher Partners has given, and has not withdrawn,
its consent to be named as Auditor of the Fund.

RESPONSIBLE ENTITY

Equity-One Mortgage Fund Limited

ACN 106 720 941

AFSL/ACL. No. 277318

Level 13, 256 Queen Street

Melbourne, Victoria 3000

Ph: (03) 9602 3477

Fax: (03) 9602 3566

www.equity-one.com