

PRODUCT DISCLOSURE STATEMENT

24 AUGUST 2009



Richmond Mortgage Fund

ARSN 097 151 883

ABOUT THIS PRODUCT DISCLOSURE STATEMENT (PDS)

This document provides information to help investors and their advisers assess the merits of investing in Richmond Mortgage Fund ARSN 097 151 883 (Fund) and to compare this Fund with other investment opportunities. We strongly encourage you to read this document in full before making an investment decision.

In preparing this PDS we did not take into account your particular investment objectives, financial situation or needs. You should consider whether investing in the Fund is appropriate for you in light of your particular investment needs, objectives and circumstances. You may also wish to obtain independent financial advice, which takes into account your personal circumstances.

The PDS (including the Application Form) is available in electronic format, including on the internet at www.rmfund.com.au. While the Responsible Entity believes it is unlikely that the electronic version of the PDS will be tampered with or altered in any way, the Responsible Entity cannot give any assurance that this will not occur. Any prospective Investor in doubt as to the validity or integrity of an electronic copy of the PDS should immediately request a paper copy of the PDS. A paper copy of this PDS will be provided free of charge to any person in Australia who requests a copy by contacting the Responsible Entity's Investor Services team on 02 66 866 055.

Additional information about the Fund can be found in the Benchmark Report. The PDS may refer you to particular sections of the Benchmark Report for further information associated with this Fund. We recommend that you also obtain and read the Benchmark Report before making an investment decision. The Benchmark Report is available on our website at www.rmfund.com.au/benchmarks or alternatively you can obtain a free hard copy of the Benchmark Report by contacting our Investor Services team on 02 66 866 055.

UPDATED INFORMATION

The information in this PDS is up to date at the time of preparation. However, information in relation to the Fund can change from time to time. If a change to the information contained in this PDS is considered materially adverse we will issue a supplementary or replacement PDS. Updated information about the Fund, which is not materially adverse, can be downloaded on our website www.rmfund.com.au or alternatively a hard copy of updated information can be obtained free of charge by contacting our Investor Services team on 02 66 866 055.

IMPORTANT NOTICES

This PDS is dated 24 August 2009 and is issued by Ballina Mortgage Management Limited ABN 66 092 594 477 AFSL 241094 (Responsible Entity) as responsible entity of the Fund. The Responsible Entity is the issuer of Units in the Fund and is offering prospective investors the opportunity to acquire Units at the issue price of \$1.00 per Unit.

All information, unless otherwise stated, has been provided by the Responsible Entity. The Responsible Entity is wholly responsible for the contents of the PDS. No person is authorised to provide any information or to make any representation in connection with the offer of Units which is not in this PDS. Any information or representation not in this PDS may not be relied upon as having been authorised by the Responsible Entity.

Perpetual Trustee Company Limited (Custodian) has not been involved in the preparation of the PDS and makes no representation as to the accuracy or completeness of the contents. The Custodian's role is limited to holding Assets of the Fund as agent of the Responsible Entity. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting Investors' interests. The Custodian has no liability or responsibility to Investors for any act done or omission made in accordance with the terms of the Custody Agreement.

Neither the Responsible Entity nor the Custodian guarantee the repayment of your capital or the performance of your investment, any particular rate of return on Units or any particular taxation consequences of investing. Investments in the Fund are not deposits with or liabilities of the Responsible Entity and are subject to investment and other risks, including possible loss of income and capital invested.

By investing in the Fund you confirm you have received a copy of the PDS to which this investment relates, that you have read it and agree to the terms contained in it, and that you agree to be bound by the terms of the PDS and Constitution (each as amended from time to time).

The offer or invitation to subscribe for Units in the Fund under this PDS is only available to persons receiving this PDS in Australia and is subject to the terms and conditions contained in this PDS. This 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. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. Units will only be issued to persons who have submitted an Application Form which was attached to this PDS or to current Investors who have submitted a Shortform Application which accompanied this PDS.

The Responsible Entity reserves the right to withdraw the offer or invitation to subscribe for Units and this PDS.

All fees and costs quoted in this PDS, unless otherwise stated, are inclusive of any Goods and Services Tax (GST) and any Reduced Input Tax Credits (RITCs).

A number of words and terms used in this PDS have defined meanings or should be interpreted in a particular manner as provided in the Glossary section of the PDS. All references to monetary amounts are expressed in Australian currency.

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CONTACT DETAILS

Responsible Entity Ballina Mortgage Management Limited
ABN 66 092 594 477 AFSL 241094

Fund Richmond Mortgage Fund ARSN 097 151 883

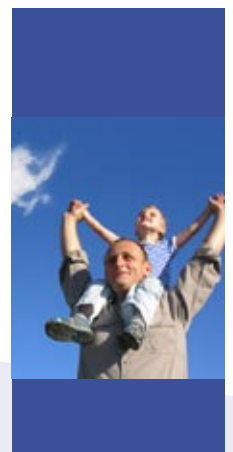
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GLOSSARY

Accounting Standards	means the accounting standards made or in force under the Corporations Act, and if any matter is not covered by those accounting standards, generally accepted Australian accounting principles.
AML/CTF Act	means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).
Applicant	a person or entity who submits an Application Form.
Application Form	the Application Form attached to the PDS.
ASIC	Australian Securities and Investments Commission.
Assets	means the assets of the Fund determined in accordance with the Constitution and the Accounting Standards.
Authorised Investments	as defined in the Constitution and which includes interest bearing deposits and loans secured by first mortgage over real property.
Base Distribution Rate	means the variable distribution rate (if any) paid by the Responsible Entity from the Fund to all Investors.
Board	the Board of Directors of the Responsible Entity.
Bonus Distribution Rate	means the additional distribution (if any) paid by the Responsible Entity from the Fund to Richmond Income Plus Investors.
Borrower	a person or entity to whom the Responsible Entity agrees to and does lend funds.
Compliance Plan	the Compliance Plan of the Fund dated 12 April 2005 as amended from time to time.
Constitution	the Constitution of the Fund dated 1 September 2000 as amended from time to time.
Custodian	Perpetual Trustee Company Limited ACN 000 001 007.
Director	a director of the Responsible Entity
Distribution	the income paid to Investors from the Fund.
DRP	the distribution reinvestment plan adopted by the Board and as amended from time to time.
EBIT	means earnings before interest and taxation.
Fund	Richmond Mortgage Fund ARSN 097 151 883.
Investor	any person holding Units.
IDPS	means investor directed portfolio service.
Law	Corporations Act 2001 and includes the Corporations Regulations.
Liabilities	means all liabilities of the Fund determined in accordance with the Constitution and the Accounting Standards.
Mortgage Investment	means a loan advanced to a Borrower by the Fund which is secured by a registered first mortgage over real property.
Net Assets	means the Assets of the Fund less all Liabilities of the Fund determined in accordance with the Constitution and the Accounting Standards.
PDS or Product Disclosure Statement	this Product Disclosure Statement.
Responsible Entity, our, we, us	Ballina Mortgage Management Limited ABN 66 092 594 477.
Richmond Income Investor	any person who holds a Richmond Income Unit.
Richmond Income	means the class of Units on issue with the rights as detailed in the Constitution and explained at pages 15 and 16 of this PDS.
Richmond Income Plus Investor	any person who holds a Richmond Income Plus Unit.
Richmond Income Plus	means Units with the special rights and restrictions as detailed in the Constitution and explained at pages 15 and 16 of this PDS.
Tax Act	means <i>Income Tax Assessment Act 1936</i> (Cth) and <i>Income Tax Assessment Act 1997</i> (Cth).
Unit	a unit in the Fund.

OVERVIEW



I have great pleasure in presenting you with this opportunity to invest in Richmond Mortgage Fund.

Richmond Mortgage Fund is an ASIC registered managed investment scheme with an impressive record spanning in excess of 40 years.

The Fund currently manages assets of approximately \$70m and aims to provide investors with regular and stable income with a high level of capital stability.

The Fund invests primarily in a portfolio of loans secured by registered first mortgages over residential, commercial, industrial and rural property. To ensure consistent performance, the mortgage portfolio is diversified at a number of levels including geographic location, sector and loan size.

Ballina Mortgage Management Limited is the Responsible Entity of Richmond Mortgage Fund and is entrusted with the role of managing the Fund on behalf of investors.

The Board of Ballina Mortgage Management Limited brings together a wealth of relevant experience and skills and is proud of its management record. It is committed to ensuring the performance of Richmond Mortgage Fund meets or exceeds investors' expectations.

The Fund offers Investors a wide range of benefits including:

1. minimum initial investment of \$1000;
2. regular distributions; and
3. no entry or exit fees.

Investors can choose to have their funds invested in either of the following investment options:

- "Richmond Income" offers an attractive variable "Base Distribution Rate" with the ability to participate in each withdrawal opportunity;
- or
- "Richmond Income Plus" offers an attractive variable "Base Distribution Rate" plus an additional bonus distribution for investors with no current entitlement to participate in withdrawal opportunities.

Investors can switch between each investment option with 90 days written notice.

Perpetual Trustee Company Limited, one of the largest trustee offices in Australia, has been the independent Custodian of Richmond Mortgage Fund since 2001 and we are pleased that it will continue to act in that capacity.

On behalf of the Directors, I look forward to welcoming you as an Investor in Richmond Mortgage Fund.

Yours sincerely,

A handwritten signature in black ink that reads "David Short". The signature is written in a cursive, flowing style.

David Short
Chairman

FEATURES AT A GLANCE

Minimum transaction and balance requirements			PDS Section
	Richmond Income	Richmond Income Plus	'Making, Withdrawing and Monitoring Your Investment' on pages 15 to 16.
Minimum initial investment	\$1,000	\$1,000	
Additional investment	\$500	\$500	
Regular savings plan	\$100 per month	\$100 per month	
Minimum balance	\$1,000	\$1,000	
Applications	Accepted daily by cheque or electronic funds transfer	Accepted daily by cheque or electronic funds transfer	
Distribution Rate	Variable "Base Distribution Rate"	Variable "Base Distribution Rate" + a "Bonus Distribution",	
Switching between investment classes	Yes, with 90 days notice	Yes, with 90 days notice	
Withdrawals	Currently, you are able to withdraw from the Fund when we make a withdrawal offer. Whilst there is no obligation for us to make a withdrawal offer, our intention is to make withdrawal offers generally on a quarterly basis.	Not available unless you first switch to Richmond Income	
ASIC Benchmarks			
Benchmarks	ASIC has developed eight 'Benchmarks' for unlisted mortgage investment schemes to report against in order to assist investors in understanding the risks involved with investing and decide whether the investment is suitable for them. Updated details of the current 'Benchmarks' are available at www.rmfund.com.au/benchmarks .		'ASIC Benchmarks' on pages 8 to 10.
Distribution Payments			
Distribution rates	The 'Base Distribution Rate' is variable and depends upon the interest rates payable on loans and cash investments of the Fund. Historical information in relation to the Fund's 'Base Distribution Rate' can be found on page 7.	The 'Base Distribution Rate' plus a 'Bonus Distribution Rate' currently 1.00% p.a.	'Distributions' on page 7.
Frequency	Quarterly		
Payment Method	Reinvested in the Fund or paid electronically to nominated bank account		
Investor Reporting			
Statements	We issue quarterly statements as at 31 March, 30 June, 30 September and 31 December.		'Making, Withdrawing and Monitoring Your Investment' on pages 15 to 16.
Risks			
Risks	Some of the risks associated with investing in the Fund include: <ul style="list-style-type: none"> • limited withdrawal opportunities; • lending risk; and • changes in property values. 		'Risks of Investing' on pages 11 to 12
Fees and Other Costs			
Management fee	For the term of this PDS, the management fee will be capped at 2.75% p.a of fund assets.		'Fees and Other Costs' on pages 13 to 14.

ABOUT THE FUND

Investment Overview	
Investment strategy	The Fund invests primarily in a portfolio of commercial loans secured by registered first mortgages over residential, commercial, industrial and rural properties. The Fund's mortgage portfolio is diversified at a number of levels including geographic location, sector and loan size. Information relating to the composition of the Fund's mortgage portfolio can be downloaded from our website www.rmfund.com.au/benchmarks portfolio diversification. We have a Lending Policy which sets out the criteria under which loans are made or acquired. Details of the Lending Policy can be found in the Benchmark Report at www.rmfund.com.au/benchmarks .
Investment objective	We aim to provide Investors with regular income and capital stability generated from a diversified income producing portfolio.
Portfolio management	The portfolio reflects the outcome of our conservative approach to mortgage lending.
Labour standards or environmental, social or ethical considerations	Labour standards or environmental, social or ethical considerations are not explicitly taken into account when we make investment decisions. However, to the extent that we believe those matters may affect the value or performance of a Mortgage Investment, they may be considered.
Borrowings	The Fund has no borrowings. Whilst it is the Responsible Entity's current intention not to borrow money secured against the Fund's Assets, any change will be included in the Fund's latest Benchmark Report at www.rmfund.com.au/benchmarks .

MANAGEMENT OF THE FUND

The Responsible Entity (Ballina Mortgage Management Limited) is an unlisted public company that holds Australian Financial Services Licence (AFSL) No 241094 issued by ASIC.

The AFSL enables Ballina Mortgage Management Limited to act as responsible entity of the Fund and to manage the day to day activities of the Fund in accordance with its AFSL, the Law, the Constitution and the Compliance Plan.

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

Full details of the Board can be found at www.rmfund.com.au.

LENDING PRINCIPLES

All Fund loans approved by us must satisfy a range of risk management and prudential guidelines as set out in our Lending Policy. Our principal lending policies are:

PURPOSE

Loans must be for business or investment purposes.

TERM

Loan terms will generally range from 12 months to 3 years.

AMOUNT

No loan to any one Borrower or Borrower group may exceed 15% of Fund Assets at time of approval.

APPROVAL

No individual officer can approve a loan.

All loans must be approved by either the Credit Committee or the Board.

Credit Committee loan approvals are limited to loans below \$1 million, which meet all lending policy guidelines.

All other loans require Board approval.

DUE DILIGENCE

Credit reference reports must be obtained for all Borrowers.

Security properties must be valued by an independent licensed valuer.

Borrowers are required to maintain adequate property insurance cover during the term of the loan.

LENDING LIMITS

Our Lending Policy sets strict guidelines in relation to the amount that may be advanced to Borrowers under a loan made by the Fund. The lending limits set out in the Lending Policy ensure that the amount advanced to a Borrower does not exceed the value of the underlying security property. In order to achieve this, the Lending Policy prescribes maximum loan to market value ratios which limit the amount that can be advanced by reference to the market value of the secured property determined by an independent registered property valuer. Set out below is a summary of our maximum loan to market value ratios prescribed by our Lending Policy:

Type of property	*Maximum loan amount (expressed as a percentage of the secured property's value*)
Residential	80%
Commercial/industrial	70%
Pre-development	70%
Subdivision/development	65%
Rural	60%
Going concern (hotel/motel)	60%

* As assessed at the time loan is approved.

The Fund's prescribed loan to market value ratios comply with ASIC's "Lending principles" benchmark. Further information in relation to the Fund's lending policies can be downloaded at www.rmfund.com.au/benchmarks.

LOAN SECURITY

All loans advanced by the Fund are secured by a registered first mortgage over real property.

Additional security may be taken by the Fund in relation to certain loans including personal guarantees of directors, registered charges over property development companies and other collateral securities.

MONITORING LOANS

We actively monitor all loans to ensure that Borrowers are meeting their repayment obligations.

If a Borrower defaults in making a loan repayment, we immediately contact the Borrower and requests that payment be made. In exceptional circumstances and only when it is considered to be in the best interests of Investors, we may be prepared to negotiate alternative repayment arrangements with a Borrower.

If the Borrower's default persists for longer than 60 days, we will generally serve a formal letter of demand on the Borrower requesting immediate repayment of the amount in default. If the Borrower fails to rectify the default within a further 30 days, we will generally file proceedings to recover the outstanding amount of the loan and interest repayments (including default interest) and seek to take possession of the secured property. If we are successful in these proceedings, we will attempt to sell the property as mortgagee in possession. This may involve engaging real estate agents to advertise and sell the property or arrange for an auction of the property. The costs associated with the sale of the property are paid from the loan. We attempt to ensure that any property is sold at its then current market value.

DISTRIBUTIONS

The Base Distribution Rate paid to all Investors is variable and depends on the money available for distribution and the interest rates applicable to loans made from the Fund. The average "Base Distribution Rate" paid to all Investors for the period 1/1/06 to 31/12/08 were:

2006	6.57% p.a.
2007	7.12% p.a.
2008	7.97% p.a.

It is our intention to pay a "Bonus Distribution" above the "Base Distribution Rate" to all Richmond Income Plus Investors. Both rates are published on our website www.rmfund.com.au or available by contacting us.

Past performance is not a reliable indication of future performance.



ASIC BENCHMARKS

The ASIC Benchmarks are aimed at assisting investors understand the risks of investing in mortgage funds and whether such investments are suitable for them. Each benchmark and a brief explanation are detailed below.

ASIC Benchmark	Description	ASIC Benchmark	Description
<p>ASIC Benchmark 1: Liquidity This benchmark addresses a mortgage fund's liquidity; i.e. the ability to meet withdrawal requests. Liquidity of a mortgage fund may be a risk as the underlying assets of such a fund (being mortgages over real property) may not be easily realised within the required period of time and there can be a mismatch between such a fund's cash flows and the amount and size of withdrawal requests received from Investors.</p>	<p>Has the Benchmark been met? – Yes The Responsible Entity prepares three month cashflow estimates for the Fund. These cashflow estimates assist the Responsible Entity in determining the projected cashflow requirements of the Fund and anticipating withdrawals from the Fund. These forecasts have been undertaken based on:</p> <ul style="list-style-type: none"> the historical financial performance of the Fund; anticipated expenses; anticipated withdrawal requests (based on historical performance and adjusted for anticipated withdrawals); and scheduled loan interest and principle payments. <p>It has been the policy of the Responsible Entity to use the above information and forecasts to balance the maturity of loan investments with anticipated withdrawals and liabilities.</p> <p>The Fund is currently operating as a non-liquid managed investment scheme. This means an Investors ability to withdraw money from the Fund is limited to periodic withdrawal offers made by the Responsible Entity to Richmond Income Investors.</p>	<p>ASIC Benchmark 3: Portfolio diversification This benchmark addresses a mortgage fund's criteria for determining what loans to make and provides details of the diversification of the mortgage portfolio.</p>	<p>Has the Benchmark been met? – Yes Information in relation to the Fund's loan portfolio is updated on our website "www.rmfund.com.au/benchmarks/portfoliodiversification". Details of our Lending Policies are detailed on page 6 of the PDS.</p> <p>Maximum loan to any one Borrower The maximum loan to any one Borrower is 15% of Fund Assets at time of approval.</p> <p>Serviceability Policy Serviceability of loans with the Fund are assessed as follows: Borrower Services from Own Resources Approved loans will generally achieve a minimum interest cover ratio of 1.5x gross interest costs (EBIT/Interest). Borrowers are required to provide adequate financial information at time of approval to establish serviceability.</p> <p>Loans with Capitalising Interest Interest liability is generally calculated at time of approval with an allowance made for interest rate fluctuations. This amount is deducted from loans funds made available to the Borrower.</p> <p>Loans with capitalising interest are reviewed prior to maturity to determine ongoing requirements. If continuation is requested, the Borrower is required to provide adequate data (which can include financials, updated valuation, statement of position etc) in order to allow us to consider the request.</p> <p>Irrespective of loan term or serviceability arrangements, all loans are reviewed annually and any adverse findings must be reported via the Credit Committee to the Board of Directors.</p> <p>Revaluation Policy Property valuations are updated prior to any increase in loan amount. As part of our annual review, valuations are revisited and updated where considered appropriate by the Credit Committee or Board of Directors.</p> <p>Approach to Taking Security in Relation to Lending by Other Schemes. The Fund does not lend to other mortgage schemes.</p> <p>Investing in Unlisted Mortgage Schemes The Fund does not invest in unlisted mortgage schemes. All cash is invested in deposit products with Australian banks.</p>
<p>ASIC Benchmark 2: Scheme borrowing This benchmark addresses a mortgage fund's policy on borrowings, including details of any borrowing facilities in place and for what purposes any borrowings would be used. Mortgage funds with high levels of borrowing face the risk that Distributions will not be paid or withdrawals may be suspended so the fund can pay back the borrowings. Generally, any amounts owing to lenders will rank ahead of investors' interests.</p>	<p>Has the Benchmark been met? – Yes Neither the Responsible Entity nor the Fund has any borrowings.</p> <p>All distributions from the Fund are generated by income and principal repayments received by the Fund from Borrowers. Whilst the Responsible Entity has no current intention of undertaking borrowings secured by the Fund's Assets, if this does occur this benchmark disclosure will be updated.</p>		

For updated, Fund-specific, information relating to each benchmark, including the extent to which the Fund meets each benchmark, please refer to the Benchmark Report on our website at www.rmfund.com.au. The information in the Benchmark Report is updated periodically (generally half yearly) and will be available on our website. A paper copy of any updated information will be given to you, without charge, on request by calling our Investor Services team on 02 66 866 055.

ASIC Benchmark	Description	ASIC Benchmark	Description
<p>ASIC Benchmark 4: Related party transactions This benchmark addresses any related party transactions in place and outlines any risks associated with these transactions.</p>	<p>Has the Benchmark been met? – Yes The Responsible Entity has a formal Related Parties/Conflict of Interests Policy (Policy). This Policy is reviewed annually.</p> <p>The aim of the Policy is to maintain and encourage a culture of integrity that includes an ethical approach to conflicts of interest and related party transactions.</p> <p>As part of this Policy there is a commitment that:</p> <ul style="list-style-type: none"> the Fund will not lend to Directors or their associates; and investments in the Fund made by Directors and their associates are made on the same terms and conditions as available to an arms length investor. <p>Disclosure of any related party/conflict of interest is a formal part of all Board and Compliance Committee meetings. Where a related party interest is noted, it is recorded in the minutes and addressed in accordance with the Policy.</p> <p>How do we record related parties transaction or conflict of interest? Conflicts of interest/related party transactions are recorded by the Compliance Officer, reported to the Board and monitored/reviewed by the Compliance Committee.</p> <p>This process is reviewed by the Funds' external auditors. Any related party agreements are reviewed annually to ensure they are and remain on arms length terms.</p>	<p>ASIC Benchmark 5: Valuation policy This benchmark requires responsible entities to develop a clear policy on how often valuations of secured property are to be obtained and disclose this policy.</p>	<p>Has the Benchmark been met? – Yes Valuation, by independent valuer from our panel of valuers, are required for every:</p> <ul style="list-style-type: none"> new loan application; and increase in existing loan, where the valuation is more than 3 months old. <p>Existing valuations are reviewed annually and new valuations are obtained where considered appropriate by the Credit Committee or Board of Directors.</p> <p>Valuation methodology requires:</p> <ul style="list-style-type: none"> valuations must be completed exclusive of GST; valuations with completed improvements must be valued on an 'as is' basis; valuations for subdivision/development projects must be completed on an 'as is' and 'on completion' basis; for specialised properties, an 'alternative use' valuation is also to be provided, along with comment on properties marketability; owner occupied properties are valued on a vacant possession basis; and vacant land is valued based on current zoning, and may take into account any current development approvals in place. <p>Valuations must be conducted by independent registered valuers with appropriate experience and qualifications to value the secured property and who confirm their valuation report complies with all relevant industry standards and codes. No one valuer conducts more than one-third of the Fund's valuation work.</p> <p>Borrowers Representing more than 5% of the Mortgage Portfolio</p> <p>Refer to "www.rmfund.com.au/benchmarks" for up to date information.</p>

ASIC Benchmark	Description	ASIC Benchmark	Description
<p>ASIC Benchmark 6: Lending principles Funds are required to maintain the following loan to value ratios:</p> <ul style="list-style-type: none"> for loans where the loan relates to property development the loan must not be more than 70% of the latest market valuation of the property; and in all other cases the loan must not be more than 80% of the latest market valuation of the property. 	<p>Has the Benchmark been met? – Yes</p> <p>Security Type Maximum Lending Value Ratio</p> <p>Residential 80% of registered panel valuation</p> <p>Commercial/Industrial 70% of registered panel valuation</p> <p>Predevelopment 70% of registered panel valuation</p> <p>Subdivision/development 65% of registered panel valuation</p> <p>Rural 60% of registered panel valuation</p> <p>Going concern (hotel/motel) 60% of registered panel valuation</p> <p>In the case of new property purchases, the LVR is calculated on the lower of purchase price or valuation.</p> <p>Prior to advancing construction funding the Responsible Entity generally provides all plans, specifications and building contracts to a quantity surveyor who approximates the cost to complete the development. This ensures the Borrower has allowed appropriate development costs. Funds are then advanced progressively on a 'cost to complete' basis. The quantity surveyor appointed by the Responsible Entity inspects the development at set stages of construction prior to further loan advances and certifies to the Responsible Entity the cost of completing the development at each stage in writing.</p> <p>The Responsible Entity withholds the amount of loan funds necessary to complete the development in accordance with the advice received from the quantity surveyor. If the Borrower becomes unable to complete the development, the Responsible Entity based on the advice of the quantity surveyor should have sufficient funds to complete the development.</p>	<p>ASIC Benchmark 7: Distribution practices Funds are required to disclose the expected source for distributions, as well as details of circumstances in which a lower return may be payable, together with details of how that lower return will be determined.</p>	<p>Has the Benchmark been met? – Yes Distributions are sourced from income generated from Fund Assets.</p> <p>The amount of income can be impacted by non payment of interest by Borrowers and/or bad debts.</p> <p>Distributions are calculated daily on the number of units and the class of units in the Fund at the close of business. The Fund does not borrow to pay distributions.</p> <p>Distribution reinvestment is available.</p>
		<p>ASIC Benchmark 8: Withdrawal arrangements Funds are required to disclose details of whether investors have the ability to withdraw from the Fund.</p>	<p>Has the Benchmark been met? – Yes When the Fund is operating as a 'liquid' managed investment scheme, the Responsible Entity is required to process and pay valid withdrawal requests within 180 days of receipt.</p> <p>The Fund is currently operating as a 'non-liquid' managed investment scheme. Whilst ever the Fund remains a 'non-liquid' managed investment scheme, the Responsible Entity intends (subject to available funds) to make periodic withdrawal offers to Richmond Income Investors only.</p>

RISKS OF INVESTING

WHAT ARE THE RISKS OF INVESTING?

A degree of risk applies to all types of investments. As investing in the Fund involves exposing your investment to a range of risks, it is important that you understand:

- the risks involved in investing in the Fund;
- how these risks compare with the risks of other investments;
- how comfortable you are in exposing your investment to risk; and
- the extent to which the Fund fits into your overall financial plan.

TYPES OF RISK

Investments are subject to many risks, not all of which can be predicted or foreseen. The table below lists the significant risks associated with investing in the Fund. You should obtain professional advice from a financial planner, lawyer or accountant before making a decision to invest.

Risk	Explanation
<p>Credit risk</p>	<p>Credit risk is the risk that a Borrower defaults on their obligations under the mortgage contract, for example, not making the required loan repayments. Loan defaults by Borrowers may occur for a number of reasons including changes in a company or person's circumstances, death, changes in the general state of the Australian economy, conditions of the particular market in which the Borrower primarily operates and property market conditions.</p> <p>If a large number of Borrowers default in making their mortgage repayments resulting in the Fund being unable to meet its operating expenses then the Fund could be forced to be wound up.</p> <p>Please refer to the Benchmark Report at www.rmfund.com.au/benchmarks/portfoliodiversification for updated information on loans in arrears or default.</p>
<p>Liquidity risk</p>	<p>It is possible that the net income of the Fund or cash available to the Fund may be insufficient to pay a return to Investors or to offer periodic redemption opportunities. These circumstances may result from delays in collecting amounts due to the Fund from Borrowers, the inability to lend funds at a rate sufficient to cover the expenses of the Fund, unforeseen costs, unexpectedly high levels of withdrawal requests, delays in enforcing securities and other causes.</p> <p>The Fund currently operates as a 'non liquid' scheme. As a result, periodic withdrawals will only be made to Richmond Income Investors. This withdrawal mechanism enables liquidity risk to be managed by ensuring that the level of withdrawals will not exceed a level of liquidity required for the Fund to operate efficiently (refer to pages 15 and 16 for more details). The Responsible Entity intends to offer (subject to available funds) withdrawal opportunities to Richmond Income Investors only. If you are a Richmond Income Plus Investor and want to participate in withdrawal offers you must give us at least 90 days written notice in order to be converted to a Richmond Income Investor.</p>
<p>Mortgage fund risk</p>	<p>Mortgage funds may be exposed to certain risks specific to mortgages which could result in the value of a mortgage investment in the Fund falling. For example, when the property securing a mortgage is sold, the proceeds may be less than the principal and interest outstanding. The return on a mortgage investment depends on a Borrower's ability to make interest repayments (refer to 'Credit risk' above) and interest rates (as falling interest rates could result in lower income payments). Loans made by the Fund may require interest to be paid periodically during the term of the loan or in some instances, interest will be capitalised. Where interest has been capitalised, there is a risk that upon maturity of the loan, the Borrower may not have sufficient available funds to repay the loan and interest repayments in full. Capitalising interest payments also reduce the Fund's cash flows which can cause liquidity risks.</p>
<p>Security risk</p>	<p>In circumstances where the Borrower defaults, the Fund will principally rely upon its registered first mortgage to recover the loan principal, interest and any other amounts due to the Fund. It is possible the value of the secured property mortgage may be less than the amount of principal and interest owing to the Fund under the loan. This may occur because of a defective valuation, a fall in the market value of the security property due to circumstances specific to the security property after the loan is taken out or a general decline in the property market after the loan is taken out. In such circumstances the Fund may suffer a capital loss if the Borrower is dependant upon the sale of the security property to repay the loan or where the Fund is enforcing its right to sell the security property.</p>

Risk	Explanation
Withdrawal risk	<p>There is a risk that the Fund will not have sufficient cash flow in order to allow Investors to withdraw their investment in the Fund. The Fund is currently operating as a non-liquid managed investment scheme. Withdrawal opportunities will therefore be determined by the level of Fund money the Responsible Entity has available to offer withdrawal opportunities.</p> <p>Information in relation to the Fund's withdrawal procedures are set out on pages 15 and 16.</p>
Construction and development risk	<p>The Fund lends money for property development including construction of buildings. There are specific risks associated with construction and development finance including unforeseen increases in building costs or other property development expenses. This may result in the Borrower being unable to meet the shortfall between the amount borrowed and the cost to complete the works or the amount of the approved facility kept in reserve by the Fund to complete the works being insufficient to meet the cost of completion.</p> <p>In addition there is a risk that market conditions may change during the development affecting sales rates and prices achieved or the project becoming sufficiently unprofitable to erode the Borrower's equity in the project. In these circumstances the Fund may incur a capital loss and also a shortfall in expected revenue. These factors may materially affect the "on completion" value of a security property.</p>
Enforcement of security	<p>If we are required to enforce our right to recover a loan from sale of the security property this may take time and this delay may temporarily leave the Fund with insufficient cash to meet Distributions or make withdrawal offers to Richmond Income Investors.</p>
Documentation risk	<p>Documentation risk is the risk that a deficiency in documentation (such as documents and contracts associated with mortgage agreements) could, in certain circumstances, adversely affect the return on an investment.</p>
Interest rate risk	<p>The risk that the market value or income from a Mortgage Investment may be adversely affected when interest rates rise or fall.</p>
General economic conditions	<p>The Fund's operating and financial performances are influenced by a variety of general economic and business conditions including the level of inflation, interest rates, government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions could have a corresponding adverse impact on the Fund's operating and financial performance.</p>
Regulatory risk	<p>The risk that the value or tax treatment of an investment in the Fund or its Mortgage Investments, or the effectiveness of the Fund's investment strategy, may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some persons consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.</p>
Borrowing risk	<p>Neither the Responsible Entity nor the Fund has any borrowings. All distributions from the Fund are funded by income and principal repayments received by the Fund. Whilst there is no current intention of the Responsible Entity to undertake borrowings secured by Fund Assets, if this does occur the benchmark disclosure will be updated.</p>



FEES AND OTHER COSTS

Consumer advisory warning

The warning below is required by law. The fees and other costs associated with investing in the Fund are described in this section.

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 services justify higher fees and costs. You may be able to negotiate to pay lower contribution and management fees 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. 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 'Taxation considerations' on page 17. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Transaction fees	Amount	When Paid
Establishment fee: The fee to open your investment.	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	Not applicable
Termination fee: The fee to close your investment.	Nil	Not applicable
Management costs		
Management fee	2.75% p.a. of Fund Assets	Calculated daily and paid monthly out of Fund Assets.
Operating expenses	0.50% p.a. of Fund Assets	Paid as incurred to the relevant person.
Service fees		
Investment switching fee: The fee for changing investment options.	Nil	Not applicable

ADDITIONAL EXPLANATION OF FEES AND COSTS

Management costs

Management costs include:

- management fee; and
- operating expenses.

Management costs are payable from Fund Assets and are not paid directly from your investment.

Management fee

This is the fee we charge for managing the Fund's mortgage investments, overseeing the Fund's operations and ensuring the Fund complies with its legal obligations.

Management fees can be calculated as the difference between the interest the Fund receives from Borrowers and cash investments and Distributions paid to Investors. The Constitution of the Fund allows us to charge up to 3.00% p.a of Fund Assets. During the term of this PDS the "Management fee" will not exceed 2.75% p.a of Fund Assets.

Operating expenses

Expenses relating to operating the Fund may be paid from the Fund's Assets.

Operating expenses may include expenses such as costs of borrowing, the cost of an Investors meeting, changes to the Constitution and defending or pursuing legal proceedings.

We are entitled to be indemnified from the Assets of the Fund for all Operating expenses.

Units in lieu

We may elect to receive Units in the Fund in lieu of all or part of any management fee (plus any applicable GST).

Differential fees?

We may negotiate a rebate of part of the management fees with sophisticated or professional investors (i.e. those clients defined as wholesale clients in the Corporations Act) and, at our discretion, master fund or IDPS operators who offer the relevant Fund on their investment platforms. This is generally because they invest substantial amounts of money. We can not negotiate individual fee arrangements with investors who are not wholesale clients.

Government charges and GST

All fees are quoted inclusive of GST (where applicable).

Government taxes such as stamp duty and GST may be applied as appropriate. Please refer to 'Taxation considerations' on page 17.

Other fees and expenses

Mortgages can be originated by third parties such as mortgage brokers, who can receive upfront and trailing commissions. These commissions are paid from our management fee.

Borrowing costs

Borrowing costs are the costs associated with the Fund borrowing money from external financiers such as banks.

Where the Fund has a borrowing facility, the Fund may be charged establishment fees to obtain the borrowing facility and an ongoing annual commitment fee to maintain that facility may also be payable. Interest at the rate agreed with the lender is payable on any amounts borrowed. These costs will be indirectly borne by Investors in the Fund and are included in the Fund's operating expenses set out above. Please refer to the Benchmark Report for more information on any current borrowing facility which can be downloaded at www.rmfund.com.au/benchmarks.

Indirect (or alternative form) remuneration

We may pay commissions or provide other financial assistance (for seminars, client mailings, co-operative advertising, postage, etc) to financial advisers. These may be a fixed dollar amount or a percentage of funds invested. Any such payments made to financial advisers will be from our own resources at no additional cost to the Fund or Investors.

Can fees change?

For the term of this PDS any fees charged will not exceed those listed above.

We cannot charge more than the Fund's Constitution allows. If we wished to increase management fees above the amounts allowed for in the Fund's Constitution, we would need the approval of Investors.

Example of annual fees and costs for the Fund

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

Investors should note the advertised distribution rate to investors is net of all fees or costs incurred in the management of the Fund.

Example	Fee	
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
Plus Management costs	3.25%	And, for every \$50,000 you have in the Fund you will be charged up to \$1625.00 ¹ each year.
Equals Cost of the 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 up to \$1625.00 ² .

Note:

1. This figure is based upon a forecast of management fees and operating expenses of the Fund for the financial year ending 30 June 2010.
2. This examples assumes management costs are calculated on a balance of \$50,000. It does not take into account \$5,000 contributed during the year.

Loan establishment fee

We may charge Borrowers a loan establishment fee of up to 1.00% of the amount loaned.

MAKING, WITHDRAWING AND MONITORING YOUR INVESTMENT

MAKING AN INVESTMENT

Initial investments

The minimum initial investment amount for either investment option is \$1,000. You will need to advise us of your preferred investment option.

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

How to make your initial investment

To make your initial investment, please send us your:

- cheque made payable to 'Richmond Mortgage Fund'
- completed and signed application form from the current PDS including choosing your preferred investment option Richmond Income or Richmond Income Plus; and
- any required customer identity verification documents (refer to page 19).

Additional investments

You can make additional investments at any time via cheque or electronic funds transfer.

The minimum additional investment amount is \$500 or \$100 via the regular savings plan.

If you wish to make additional investments into the Fund, please keep a copy of this PDS and any information that updates the PDS for future reference. A copy of the current PDS and any supplementary PDS is available free of charge by visiting our website www.rmfund.com.au or by calling our Investor Services team on 02 66 866 055.

Additional investments can be made by either:

Send us a signed 'shortform application' found at the back of this PDS with your cheque made payable to Richmond Mortgage Fund

or

Transfer the funds electronically to our account:

Account Name	Perpetual Trustee Company ACF Richmond Mortgage Fund
Bank	National Australia Bank/Ballina NSW branch
BSB	082-522
Account No	531893661

Please identify your name and investor number so we can easily identify your deposit.

Regular savings plan

After your initial investment, you can make additional monthly investments in the Fund through the regular savings plan. The plan enables you to invest in the Fund monthly via direct debit from a nominated account.

To start a regular savings plan simply complete the relevant sections of the 'Direct Debit Request' at the back of this PDS. Your nominated account will be debited on or around the next business day after the 15th day of each month for the specified amount. Your application to commence a regular savings plan must be received at least three business days before the 15th day of the month in which you wish your instructions to take effect.

Investments are deemed to be made based on the information contained in the PDS current at the time the investment is made.

You can amend, suspend or cancel your regular savings plan at any time. You should ensure that we receive your instructions to amend, suspend or cancel your regular savings plan at least three business days before the 15th day of the month in which you wish your instructions to take effect. Any request received after this may result in the change being effective for the following month.

If two consecutive debits are dishonoured due to insufficient funds being in your nominated account, we will suspend your regular savings plan.

Restrictions on investments

Under the Constitution, we can refuse applications for any reason.

In particular, where we consider it to be in the best interests of Investors, we may suspend applications for investment in the Fund.

Cooling-off rights

Whilst the Fund is non-liquid 'cooling-off' rights will not apply. If the Fund becomes liquid, Investors will be notified. Therefore, if you change your mind about your investment, the Fund is under no obligation to accept a request to withdraw an application once received.

Switching

Switching your funds between either investment option (Richmond Income or Richmond Income Plus) is available by giving the Responsible Entity at least 90 days written notice.

Withdrawing your investment

Currently, Richmond Mortgage Fund is non-liquid. As a result, withdrawals from the Fund will only be made to Richmond Income Investors. While there is no obligation for us to make a withdrawal offer, we expect (subject to the Fund having available money) to make withdrawal offers to Richmond Income Investors every quarter. Before making a withdrawal offer, we will determine the amount available for withdrawals based on our estimate of the available liquidity in the Fund and market conditions that prevail at the time. If there are insufficient funds available to fund all withdrawal requests under the withdrawal offer, each withdrawal request will be dealt with in accordance with the formula set out below.

$$\text{total amount of withdrawal offer} \times \frac{\text{amount a Richmond Income Investor requested to withdraw}}{\text{total of all Richmond Income Investors withdrawal requests}}$$

Richmond Income Plus Investors are not entitled to participate in withdrawal offers. If a Richmond Income Plus Investor wants to participate in withdrawal offers they must first convert their Richmond Income Plus investment to a Richmond Income investment by giving the Responsible Entity at least 90 days written notice. Richmond Income Plus Investors are converted to Richmond Income Investors (and vice versa) on a one for one basis.

The Responsible Entity has the capacity to increase or decrease the 90 day notice period but can only do so after advising all Investors.

Processing your withdrawal

At the time of making a withdrawal offer, we will write to you to explain the process for submitting a withdrawal and will inform you of the total amount available for withdrawal.

The withdrawal offer will be open for at least 21 days and will be made to all Richmond Income Investors.

Generally, withdrawal requests will need to be made in writing by Richmond Income Investors. We will provide you with instructions for making a withdrawal when we make an offer of withdrawal from the Fund.

We will generally only pay withdrawal proceeds to your previously nominated bank account. If we did not receive all required identity verification documents (as outlined in the application form) at the time of application, we may not process your withdrawal request until these documents are received.

If the payment for your withdrawal is returned to us and despite reasonable attempts by us to contact you the withdrawal payment is not collected within one month of being paid to your nominated account, we may reinvest the proceeds in the Fund. Any reinvestment will be processed using the investment Unit price current at the time of the reinvestment transaction.

Monitoring your investment

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

- confirmation of the acceptance of your initial investments; and
- a quarterly statement.

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

We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact our Investor Services team on 02 66 866 055.

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

As the Fund is a 'disclosing entity' for purposes of the Corporations Act 2001 it will be subject to regular reporting and disclosure obligations. All Fund financial accounts and reports together with all continuous disclosure information will be available on our website at www.rmfund.com.au. If you prefer we can notify you by email alert when new material information is available. To take advantage of this option, please contact us. Paper copies of these documents can be obtained from us at any time at no charge.

ADDITIONAL INFORMATION

Unit prices

Generally Units in the Fund are issued and redeemed for \$1.00 per Unit. However, if the Responsible Entity considers that this does not accurately reflect the value of a Unit the Unit price will be calculated as the Net Assets of the Fund divided by the number of Units on issue.

The Unit price must be calculated by reference to a Unit's relevant Net Asset backing (which could be less than \$1.00 per Unit) if for any reason the Fund's ability to secure the full repayment of its loans was impaired. For example, this may occur if a Borrower defaults on their repayments and the underlying value of the property is less than the amount secured.

The Benchmark Report at www.rmfund.com.au/benchmarks has information relating to changes in Unit price value. Investors can obtain a copy of the Fund's "Unit Pricing Policy" by contacting our Investor Services team on 02 66 866 055.

Unit pricing discretions

We will exercise any discretion that we have under the Fund's Constitution in relation to Unit pricing in accordance with our pricing policy.

Distributions

Distributions will generally be paid as soon as possible after the end of the Distribution period.

You may choose to have your Distributions:

- reinvested as additional Units in the Fund; or
- paid directly to your nominated account.

If you wish to change your Distribution payment instructions, please mail us a signed, written request.

The Fund's distribution reinvestment plan (DRP) allows Investors to reinvest their Distributions rather than receiving their Distributions in cash.

SOME OF THE PRINCIPLE FEATURES OF THE DRP ARE:

- Investors must elect to participate in the DRP in respect of all of their Units. Investors may join or withdraw from the DRP, as provided under the DRP rules.
- Distribution entitlements attributable to Richmond Income Investors will be applied to the issue of additional Richmond Income Units and for Richmond Income Plus Investors, additional Richmond Income Plus Units.
- Units will be allocated under the DRP at the current Unit price.

Investors whose registered address is in Australia may participate in the DRP. Investors whose registered address is outside of Australia may not participate in the DRP unless the issue of Units to them under DRP is lawful and practical.

The number of Units to be issued to a participant in the DRP will be determined by calculating the amount of the Distribution for that Investor divided by the current Unit price and rounding that number down (if necessary).

Participating Investors will be sent a statement with each issue of new Units under the DRP giving details of their participation in the DRP.

The Benchmark Report at www.rmfund.com.au provides additional information on Distributions.

All Investors receive variable Distributions (if any) when available and this Distribution is intended to be at the 'Base Distribution Rate'. Richmond Income Plus Investors will receive (subject to available funds) an additional 'Bonus Distribution Rate'.

Calculation of income

The Fund's income must be determined in accordance with the Constitution, the Tax Act and the Accounting Standards. We determine the income of the Fund daily by calculating the total interest or other income received or accrued on all mortgage and cash investments and deducting amounts paid or accrued for authorised expenses. If we have treated a mortgage investment as not bearing interest for this purpose, then we ignore interest from that mortgage investment for the calculation.

Taxation considerations

The income on investments distributed to Investors is generally not taxed. It is the Responsible Entity's intention to distribute all income in the year received. Income received by each Investor will generally be taxable at the Investor's own marginal tax rate. As each Investor's taxation position is different, the Responsible Entity recommends that each Investor seeks professional advice prior to investing in the Fund. The taxation information contained in this PDS is of a general nature only. All tax liability rests with Investors.

At the end of each financial year, the Responsible Entity will provide Investors with a statement detailing all transactions made (including income distributions) on their investment during the financial year. Do not lodge your income tax return before receiving this information. If an Investor is a non-resident for tax purposes, they must provide their overseas address on the Application Form. As per Australian Tax Office regulations, withholding tax is deducted from all income distributed to these Investors.

Your investment in the Fund may affect payments you receive from the Department of Veteran Affairs and / or Centrelink. Accordingly, and as government policy can change, we recommend you consult these bodies or your financial adviser.

GST is not applicable when you invest or withdraw from the Fund. The Fund may incur GST in respect to various expenses and may not be entitled to related input tax credits. Taxation law is under constant review and change. The above information is accurate at the date of this PDS. Tax law is complex and each Unitholder's circumstances may differ. We recommend that all Unitholders seek professional tax advice on their investment.

Tax File Number (TFN)

On your application form you may provide us with your Tax File Number (TFN), or TFN exemption. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an Australian Business Number (ABN). It is not compulsory for you to quote a TFN, exemption or ABN, but if you do not then we are required to deduct tax from any income Distribution payable to you at the highest marginal tax rate plus the Medicare levy. The collection of TFNs and ABNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN or ABN.

Transferring ownership

You can transfer some or all of your investment to another person in such a manner and subject to such conditions as required by law and that we, from time to time, prescribe. We are not obliged to register a transfer that does not meet these criteria, or where there is an amount payable to us by the transferee in respect of the Units being transferred. Please contact our Investor Services team on 02 66 866 055 for further information about transferring Units. Please note that stamp duty may be payable to the NSW Office of State Revenue on transfers of Units.

Complaints

Please notify us of complaints in writing or by calling our Investor Services team. Our policy is to acknowledge any complaint within fourteen days of receiving it and follow certain procedures. In particular, we are required to investigate, properly consider and decide what action (if any) to take and to communicate our decision to you within 45 days.

If you are not happy with how the complaint has been handled, you may contact the Financial Ombudsman Service Limited. This is an independent body approved by ASIC to consider complaints. Its contact details are:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne VIC 3001
Telephone: 1300 780 808
Website: www.fos.org.au



Privacy and personal information

A copy of our privacy policy is available by visiting our website, www.rmfund.com.au or on request from our Investor Services team.

We collect information primarily for the following purposes:

- to process your application;
- to administer your investment and provide you with reports; and
- to comply with our obligations under the law.

We also ask you for some personal details so that we and our related companies can keep in touch with you and tell you about our other products and services that might be useful to you. Please inform us in writing if you do not want us to send you marketing material.

Disclosing your information

Disclosure of information to third parties (your accountant, solicitor, financial planner etc) will only be permitted with your written consent. In addition, we may disclose information we hold about you in the following circumstances:

- to companies that provide services on our behalf, for example (but not limited to) our professional advisers (lawyers and accountants) or our Custodian;
- to related companies that may also provide you with a financial service product; and
- if the disclosure is required or authorised by law.

What happens if you choose not to disclose the information?

The following may apply if you choose not to disclose the required information:

TFN, TFN exemption or ABN: we have to deduct tax at the highest marginal tax rate (plus Medicare levy) before we pay Distributions (refer to 'Tax File Number (TFN)' on page 18);

Account details: we will not be able to pay withdrawal proceeds or income Distributions;

Incomplete application: unless otherwise agreed, we will not be able to process your investment request;

Identity verification documents: we may not be able to process your investment or may not process any future withdrawal requests (see below).

Keeping us informed

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

- the full name in which your investment is held and your Investor number;
- the changes you are requesting;
- a contact name and daytime telephone number; and
- ensure that the request is signed by appropriate signatories

Some changes also require additional documentation (such as a change of name request). Please note that we will only change your nominated account if we receive a signed, written request.

Identity verification documents

We are required to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)*. The AML/CTF Act requires us to, amongst other things, verify the identity of investors applying to invest in the Fund.

We cannot accept an application to invest in the Fund until we are satisfied that the identity of the investor has been verified in accordance with the AML/CTF Act. The processing of applications may be delayed until the requested information is received in a satisfactory form and the identity of the investor is verified. In some circumstances, we may be required to re-verify your identity after your Units have been issued in order to comply with the AML/CTF Act.

All investors are required to provide valid identity verification documentation when they 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. We have outlined the specific documentation required in the application form attached to this PDS.

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 customer identity verification documents with your application form or we are unable to verify your identity, we may not be able to process your application for investment in the Fund or any future withdrawal requests until we receive the required documentation. We will contact you as soon as possible if we require more information.

Who can certify

Identity verification documents may be certified as a true and correct copy of an original document by one of the following persons in Australia.

- 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, i.e. 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), i.e. 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
- Registrar or deputy registrar of a 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).

The person certifying must state their capacity (from the list above), state on the front page that the document is a 'true and correct copy of the original', sign that statement and initial each page of the document.

Legal relationships

The Fund is an unlisted Australian unit trust registered with ASIC as a managed investment scheme. The Fund's operation is governed by its Constitution.

Interests in unit trusts, which are called units, represent an Investor's share in the trust's collective asset pool. Certain rights are attached to the units and these rights are exercisable by the Investors who own these units.

The Fund's Constitution, together with the Corporations Act and some other laws, govern the way in which the Fund operates and the rights and responsibilities of the Responsible Entity and Investors.

The Constitution contains rules relating to a number of issues including:

- your rights as a an Investor;
- the process by which Units are issued and redeemed;
- the calculation and distribution of income;
- the investment powers of the Responsible Entity;
- the Responsible Entity's right to claim indemnity from the Fund and charge fees and expenses to the Fund; and
- the termination of the Fund.

You can inspect a copy of the Constitution at our Ballina office or we will provide you with a copy free of charge.

We may alter the Constitution if we reasonably consider the amendments will not adversely affect Investors' rights. Otherwise we must obtain Investor approval at a meeting of Investors.

We may retire or be required to retire as Responsible Entity (if Investors vote for our removal).

Investor meetings

The conduct of Investors' meetings and Investors' rights to requisition, attend and vote at those meetings are subject to the Corporations Act and the Fund's Constitution. The voting rights of Richmond Income and Richmond Income Plus investors are the same.

Compliance plan and compliance committee

We have lodged the Fund's compliance plan with ASIC and established a compliance committee with a majority of external members. The Fund's compliance plan sets out how we will ensure compliance with both the Corporations Act and the Fund's Constitution. The Compliance Committee's role is to monitor compliance with the compliance plan. It must also regularly assess the adequacy of the Compliance Plan and report any breaches of the Corporations Act or the Fund's Constitution to us. If we do not take appropriate action to deal with the breach, the Compliance Committee must report the breach to ASIC.

Audit

The Fund is required by law to appoint a registered auditor to audit the financial reports of the Fund each year and half year (if required by the Corporations Act).

The Responsible Entity and the Compliance Plan are also required to be audited annually.

Related parties

The Fund does not lend money to the Directors or their associates.

The Responsible Entity, its Directors, officers or any related party may invest in the Fund. It is our policy to ensure that such investments are on arm's length commercial terms. We have a conflict resolution procedure in place in the unlikely event that a conflict of interest arises.

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

Disclosure of Interests

Directors (or their associates) have a beneficial interest in shares in the Responsible Entity and will benefit from fees derived by it. The Responsible Entity may be paid a loan establishment fee of up to 1.00% of the loan amount. This fee is paid by the Borrower. Directors receive directors' fees for carrying out their duties as directors of the Responsible Entity.

The Responsible Entity, Directors and other related parties of the Responsible Entity may hold interests in the Fund from time to time. Where this occurs those investments will be acquired and dealt with on the same terms as any other Investor in the Fund.

Consents

The Directors have consented to and authorised the issue of this PDS.

The following parties have given and not withdrawn their consent to be named in this PDS in the form and context in which they are named:

- Fishburn Watson O'Brien;
- Bain Gasteen;
- McCullough Robertson;
- Clarissa Huegill & Associates;
- Thomas Noble & Russell;
- WHK Camerons; and
- Perpetual Trustee Company Limited

None of the above persons take responsibility for, or have caused the issue of, this PDS.

Custodian

We have engaged an independent Custodian to hold the Assets of the Fund.

Perpetual Trustee Company Ltd AFSL No. 236643 was appointed Custodian of the Fund on 6 July 2001. The Custodian is an independent party which holds all assets of the Fund, including all mortgages and title documents held to secure repayment of loans made by the Fund.

Perpetual Trustee Company Ltd receives all application monies subscribed, all income and loan repayments and disburses these funds as instructed by us in accordance with the Constitution and Custody Agreement.

The Custodian acts on our instructions and has no role in the management of the Fund and is subject to performance standards.

Under the Custody Agreement, the Custodian is entitled to a fee of 0.022% per annum (GST inclusive) calculated and payable quarterly on the gross value of the Fund at the end of each month. A minimum annual fee of \$22,000.00 (GST inclusive) applies.

Investor Directed Portfolio Service (IDPS)

An IDPS is an investment and reporting service offered by an operator. People who invest through IDPS are indirect investors.

Investors gaining exposure to the Fund through an IDPS, master trust or wrap account do not themselves become Investors in the Fund. It is generally the operator of the IDPS or their custodian or nominee, that invest for them and so has the rights of an Investor. They exercise their rights in accordance with their arrangements with the investor.

When investing through an IDPS, master trust or wrap account, indirect investors should complete the documents required by the operator of the services. Investors are not required to complete the application form. Enquiries should be directed to the IDPS operator.

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APPLICATION FORM



Please complete application in accordance with the instructions below and forward with your cheque to:

- **Our office at Shop 11/4 Martin Street Ballina NSW 2478**
- **Or post to Richmond Mortgage Fund PO Box 31 Ballina NSW 2478**

Investment <ul style="list-style-type: none"> • cheque payable to "Richmond Mortgage Fund" <i>or</i> complete Direct Debit Request form. 	Richmond Income \$ Units issued Subsequent investment \$ <input type="checkbox"/> fortnightly <input type="checkbox"/> monthly (Please complete Direct Debit Form) Richmond Income Plus \$ Units issued Subsequent investment \$ <input type="checkbox"/> fortnightly <input type="checkbox"/> monthly (Please complete Direct Debit Form)
Investor <ul style="list-style-type: none"> • Title, given name and surname • TFN for individuals or family trusts • ABN for companies and superannuation funds • Trustee details • If under 18, parent/s or guardian/s names required 	ACN ABN
Date of Birth	Applicant 1 Applicant 2

Investor Identification

In accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) all new investors must be identified by Richmond Mortgage Fund. We have included Identity Verification details over page which outlines the types of identification documentation required to establish an investment with Richmond Mortgage Fund.

Street Address	..... Suburb State Postcode
Postal Address	..... Suburb State Postcode
Telephone	Work Home Mobile Fax
Email	.....
Please turn over	

Tax file no. or ABN* Tax file no. or ABN*
 or exemption.....

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

Ballina Mortgage Management Ltd
 ABN 66 092 594 477 AFSL 241094
 Shop 11,4 Martin Street Ballina NSW 2478 Ph 02 66 866 055 Fax 02 66 866 288
 www.rmfund.com.au

APPLICATION FORM (CONT)

Distributions	Distributions are to be <input type="checkbox"/> reinvested or <input type="checkbox"/> paid to be the following account	
	Richmond Income	Richmond Income Plus
	Bank	Bank
	Branch	Branch
	Account Name	Account Name
	BSB	BSB
	Account No	Account No

Declaration and applicant(s) signature

I/we agree to be bound by the terms of the PDS and the Constitution of Richmond Mortgage Fund as amended from time to time.

I/we warrant that the investment instructions can be given by: any one of the signatories below at least two of the signatories below:

Signature of investor	Signature	<input type="text"/>		
	Print name	Date	/	/
	Signature	<input type="text"/>		
	Print name	Date	/	/

This Application Form must not be handed to another person unless attached to or accompanied by the PDS dated 24 August 2009 and a person who gives another person access to this Application Form must at the same time and by the same means give that person access to the PDS. We will send you, at no charge, a paper copy of the PDS if you have received an electronic PDS and you ask for a paper copy.

The table below is a guide to completing the Investor details of the Application Form and the Investor identification material required to be provided by investors under the AML/CTF Act.

Type of Investor	Correct	Incorrect	Signature(s) Required	TFN(s)ABN(s) Required	Investor Identification Documentation
Individual or joint holdings (Use given names in full, not initials)	John Peter Smith	JP Smith	The individual and all joint applicants and additional signatories	Each applicants	Drivers licence; 18+ card; or Passport
Partnership (Use the partner's personal names not the name of the partnership)	John Peter Smith & Mary Jane Jones	Smith & Jones Partnership	All partners	The partnership's	Partnership Deed; and Where partners are individuals, verification material required for each individual as set out above
Company (use the company title, not abbreviations)	Smith Pty Ltd	Smith P/L	Director(s) and/or Company Secretary	The Company's	None
Superannuation Fund (Use the name of the trustee(s) and the name of the super fund)	Smith Pty Ltd ATF Smith Superannuation Fund	Smith Superannuation Fund	The Trustee(s)	The superannuation fund's	Except where the superannuation fund is registered with APRA, trust deed establishing superannuation fund; and If the trustee is an individual refer to the documents required for individuals above.
Trust (use the name of the trustee(s) and the name of the trust)	Smith Pty Ltd ATF Smith Family Trust	Smith Family Trust	The Trustee(s)	The trust's	The Trust Deed; and If the trustee is an individual refer to the documents required for individuals above.
Minor (A person under the age of 18. Use the name of the responsible adult and the child)	John Peter Smith ATF Shaun Michael Smith	Shaun Michael Smith	The adult(s) investing on behalf of the minor	All adult's or the minor's (if available)	The documents required for individuals above in respect to the adult(s) investing on behalf of the minor and the minor (if available).



SHORT FORM APPLICATION



Please complete application in accordance with the instructions below and forward with your cheque to:

- **Our office at Shop 11/4 Martin Street Ballina NSW 2478**
- **Or post to Richmond Mortgage Fund PO Box 31 Ballina NSW 2478**

Amount you wish to invest	Richmond Income \$	Units issued	Investor No
	Richmond Income Plus \$	Units issued	Investor No
Investor(s) Title, given name (no initials) and surname	.....	
Company/Super Fund/ Other entity If a Superannuation Fund or a Trust, provide the name of the trustee(s)	.....	
Applicant Signature(s)	Signature <input type="text"/>	Print name	
	Signature <input type="text"/>	Print name	
	Date		

Please note that additional deposits made to your investment can be done by a party other than an Investor. If you would like a copy of our Privacy Policy or want to access or amend your personal information, please contact our Privacy Officer on (02) 6686 6055 or see our website www.rmfund.com.au

Ballina Mortgage Management Ltd ABN 66 092 594 477 AFSL 241094

Shop 11,4 Martin Street Ballina NSW 2478 Ph 02 66 866 055 Fax 02 66 866 288



SHORT FORM APPLICATION



Please complete application in accordance with the instructions below and forward with your cheque to:

- **Our office at Shop 11/4 Martin Street Ballina NSW 2478**
- **Or post to Richmond Mortgage Fund PO Box 31 Ballina NSW 2478**

Amount you wish to invest	Richmond Income \$	Units issued	Investor No
	Richmond Income Plus \$	Units issued	Investor No
Investor(s) Title, given name (no initials) and surname	.....	
Company/Super Fund/ Other entity If a Superannuation Fund or a Trust, provide the name of the trustee(s)	.....	
Applicant Signature(s)	Signature <input type="text"/>	Print name	
	Signature <input type="text"/>	Print name	
	Date		

Please note that additional deposits made to your investment can be done by a party other than an Investor. If you would like a copy of our Privacy Policy or want to access or amend your personal information, please contact our Privacy Officer on (02) 6686 6055 or see our website www.rmfund.com.au

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DIRECT DEBIT REQUEST

Please ensure you complete all details below and post to: **PO Box 31, Ballina NSW 2478** or fax to **02 6686 6288**.



I/we request and authorise Perpetual Trustee Company Ltd ACF Richmond Mortgage Fund (Debit User Identification Number 271751) to arrange for any amount Richmond Mortgage Fund may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below subject to the terms and conditions of the Direct Debit Request Service Agreement (and any further instructions provided below).

Acknowledgement

By signing this Direct Debit Request you acknowledge having read and understood the terms and conditions governing the debit arrangements between you and Richmond Mortgage Fund as set out in this Request and in your Direct Debit Request Service Arrangement.

Surname or Company/ Trust/ Superannuation Fund/ Partnership/ Other name	..........
Given names or ACN/ARBN	.....
Financial Institution	.....
Address	..........
Account Name	.....
BSB No.	.....
Account No.	.....
Amount to be debited	Once only \$ Fortnightly <input type="checkbox"/> Monthly <input type="checkbox"/> Amount to be debited \$
Signature(s)	Signature <input style="width: 500px; height: 20px;" type="text"/> Print name Date / / Signature <input style="width: 500px; height: 20px;" type="text"/> Print name Date / /
Address	Suburb State Postcode
Date	.....

If you would like a copy of our Privacy Policy or want to access or amend your personal information, please contact our Privacy Officer on 02 66 866 055 or see our website www.rmfund.com.au

Definitions

account means the account held at *your financial institution* from which *we* are authorised to arrange for funds to be debited.

agreement means this Direct Debit Request Service Agreement between *you* and *us*.

business day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

debit day means the day that payment by *you* to *us* is due.

debit payment means a particular transaction where a debit is made.

direct debit request means the *Direct Debit Request* between *us* and *you*.

us or we means Richmond Mortgage Fund, the Debit User *you* have authorised by signing a *direct debit request*.

you means the customer who signed the *direct debit request*.

your financial institution is the financial institution where *you* hold the account that *you* have authorised *us* to arrange to debit.

1. Debiting *your account*

- 1.1. By signing a *direct debit request*, *you* have authorised *us* to arrange for funds to be debited from *your account*. *You* should refer to the *direct debit request* and this *agreement* for the terms of the arrangement between *us* and *you*.
- 1.2. *We* will only arrange for funds to be debited from *your account* as authorised in the *direct debit request*.
or
We will only arrange for funds to be debited from *your account* if *we* have sent to the address nominated by *you* in the *direct debit request*, a billing advice which specifies the amount payable by *you* to *us* and when it is due.
- 1.3. If the debit day falls on a day that is not a *business day*, *we* may direct *your financial institution* to debit *your account* on the following *business day*. If *you* are unsure about which day *your account* has or will be debited *you* should ask *your financial institution*.

2. Changes by *us*

- 2.1. *We* may vary any details of this *agreement* or a *direct debit request* at any time by giving *you* at least fourteen (14) days' written notice.

3. Changes by *you*

- 3.1. Subject to 3.2 and 3.3, *you* may change the arrangements under a *direct debit request* by contacting *us* on **(02) 6686 6055**.
- 3.2. If *you* wish to stop or defer a *debit payment* *you* must notify *us* in writing at least 30 days before the next *debit day*. This notice should be given to *us* in the first instance.
- 3.3. *You* may also cancel *your authority* for *us* to debit *your account* at any time by giving *us* 30 days notice in writing before the next *debit day*. This notice should be given to *us* in the first instance.

4. *Your obligations*

- 4.1. It is *your* responsibility to ensure that there are sufficient clear funds available in *your account* to allow a *debit payment* to be made in accordance with the *direct debit request*.
- 4.2. If there are insufficient clear funds in *your account* to meet a *debit payment*:
(a) *you* may be charged a fee and/or interest by *your financial institution*;
(b) *you* may also incur fees or charges imposed or incurred by *us*; and
(c) *you* must arrange for the *debit payment* to be made by another method or arrange for sufficient clear funds to be in *your account* by an agreed time so that *we* can process the *debit payment*.
- 4.3. *You* should check *your account* statement to verify that the amounts debited from *your account* are correct.
- 4.4. If Richmond Mortgage Fund is liable to pay goods and services tax ("GST") on a supply made in connection with this *agreement*, then *you* agree to pay Richmond Mortgage Fund on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5. Dispute

- 5.1. If *you* believe that there has been an error in debiting *your account*, *you* should notify *us* directly on **(02) 6686 6055** and confirm that notice in writing with *us* as soon as possible so that *we* can resolve *your* query more quickly.
- 5.2. If *we* conclude as a result of our investigations that *your account* has been incorrectly debited *we* will respond to *your* query by arranging for *your financial institution* to adjust *your account* (including interest and charges) accordingly. *We* will also notify *you* in writing of the amount by which *your account* has been adjusted.
- 5.3. If *we* conclude as a result of our investigations that *your account* has not been incorrectly debited *we* will respond to *your* query by providing *you* with reasons and any evidence for this finding.
- 5.4. Any queries *you* may have about an error made in debiting *your account* should be directed to *us* in the first instance so that *we* can attempt to resolve the matter between *us* and *you*. If *we* cannot resolve the matter *you* can still refer it to *your financial institution* which will obtain details from *you* of the disputed transaction and may lodge a claim on *your* behalf.

6. Accounts

You should check:

- (a) with *your financial institution* whether direct debiting is available from *your account* as direct debiting is not available on all accounts offered by financial institutions.
- (b) *your account* details which *you* have provided to *us* are correct by checking them against a recent account statement; and
- (c) with *your financial institution* before completing the direct debit request if *you* have any queries about how to complete the direct debit request.

7. Confidentiality

- 7.1. *We* will keep any information (including *your account* details) in *your direct debit request* confidential. *We* will make reasonable efforts to keep any such information that *we* have about *you* secure and to ensure that any of *our* employees or agents who have access to information about *you* do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2. *We* will only disclose information that *we* have about *you*:
(a) to the extent specifically required by law; or
(b) for the purposes of this agreement (including disclosing information in connection with any query or claim).

8. Notice

- 8.1. If *you* wish to notify *us* in writing about anything relating to this agreement, *you* should write to:
Richmond Mortgage Fund, PO Box 31, Ballina NSW 2478.
- 8.2. *We* will notify *you* by sending a notice in the ordinary post to the address *you* have given *us* in the *direct debit request*.
- 8.3. Any notice will be deemed to have been received two business days after it is posted.

Ballina Mortgage Management Ltd

ABN 66 092 594 477 AFSL 241094

Shop 11,4 Martin Street Ballina NSW 2478 Ph 02 66 866 055 Fax 02 66 866 288

CORPORATE DIRECTORY

Fund

Richmond Mortgage Fund
ARSN 097 151 883

Responsible Entity

Ballina Mortgage Management Limited
ABN 66 092 594 477
AFSL No 241094

Shop 11, 4 Martin Street
Ballina NSW 2478
Phone (02) 66 866 055
Fax (02) 66 866 288
Email enquiry@rmfund.com.au
Web rmfund.com.au

Directors of Ballina Mortgage Management Limited

David Short
Bryan Marriott
Ian Cardow
Andrew Young
Jacob (Jake) Van Dommele

Custodian

Perpetual Trustee Company Limited
AFSL No 236643
ABN 42 000 001 007
Angel Place, 123 Pitt Street
Sydney NSW 2000

Complaints Resolution

Financial Ombudsman Service Limited
GPO Box 3
Melbourne Vic 3001
Telephone 1300 780 808

Solicitors

Clarissa Huegill & Associates
1/122 Tamar Street
Ballina NSW 2478

Fishburn Watson O'Brien
134 West High Street
Coffs Harbour NSW 2450

Bain Gasteen
Level 4
171 George Street
Brisbane QLD 4000

McCullough Robertson
Level 11
Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

Auditor of the Fund and Compliance Plan

Thomas Noble & Russell
Chartered Accountants
31 Keen Street
Lismore NSW 2480

Auditor of the Responsible Entity

WHK Camerons
53 Carrington Street
Lismore NSW 2480



Richmond Mortgage Fund

ARSN 097 151 883