



CLARKE & BARWOOD LAWYERS COLAC LTD
ACN 089-778-147

Australian Financial Services Licence No: 227820

CBL Mortgage Fund
ARSN 091-447-111

Product Disclosure Statement

This Product Disclosure Statement is issued by:

CBL Mortgage Fund

You may contact us by:

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LETTER FROM THE MANAGING DIRECTOR

Dear Investor,

On behalf of my fellow Directors, I am pleased to write this Product Disclosure Statement following the issue of Annual Prospectuses in 2000, 2001, 2002 & 2003 and Product Disclosure Statements in 2004, 2005, 2006, 2007, 2008, 2013, 2018, 2020 & 2021. The issuing of the first edition of the Prospectus represented a change from the way the law firm of Clarke and Barwood Lawyers had previously provided mortgage investment opportunities. Clarke and Barwood Lawyers has provided clients with the opportunity to invest in mortgage investments for over 100 years.

The Managed Investments Act 1998 led to the introduction of a new regulatory regime for solicitors' mortgage practices. Mortgage investments offered by law firms now fall within the ambit of a registered "managed investment scheme" as defined in the Corporations Law. This has resulted in the establishment and registration of the "CBL Mortgage Fund" as a managed investment scheme, the incorporation of Clarke and Barwood Lawyers Colac Ltd to act as the "Responsible Entity" of the Fund and the issuing of this Product Disclosure Statement after the grant of an Australian Financial services Licence.

Whilst the regulatory framework has changed, what has not changed is the commitment to provide investors with a remunerative fixed term investment at a competitive rate of interest.

For those of you who are new to us, as well as to our continuing investors, I take this opportunity to invite you to familiarise yourself with our new structure and to commend the investment opportunity presented in this Product Disclosure Statement. I also thank those who have supported us in the past and look forward to their continued support together with that of new investors.

We are looking to the future with a sense of optimism.

Vincent A. Vinci
Managing Director
Clarke and Barwood Lawyers Colac Ltd

IMPORTANT NOTICE

This Product Disclosure Statement is an important document and should be read in its entirety.

You may only invest in the Fund pursuant to this Product Disclosure Statement.

No responsibility for the contents of this Product Disclosure Statement is taken by the Australian Securities and Investments Commission.

Investors in the Fund invest in a specific Mortgage Investment. Your Mortgage Investment will form part, and operated in accordance with the terms, of the Fund. The Mortgage Investment will be secured by a registered mortgage over land.

This Product Disclosure Statement provides information about Mortgage Investments and Investment in the Fund. The Supplementary Product Disclosure Statement (hereinafter called/referred to as “SPDS”) contains the particulars of a specific Mortgage Investment available to a prospective investor in the Fund. The application to invest in the Fund is contained in the SPDS.

Clarke and Barwood Lawyers Colac Ltd is not providing investment or financial advice in this Product Disclosure Statement and gives no warranty regarding the suitability or adequacy of an investment in the Fund to your needs. You should seek independent financial advice as to whether any investment offered is appropriate to your financial circumstances before making a decision to invest in a Mortgage Investment and the Fund.

Copies of this Product Disclosure Statement are available from the offices of Clarke and Barwood Lawyers Colac Ltd of 61-65 Gellibrand Street, Colac or will be emailed/posted to you upon request.

CORPORATE DIRECTORY

Registered Office and Principal Place of Business of the Responsible Entity

Clarke and Barwood Lawyers Colac Ltd
61-65 Gellibrand Street, Colac 3250
PO Box 186, Colac, Vic 3250
Telephone: (03) 5231 5767

Directors

Vincent Anthony Vinci
Laurence Patrick Foster
David Anthony John Harris
Simon Timothy Harris

Lawyers to the Responsible Entity

Clarke and Barwood Lawyers
61-65 Gellibrand Street
Colac, Vic 3250

Auditors of the Compliance Plan

CountPro Audit Pty Ltd A.C.N 167 596 714 (ASIC reg. no 452914)
180 Eleanor Drive, Lucas, Vic 3350

Auditors of the Responsible Entity and the Fund

CountPro Audit Pty Ltd A.C.N 167 596 714 (ASIC reg. no 452914)
180 Eleanor Drive, Lucas, Vic 3350

WHAT IS THE FUND?

The objective of the CBL Mortgage Fund (“the Fund”) is to provide opportunities for investors to invest on the security of a registered first or second mortgage over property in Australia. The Product Disclosure Statement enables you, the investor, to consider whether a mortgage investment in the Fund is suitable for you. Mortgage investments appeal to investors who require a remunerative, fixed regular income for a set term. Before investing in the Fund, it is important that you understand the nature of your investment.

Your investment in the Fund will be secured by way of an interest only registered First Mortgage (or only if specifically noted a Second Mortgage) over property. All property (land and improvements) forming the security are independently valued by Registered Valuers except where the loan is fifty percent (50%) or less of the Capital Improved Value shown on the most recent Rates Valuation and Charges Notice. A conservative loan to valuation ratio helps in providing a safe, cost-effective investment.

An investor who enters the Fund becomes a member. Members of the Fund are offered individual mortgage investments (“Sub-Funds”). Sub Funds are initially approved by the Loans Committee for Clarke and Barwood Lawyers Colac Ltd prior to being offered to members. Details of specific Sub-Funds are contained in the SPDS which is offered to members when a suitable Sub-Fund becomes available.

The Fund is available for minimum initial investments of \$5,000.00.

Early Repayment of Loans by Borrower

If the Mortgage Investment is terminated by the borrower repaying the loan either by instalment reductions or in full prior to the due date, Clarke & Barwood Lawyers Colac Ltd. may charge the borrower penalty interest for early repayment of the loan. The amount of penalty interest payable by the borrower shall be determined at the absolute discretion of, and solely by, Clarke & Barwood Lawyers Colac Ltd. The investor shall be paid that amount of penalty interest determined by Clarke & Barwood Lawyers Colac Ltd. Every effort will be made to ensure the investor funds are placed in another Sub-Fund promptly.

Fund Philosophy

The philosophy of the Fund is to offer investors security and a regular fixed income for a determined period.

What does the Fund invest in?

The investment is secured by a First registered mortgage (or only if specifically noted a Second Mortgage) over freehold property in Australia for an agreed term at a fixed rate of interest. When the term of the mortgage expires, the mortgage may be repaid or extended for a further period on the same or different conditions. In certain circumstances, (for example when the borrower sells the property), a mortgage may be repaid prior to the maturity date, upon terms and conditions agreed upon by Clarke and Barwood Lawyers Colac Ltd and the borrower.

When a mortgage is repaid, members have the opportunity to re-invest in other Sub-Funds offered to them or to have funds returned to them. Any offer to reinvest will be by way of a SPDS for the new Sub-Fund.

When a mortgage is renewed, members may elect to redeem their investment or continue their investment in the Sub-Fund. In these situations, members will be provided with a SPDS relating to the proposed new term of the investment, and details of the applicable interest rate and any other relevant changes. This enables the member to make an informed decision regarding the continuation of their investment.

Applications for finance are received from potential borrowers and assessed on their merits in accordance with loan application and investigation procedures established by Clarke and Barwood Lawyers Colac Ltd.

Benchmarks

ASIC Benchmarks

ASIC Regulatory Guide 45 Mortgage Schemes – improving disclosure for retail investors was issued May 2012 (ASIC RG45) and sets out ASIC’s views relating to improving disclosure regarding mortgages for retail investors. The PDS contains information about the company’s business including how it compares with the ASIC Benchmarks. The company sets out the ways in which its Mortgage Scheme deal with the ASIC Benchmarks and where the mortgage schemes do not comply, why the company has chosen to structure the mortgage scheme offering in such a way that they do not so comply. This part of the PDS addresses those benchmarks.

Benchmark 1 – Liquidity

Benchmark 2 - Scheme Borrowing

Benchmark 3 – Portfolio Diversification

Benchmark 4 – Related Party Transactions

Benchmark 5 – Valuation Policy

Benchmark 6 – Lending Principles (loan to value ratios)

Benchmark 7 – Distribution Practices

Benchmark 8 – Withdrawal Arrangements

BENCHMARK 1- LIQUIDITY

Not applicable as this Benchmark only applies to pooled Mortgage Schemes and the Company operates a Contributory Mortgage Scheme.

BENCHMARK 2 – SCHEME BORROWING

This benchmark relates to borrowings by schemes. The company complies with this benchmark as CBL Mortgage Fund (“the scheme”) does not borrow funds.

BENCHMARK 3 – PORTFOLIO DIVERSIFICATION

Not applicable as this Benchmark only applies to Pooled Mortgage Schemes and the company operates a Contributory Mortgage Scheme.

BENCHMARK 4 – RELATED PARTY TRANSACTIONS

This benchmark relates to transactions by the company with related parties of the scheme.

- The company complies with this benchmark insofar as it does not lend moneys to related parties. Related parties also lend moneys through the managed scheme but on terms similar or available to any other investor.

BENCHMARK 5 – VALUATION POLICY

ASIC's Benchmark is that the company should take the following approach to valuations of properties over which it has taken security.

- (a) Properties should be valued on an "as is" or "as if complete" basis.
 - The company complies with this benchmark as it only values properties on an "as is" basis for loan purposes. The company only uses valuers registered with a State Registration Body and as well have adequate Professional Liability Insurance cover. The company insists that each valuation report include a statement that such valuation complies with that Registration Body's codes and standards.
- (b) The company should have a clear policy on how often they obtain valuations including how recent a valuation has to be when they make a new loan.
 - The company complies with this benchmark in that it sets its policy in either its Compliance Plan or PDS. The policy is that a valuation is obtained every time a new loan is made and such valuation being not more than four months old is disclosed to the Investor in the PDS application. The valuation is required where the LVR (loan to value ratio) is over 50% of the Shire's Council Rates Notice. A copy of such valuation is attached to the supplementary PDS/Application Form provided to each Investor.
As to subsequent valuations of the security, these are obtained at intervals decided by the Board of Directors from time to time but not exceeding 6 years from the date of the original loan if the Shire Council Rates Notice is not sufficient.
- (c) The responsible entity should establish a panel of valuers to ensure that no one valuer conducts more than one third of the company's valuation work for the scheme calculated by value of properties (other than for contributing mortgage schemes).
 - Not applicable as the company operates a contributory mortgage scheme.

BENCHMARK 6 – LENDING PRINCIPLES – LOAN TO VALUE RATIOS

ASIC's benchmark is that the company should maintain the following loan to value ratios (LVR) for loans made by the scheme: -

- (a) Where the loan relates to property development – 70% on the basis of the latest ("as if complete") valuation.
 - The company complies with this benchmark as it will approve loans based on valuations of a property on an "as if" complete basis with an LVR not exceeding 70%
- (b) ASIC's Benchmark is also that where a loan relates to property development the company should ensure that the scheme only provides funds to the developer in stages based on external evidences of the progress of the development.
 - The company complies with this benchmark in that it only grants loans based on a valuation of a property on an "as is" basis with an LVR not exceeding 70%

- (c) In all other cases – 80% on the basis of the latest market valuation.
- The company complies with this benchmark as its LVR does not exceed 80% for any loan. However as an alternative to market valuations obtained from a sworn valuer, the company also relies on the capital improved value as stated in the latest Council rates notice but in these cases the LVR will not exceed 50% and the company will undertake an inspection of the property/security

BENCHMARK 7 – DISTRIBUTION PRACTICES

ASIC's benchmark is that if CBL Mortgage Fund is making or forecasts making distributions to members the company should disclose: -

- (a) The source of the current distribution
- The company complies with this benchmark in that it discloses in its PDS that the main source is the interest earned on each investment made by the member.
- (b) The source of any forecast distribution
- The company complies with this benchmark in that it does not forecast distributions. The distribution is current income as set out in the PDS being a set rate of interest to be earned by the member over a period of time. (Usually not exceeding 2 years)
- (c) If the current or forecast distribution is not solely sourced from income received in the relevant distribution period, the reasons for making these distributions.
- The company complies with this benchmark as it in the main distributes income received in a relevant distribution period. It occasionally makes an interest payment from its own resources, but this is in its sole discretion following a delay in the payment of interest which delay the company deems excusable while maintaining the integrity of the mortgage security.
- (d) If the current or forecast distribution is sourced other than from income whether this is sustainable over the next 12 months.
- The company complies with this benchmark as any distribution from its resources is only made in its sole discretion, on a case-by-case basis, as described aforesaid. This distribution is made on a loan basis to be recovered from the Borrower by the Company.
- (e) If the scheme/fund promotes a particular return on investments the company should clearly disclose details of the circumstances in which a lower return may be payable together with details of how that lower return will be determined.
- The company complies with this benchmark in that it promotes or discloses the particular rate of return (being the interest rate) in the supplementary PDS which each investor signs. A lower return will only occur if the security proves insufficient (following a default by a borrower) to recover all income/interest payable as well as capital.
- (f) The company shall meet this benchmark for a particular investor if it operates a contributory mortgage scheme and it discloses the above information to the investor for distributions or returns made or forecast to be made to the investor.
- The company complies with this benchmark as it does operate a contributory mortgage scheme and the above information is disclosed in its PDS or supplementary PDS.

BENCHMARK 8 – WITHDRAWAL ARRANGEMENTS

ASIC's benchmark is that the company should provide details of whether investors will be able to withdraw from a scheme. If investors are given the right to withdraw from a scheme the company should clearly disclose: -

- (a) The maximum withdrawal period allowed under the Constitution for the scheme (this disclosure should be at least as prominent as any shorter withdrawal period promoted to investors).
 - The company complies with this benchmark in that it discloses the withdrawal period in each PDS and supplementary PDS. Each investor can withdraw from a scheme at the end of usually a 2-year period (ie: the loan and interest rate earned thereon is for a period 2 years). Each investor decides if their investment shall be extended for a further 2-year period at the end of the previous 2-year investment period.
- (b) Any significant risk factors or limitations that may affect the ability of investors to withdraw from a scheme (including risk factors that may affect the ability of the company to meet a promoted withdrawal period).
 - The company complies with this benchmark in that it discloses in its PDS the risk to investors. While the investor can withdraw at the end of 2 years the actual date of withdrawal depends on the repayment of moneys by the borrower and if the borrower defaults the security property needs to be sold to realise the investment. The property needs to realise sufficient moneys and the company depends on its prudent lending policies to secure as much as possible the investors funds.
- (c) The approach to rollovers including whether the “default” is that investments in the scheme are automatically rolled over.
 - The company complies with this benchmark in that its PDS fully discloses its rollover policy. The investor may be requested to extend the investment for a further 2 year or other period should a borrower apply for renewal. The investor can extend or withdraw at his or her total discretion. If withdrawing the investor should give the company adequate notice prior to the withdrawal date, being not less than 30 days otherwise a delay may occur. Interest (including any penalty interest) income will have and continue to be paid to the investor until repayment.
- (d) If withdrawals from the scheme are to be funded from an external liquidity facility the material terms of this facility including any rights the provider has to suspend or cancel the facility.
 - The company complies with this benchmark in that it discloses in its PDS if an external facility has been created or exists. The company has no external facility to enable withdrawals on time. The company will either endeavour to obtain a replacement investor or realise the relevant security as soon as practicable. If the security sells for an insufficient price to recoup investor funds the investor runs the risk of losing interest, income and or investment funds provided. This loss will be apportioned to the amount of the loan or interest in the total contributory mortgage pool. This is wholly dependent on the property market and general economic conditions at the time of sale. The company endeavours to meet previous benchmarks so as to minimise the risk to the investor at withdrawal time.

ADVERTISING

The company will continue to endeavour to meet advertising standards as proposed or enunciated by ASIC from time to time including the standards set out in RG45 as to ensure investors are not misled in relation to the returns and risks of investment.

LEGAL REQUIREMENTS

The Responsible Entity

Clarke and Barwood Lawyers Colac Ltd is a public company registered in Victoria and holds an Australian Financial Services Licence (AFS Licence No: 227820) issued by the Australian Securities and Investment Commission (ASIC) enabling it to act as the responsible entity of the Fund. Clarke and Barwood Lawyers Colac Ltd was incorporated as an unlisted public company on 30 September 1999 to operate as the Licensed Responsible Entity of the CBL Mortgage Fund under the legislative changes which came into operation on 17th December 1999. Previous to this Clarke and Barwood Lawyers managed the mortgage scheme.

Clarke and Barwood Lawyers Colac Ltd is also the custodian of the Fund and as such is required to deal with Fund property and operate the Fund in a diligent manner and perform the functions conferred on it in accordance with the Corporations Act 2001 and the Fund Constitution (“Constitution”).

Type of Loan Securities

The primary security for funds invested in a sub-scheme approved by CBL Mortgage Fund is a registered Mortgage over a legal interest in land in the Commonwealth of Australia. When assessing an application and property offered as security Clarke and Barwood Lawyers Colac Ltd also assesses the effects of a number of factors and issues that can have a bearing on the property offered and the conduct of a business using the property. Issues and factors considered include the specialised nature of the property, labour standards, social or ethical considerations and any environmental concerns. Certain properties are classified as specialised securities for CBL Mortgage Fund lending. These categories of property (eg: Petrol Stations, Tobacco Farms, churches, marinas, schools, vineyards, nightclubs, deer farms, Olive Plantations and Timber plantations and others) will be valued on land component only for loan purposes.

Valuations

The value of any property offered as new security is determined by a Registered Valuer appointed by Clarke and Barwood lawyers Colac Ltd except where the loan is fifty percent (50%) or less of the Capital Improved Value according to the most recent municipal valuation of the land and improvements.

Specific instructions are provided to professional valuers to ensure that individual valuations are relevant to the type of investment proposed. The property is valued “as is.” Subsequent valuations are obtained at least every four years for each property. The Valuer must be suitably qualified, be a member of AAPI and have adequate Professional Indemnity Insurance cover. Credit searches are undertaken for each borrower and obtained from VEDA Advantage Information Services Ltd. The borrower is requested to supply financial information as to his or her capacity to repay principal and interest, such as tax returns and balance sheets.

Loan to Valuation Ratio

Current Clarke and Barwood Lawyers Colac Ltd policy states that no loan should exceed:

- 66.6% of the value of the secured property on a First Mortgage or 80% for a Second Mortgage as determined by professional sworn valuation; or
- if no such valuation is received, 50% of the most recent municipal Valuation of the secured property following an on-site inspection
- The loan to value ratio is always notified to a prospective investor.

The proven record of Clarke and Barwood Lawyers Colac Ltd and its predecessor Clarke and Barwood Lawyers in the one hundred years is testimony to the fact that a conservative loan to valuation ratio is advantageous for investment security although past performance is not necessarily a guide to future performance.

INVESTMENT PROFILE

The Fund invests in loans secured over land principally located in Victoria and more particularly in Colac and District. Loans are generally secured over the following properties:

- Farm
- Residential
- Industrial/Commercial
- Subdivisional Sites/Development Sites (under construction)

HOW WILL MY INVESTMENTS BE MANAGED?

Your investment in the Fund will be managed by professionals with considerable experience and expertise in managed mortgage investments. Clarke and Barwood Lawyers Colac Ltd will also draw on relevant information obtained from independent research sources and market data in managing your investments. This information will also be applied in the ongoing development of strategies for the proper conduct and management of the Fund.

What is the nature of my investment?

The Fund is a managed investment scheme as defined in the Corporations Act 2001. Loans which are approved by Clarke and Barwood Lawyers Colac Ltd to borrowers become sub-schemes within the Fund. You will be provided with details of the Fund by way of a SPDS with the details of the sub-scheme to consider prior to the investment commencing.

The terms and conditions of the loan will be contained in land and mortgage documentation between Clarke and Barwood Lawyers Colac Ltd and the borrower.

The terms and conditions of your investment will be contained in this Product Disclosure Statement, SPDS and the Constitution.

What returns will my investment provide?

Your investment will provide returns in the form of interest at the rate disclosed in the SPDS. The current rate of return clear to the Investor was 6.70% per annum as at 1st April 2024. Interest will be paid quarterly in arrears. However past performance of interest rates does not guarantee their future direction or return.

Investments in default

Where a borrower is in default under a mortgage, Clarke and Barwood Lawyers Colac Ltd reserves the right to continue to pay interest to you, and if so, will be entitled to retain any penalty interest payable by the borrower as a consequence of default. As at the date hereof there were no borrower defaults. This cannot be guaranteed for the future. If a borrower defaults he or she is issued with a Notice to Pay; the Investor is notified. A court order to obtain possession of the property will issue and the property then sold at Auction.

Clarke and Barwood Lawyers Colac Ltd does not guarantee payment of capital or interest in the event of any default by a borrower pursuant to the terms of the mortgage.

WHAT RISKS APPLY TO MY INVESTMENTS?

Any risk to your investment will be confined to factors affecting the real property securities sector of the investment market. The principal investment risks are risks to capital and risks to income.

Risk to Capital

The risk to capital is determined by the ability of the borrowers to repay loans, and unforeseen and downward shifts in the property market which may cause the emergence of adverse loan-to-valuation ratios. Under these conditions, mortgagee sales may deliver less than a full return of capital to investors.

Risk to income

The income of investors in a particular sub-scheme is at risk if the borrower defaults under the terms of the mortgage ie: fails to make repayments each quarter. The mortgage sale endeavours to recoup both the capital and interest owing to each Investor.

Risk management

Risk management is essential for the protection of investors' funds. It is a critical component of the operation and management of the Fund by the Responsible Entity.

An investor's mortgage Investment is protected by a registered mortgage over land. The Responsible Entity also seeks to limit the risk of capital and income through the implementation and co-ordination of various risk management measures. These will include:

- valuation of all security properties for the purposes of mortgage lending.
- determination of an appropriate and prudent loan-to-value ratio by the Board of Directors. Such ratios have been set by the Board at 66.6% for a First Mortgage of a sworn valuation by a registered Valuer or 50% of a current capital improved valuation by a Local Government Authority as disclosed in a latest Rates Notice for the last full rating period.
- Adequate fire insurance cover of all security properties with the interest of the Responsible Entity noted on the insurance policy as mortgagee.
- Confirmation of the purposes of the loan by the loan officers.
- Fidelity guarantee and professional indemnity insurance (as required by ASIC) being held by the Responsible Entity; and
- Mortgage Loan terms generally do not exceed two years and therefore are reviewed every two years to remain relevant to marketing conditions. Securities values are reviewed by the Loans Officer and the Compliance Officer on the renewal date; and
- Regular monitoring of the operations of the Responsible Entity (and its scheme) by its Board of Directors and in particular its two external or independent Directors and also by the Compliance Officer. The Board meets monthly, and the Compliance Officer reports to the Board on a quarterly basis. The Compliance systems of the Responsible Entity are independently audited by an external Auditor on an annual basis to ensure adherence to the Compliance Plan registered with ASIC. The Board is advised of any mortgage loan repayment defaults at its meeting and is kept informed of the implementation and progress of the recovery system put in place. If repayment of capital or interest is in default (that is outstanding for more than 14 days) penalty interest (usually an additional 2%) is usually applied. The Compliance Plan provides the procedure for recovery and the Board, together with the Responsible and compliance Officers are responsible for adherence to such Plan and for recovery.
- The Responsible Entity carries out bankruptcy searches and credit searches of borrowers and mortgagors, Company searches are also carried out if appropriate. However, the Responsible Entity does not seek further evidence of the borrower's/mortgagor's capacity to pay other than considering the borrowers financial information provided on their loan Application Form.
- Clarke and Barwood Lawyers Colac Ltd does not effect insurance cover for its mortgages as it is generally not available for its product.
- All loans are made on an "arm's length basis": ie: not to the Directors of Clarke and Barwood Lawyers Colac Ltd or their relatives.

While the above procedures are employed to reduce risk to capital and income, they do not completely remove the chance of loss. Other factors which influence the underlying risk to investments in the Fund are beyond the control of the Responsible Entity. For example, general economic conditions, the political climate and government policies are factors which may affect property values and interest rates. Whilst the Responsible Entity considers an investment in the Fund to be a low-risk investment, it is not possible to alleviate all risks of investing in the Fund.

Consumer Advisory Warning

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 \$100,000.00 to \$80,000.00).

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 asic.gov.au may be of assistance.

FEES & OTHER COSTS

The Borrower pays all other fees (e.g. application fees, legal fees, valuers fees, commissions, etc)

Management fees are disclosed in the SPDS prior to the Investor signing same.

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

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the fund	NIL	
<i>Establishment fee</i> The fee to open your investment	NIL	
<i>Contribution fee</i> The fee on each amount contributed to your investment – either by you or your employer	NIL	
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	NIL	
<i>Termination fee</i> The fee to close your investment	NIL	

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Management Costs		
The fees and costs for managing your investment	- Generally, 1.85% pa which is paid by the borrower	Quarterly from fund
Service fees		
The fee for changing investment options	NIL	

Example of annual fees and costs for a fund investment

This table gives an example of how the fees and costs on an investment in this product can affect your investment over a one (1) year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – fund investment of:		Balance of \$50,000.00
Contribution fees	NIL	NIL
Plus Management Costs	Say at 1.85% pa	\$925 p/a
Equals Costs of fund		If you had an investment of \$50,000.00, the Borrower will pay fees of \$925.00 p/a which are incorporated in the Gross Interest charged to the Borrower.

The ICR (Indirect Cost Ratio) for the Fund as at 30th June last financial year (ie: ratio of the Fund's management costs to the Fund's average net assets) was approximately 1.03%.

Disclosure of interests, fees and benefits

Information relating to the interests' fees and benefits which persons associated with the Fund or Clarke and Barwood Lawyers Colac Ltd hold or are entitled to receive, are contained within the notes of the Financial Statements of Clarke and Barwood Lawyers Colac Ltd and are available on request from Clarke and Barwood Lawyers Colac.

WHAT ARE MY RIGHTS?

Constitution

The conduct of the fund is governed by the Constitution. Together with the Corporations Act 2001, the Constitution sets out the rules and procedures under which the Fund operates, your rights as an investor and the rights, duties and obligations of Clarke and Barwood Lawyers Colac Ltd.

The Constitution may be amended by the Directors of Clarke and Barwood Lawyers Colac Ltd where we believe the change will not adversely affect the rights of investors. Otherwise, any amendment must be approved by investors in the Fund.

A copy of the Constitution is available on request.

Complaints

Internal and External resolution

Internal – any complaints received are dealt with in accordance with the Constitution of the Fund, Compliance Plan and set procedures. Complaints will initially be referred to the Compliance Officer assisted by the Responsible Officer.

External – if satisfactory resolution to the complaint is not reached internally with the complainant, then Clarke and Barwood Lawyers Colac Ltd will refer the complaint for External resolution. Clarke and Barwood Lawyers Colac Ltd is a Member of the Financial Industry Complaints Authority and the complaint would be referred to this independent body for mediation and resolution.

Transfer of interest

The transfer of any interest (ie: investment) in the Fund must be completed in accordance with the Corporations Act 2001 and with the consent of Clarke and Barwood Lawyers Colac Ltd. Any costs or fees associated with the transfer of an interest in the Fund may be charged to you. These will be advised prior to any transfer and are available on application.

Withdrawal prior to maturity

All investments in the Fund are made for a fixed term. The Constitution does not give any investor the right to withdraw from a sub-scheme prior to maturity. However, subject to market conditions, Clarke and Barwood Lawyers Colac Ltd may accommodate your written request for early withdrawal of your investment as long as a replacement investor is available.

Distribution

On the maturity of a sub-scheme, you may be given the opportunity to reinvest in another sub-scheme.

Alternatively, you may elect to have funds returned to you.

In some circumstances, a sub-scheme may be extended for a period. In these circumstances, you will be provided with the opportunity to elect to redeem your investment or continue your investment in the sub-scheme.

You will be provided with renewal details in the form of a new SPDS relating to the proposed terms of the new investment.

Reporting

You will receive:

- quarterly interest statements
- annual tax statements as at 30 June each year in relation to your investment
- notification of whether the borrower wishes to renew or repay the loan at its due date.

HOW CAN I APPLY TO INVEST?

As required by the Corporations Law, investment in the Fund is by way of a Product Disclosure Statement and Supplementary Product Disclosure Statement.

This Product Disclosure Statement contains information about the operation of the Fund and the procedure for investment.

The SPDS is supplementary to Product Disclosure Statement and is a separate document. It contains information specific to a particular Mortgage investment available to the prospective investor.

A prospective investor must receive **both** Product Disclosure Statement and SPDS before they can invest in a Mortgage Investment. However, it is not necessary that both documents be received by a prospective investor at the same time. Provided an investor has previously received a copy of the Product Disclosure Statement (in some cases, this may happen a number of months before SPDS is received), then it is only a SPDS that an investor needs to receive before investing in a Mortgage Investment. Prospective investors should have read the Product Disclosure Statement and the relevant SPDS before investing.

The investor should forward or arrange with Clarke and Barwood Lawyers Colac Ltd to later forward a cheque payable to Clarke and Barwood Lawyers Colac Ltd for the amount to be invested along with a signed and completed SPDS.

Please note that Clarke and Barwood Lawyers Colac Ltd reserves the right to decline an application or to stipulate the minimum contribution acceptable from an investor for a specific Mortgage Investment.

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Such monies will be held in an audited Trust Account pending a suitable investment and receipt of the signed and completed SPDS.

In all cases, you should make an independent investment decision based on the information contained in this Product Disclosure Statement and the SPDS. Clarke and Barwood Lawyers Colac Ltd encourages you to obtain your own independent investment advice before investing.

DIRECTOR'S INTERESTS

The Directors of the Responsible Entity are:

Vincent Anthony Vinci - (Internal Director) B. Econ. (Hons) L.L.B. Notary Public and Corporate Legal Practitioner, was born in 1952 in Colac and has had over 40 years' experience with the management and running of a Contributory Mortgage Practice. He is married with two children.

Laurence Patrick Foster - (Internal Director) is a fellow of the Institute of Legal Executives. He has been a member of Clarke and Barwood Lawyers for over 40 years and is currently a consultant of that firm. He was born in 1949 in Colac and is married. He has more than 40 years' experience in the day to day running of a Contributory Mortgage Practice.

David Anthony John Harris – (External Director) Is the Chief Executive Officer and Company Secretary of Farm Mortgages Ltd and is a Legal Practitioner. He was born in 1941 in England and was, until June 30, 2018, the Principal of Arthur E George & Sons and has over 58 years' experience as a Solicitor in Private Practice. He and has had extensive property development experience and has been responsible for the contributory Mortgage Practice of Arthur E George & Sons since 1987. He is married with three adult children.

Simon Timothy Harris – (External Director) is a former Director of two U.K. Companies and has experience in Solicitors' Mortgage investments, Computer Technology, and the Dairy Industry. He was born in 1945 in England and has two adult children.

Interests of the Directors of the Responsible Entity

Other than as set out below, as at the date of this Product Disclosure Statement and for the preceding two years, no Director of Responsible Entity, or a firm or company of which a Director is a partner or director, has had an interest in the promotion of the Fund or in property proposed to be acquired by the Responsible Entity in connection with its formation or promotion and no amounts have been paid or agreed to be paid in cash or shares or otherwise to include a Director to become or to qualify as a director or otherwise for services rendered in connection with the promotion of the Fund;

- The Director Vincent Anthony Vinci has a beneficial interest in the share capital of the Responsible Entity.
- The Internal Directors until June 30, 2018 were members of Clarke and Barwood Lawyers, which will provide legal and administrative services, office premises and office services and equipment to the Responsible Entity. Fees for such services shall be by agreement and paid by the Responsible Entity.

Interest of experts

At the date of this Product Disclosure Statement and for the preceding two years, no amounts have been paid or agreed to be paid in cash or shares or otherwise to any expert or firm for services rendered in connection with the promotion of the Responsible Entity or the Fund.

PRIVACY STATEMENT

Clarke and Barwood Lawyers Colac Ltd collects personal information about its borrowers for the purpose of assessing loan applications and creditworthiness and from investors for identification and taxation status (ie: normal tax or withholding tax for non-residents). This information is solely for the use of Clarke and Barwood Lawyers Colac Ltd in accordance with Privacy Act 1988.

Clarke and Barwood Lawyers Colac Ltd is committed to respecting the privacy of your personal information and is bound by the National Privacy Principles under applicable privacy legislation.

You have a right to access any personal information which Clarke and Barwood Lawyers Colac Ltd holds about you. If at any time your details change or you would like to update or access any personal information, we hold about you, please contact us on (03) 5231 5767.

DIRECTOR'S REPORT

Mr Jason Hargreaves, CountPro Audit Pty Ltd A.C.N 167 596 714 (ASIC Reg No. 452914), the auditors and independent accountants, and Clarke and Barwood the Lawyers for Clarke and Barwood Lawyers Colac Ltd have consented, and have not withdrawn their consent, to the inclusion of their names in this Product Disclosure Statement.

The Australian Securities and Investments Commission and CountPro Audit Pty Ltd A.C.N 167 596 714 (ASIC Reg No 452914), take no responsibility for the contents of this Product Disclosure Statement or the SPDS.

The Directors of the responsible Entity report that up to the date of this Product Disclosure Statement they have not become aware of any circumstances other than those disclosed in this Product Disclosure Statement which have or will materially affect the trading and profitability of the Responsible Entity or the Fund or the value of the assets and liabilities of the Responsible Entity or the Fund.

The Directors are of the opinion that the Responsible Entity will be in a position to meet its statutory and commercial commitments as they fall due. The maintenance of a statutory level of net tangible assets required by the Corporations Law is a condition of the Responsible Entity's Licence.

This Product Disclosure Statement dated 1st April 2024 has been signed by the Directors of the Responsible Entity whose names appear below.

.....
Vincent Anthony Vinci

.....
Laurence Patrick Foster

.....
David Anthony John Harris

.....
Simon Timothy Harris

Supplementary Product Disclosure Statement (“SPDS”) Sub-Scheme No
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1. Borrower:
2. Borrower's Creditworthiness:
3. Repayable:
4. Total Principal sum secured:
5. Security Freehold First Mortgage
6. Address of Security:
7. Description of Security:
8. Title Particulars:
9. Estimated value of security:
10. Loan to Valuation Ratio:
11. Gross interest charged to Borrowers:% net pa reducing to% net pa on payment within fourteen days payable quarterly in arrears
12. Net Interest Rate paid to you:% net pa reducing to% net pa on payment within fourteen days payable quarterly in arrears. The capital or interest in the event of any default by the borrower pursuant to the terms of this mortgage is not guaranteed by Clarke & Barwood Lawyers, Colac Ltd.
13. Fees and other costs: This is the difference between the gross interest charged to the Borrower and the Net Interest paid to you on this investment namely \$...... per annum which is paid to CBL Mortgage Fund.
14. Applicant's name, address:
15. Investment Amount \$
16. Commencement date:
17. First Quarterly Interest Date:

18. Unless I/We notify you in writing at least 14 days before the maturity date that I/we wish to withdraw from the investment, you may permit the investment to continue until the mortgage is renewed or repaid in full.
19. Unless I/we notify you upon receipt of a renewal confirmation that I/we wish this investment to end on the review date, you may renew the investment for a further term on the conditions set out in the renewal of confirmation.
20. If there is a delay in a Borrower paying interest to us and we elect at our discretion to contribute our own funds to ensure that interest is paid to me/us promptly then we shall be entitled to any fees payable by the Borrower to cover our expenses and administrative costs caused by the Borrower's delay.
21. I/We acknowledge having received, read and understood the information contained in the Product Disclosure Statement and this Supplementary Product Disclosure Statement ("SPDS") and the valuation (s) relating to the security property(s) and declare that the decision to apply to invest in the sub-scheme is a decision to invest in that sub-scheme as a separate investment secured solely by the security(s) described in this Supplementary Product Disclosure Statement ("SPDS").
22. By signing this application, I/we agree to be bound by the terms and conditions of Clarke & Barwood Lawyers Colac Ltd.'s constitution dated 30 September 1999 as amended from time to time.
23. **Signature(s) by Applicant(s)**
This Application form must be signed by the Applicant(s). All joint holders must sign. If the holder is a corporation, partnership, body, firm or unincorporated association, the person(s) authorised by its constitution must sign and state the capacity in which they are signing (e.g. Director, secretary). If signed under power of attorney, the attorney states that no notice of cancellation of power has been received. The power of attorney must be produced if it has not been noted previously by Clarke & Barwood Lawyers Colac Limited.

Lenders Signature:.....

Lenders Tax File Number: Previously noted

Lenders Date of Birth: / /
 / /

This application form must not be issued to any person unless they have received a copy of the Product Disclosure Statement dated 1st April 2024 to which this application form relates. No investment will be accepted on the basis of a Product Disclosure Statement more than 13 months after the due date.