ARK CAPITAL™

Fact Sheet: March 2025

BEDROCK MORTAGE FUND

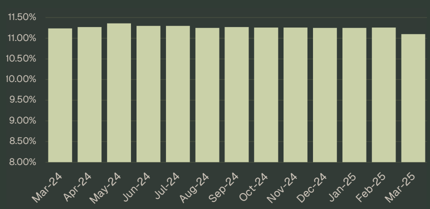
Annualised Return for March 2025

11.10% p.a.

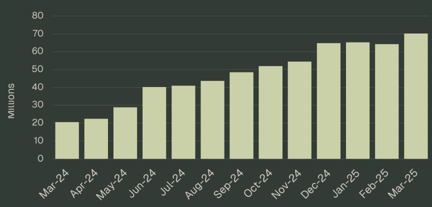
Net of fees and costs, distributions paid monthly.

Weighted average loan-to-value	Average cash deployment through month
63.7%	96.6%

Reliable Distributions



Fund Size (FUM $m)



Fund Details

FUND COMMENCED	December 2023
TARGET RETURN	RBA cash rate + 5%
MINIMUM SUBSCRIPTION	$50,000
MINIMUM INVESTMENT TERM	6 months
DISTRIBUTIONS	Paid Monthly
DISTRIBUTION REINVESTMENT AVAILABLE	Yes
REDEMPTION	Quarterly
APPLICATION & REDEMPTION FEE	NIL
PERFORMANCE FEE	NIL
PLATFORMS	Mason Stevens Netwealth
TRUSTEE	Ark Capital Funds Ltd ACN 604 775 573 AFSL 476209
FUND MANAGER	Ark Capital Funds Management Pty Ltd ACN 649 243 881

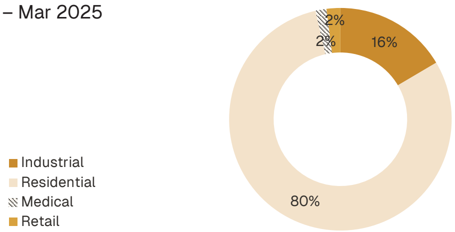
Key Metrics

Fund Performance (Net of Fees)	Period	P.A.
1 Mth	0.94%	11.10%
3 Mths	2.76%	11.20%
6 Mths	5.60%	11.23%
Fin YTD	8.44%	11.24%
Since Inception	N/A	11.24%
Fees (Comprised of)		**1.00%**
Fund Management Fee		0.75%
Direct Cost Recovery		0.25%

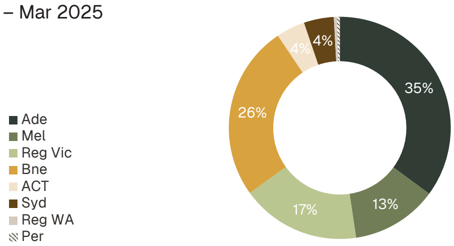
Fund Details	Jan25	Feb25	Mar25
FUM	$65.3m	$64.3m	$70.5m
Number of Unitholders	172	182	197
Number of Borrowers	18	18	18
Number of Loans	25	25	24
Average Loan Size	$2.6m	$2.2m	$2.8 m
Average Loan Maturity	8.9mths	7.4mths	7.5mths
Loans in Arrears	nil	nil	nil
Loans with Prepaid interest	100%	100%	100%

Portfolio Diversity

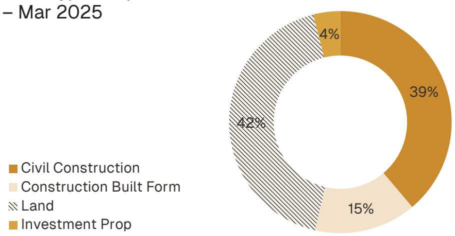
Investment Sector Spread – Mar 2025



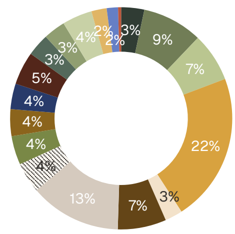
Geographic Spread – Mar 2025



Loan Type/Purpose – Mar 2025

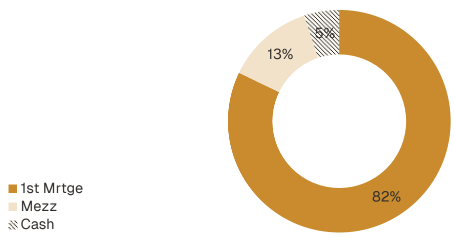


Borrower Spread – Mar 2025

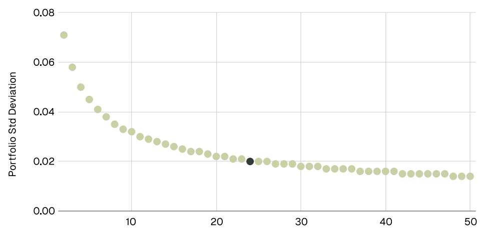


Borrowers: 18

Portfolio Investment Mix – Mar 2025



Portfolio Standard Deviation – Mar 2025



Commentary

- The March 25 Fund performance remained strong at 11.10% annualised.
- This reflected an approximately 15bp reduction on the preceding run of months, with the Feb25 RBA rate reduction of 0.25% impacting several loans. Also contributing was the investment in a lower-rate residual stock facility during the month.
- The portfolio's diversity remained strong with 24 loans to 18 separate borrowers in 8 different markets.
- Land, civil construction and investment property loans, at the lower end of the risk curve comprise over 85% of the portfolio.
- Key to delivering these results is our focus on maximising intra-month cash utilisation (which averaged 96.6%), and nil arrears due to 100% prepaid interest on all Bedrock's loan investments.

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BEDROCK MORTAGE FUND

Investor Contacts

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PERFORMANCE DRIVERS

Returns for the quarter January - March 25 were consistently strong with an annualised return of 11.20%. The performance is reflective of several key factors over and above the base interest rates on the loan investments, including the judicious use of Bedrock's 15% subordinated loan capacity, and the Manager's focus on maximising cash utilisation in the fund. For each additional 1% of total cash invested (rather than in the bank) during a month we add ~ 7 basis points to the annualised return. And for each 1% of the portfolio invested in subordinated loan positions we add ~5 basis points to the annualised return. During the quarter we achieved ~96.6% cash utilisation and averaged ~12.7% subordinated loan investment, contributing ~63bps annualised to the fund's returns.

An important point when considering the subordinated positions is recognising that the Manager also ensures diversification in these positions to reduce risk, holding 13 separate subordinated positions at the end of March 25.

DIVERSIFICATION OF RISK

The main purpose of the Bedrock fund is to provide a "pooled" version of Ark's Wholesale Mortgage Fund, for investors seeking to avoid concentration risk. We see our largest responsibility as maintaining a portfolio that maximises its diversity metrics in the delivery of its returns.

Most investors recognise that portfolio theory emphasises diversification as a key strategy for reducing risk, even when assets are correlated. Diversification provides greater risk reduction as more assets are added, and this reduction is improved when the assets (loans) are spread across different borrowers, sectors and geographies. That is, when they are less correlated. Our portfolio modeling suggests that the most meaningful risk reduction occurs when combining 10 assets, reducing portfolio risk by ~50%, with 25 assets increasing this risk reduction to ~66% and 40 assets likely to reduce it to ~75%.

Throughout the quarter we have succeeded in maintaining a highly diverse portfolio, which has seen Bedrock invested in an average of 25 loans, to 18 borrowers, in 8 regions and across 4 sectors. And it is our intention to continue adding assets to the portfolio as opportunities allow, to ensure this diversity benefit continues to be maximised in the delivery of returns.

PORTFOLIO

At quarter's end the fund held positions in 24 loans at an average value of $2.8m per loan, and a weighted average LVR of 63.7%. The portfolio comprised 82% 1st mortgages, a further 9% subordinated positions in Ark-held 1st mortgages, 4% in a 2nd mortgage and 5% cash. 80% of the loan exposure was to the residential sector (40% land, 36% civil construction ("civils") and 4% investment property) and 16% to industrial (13% built form and 3% civils).

INVESTMENT STRATEGY

We have long reported that Bedrock's portfolio is heavily weighted toward land and civil construction loans rather than built form loans, particularly in the residential sector. This is about 2 things; a strategic decision in mid 2023 to avoid residential built form lending, and a logical attraction to land and civil construction ("civils") loans. We foresaw the growing headwinds in residential built form, and have long been attracted to the comparatively lower risks in land and civils projects. Land speaks for itself, whilst civils projects (think earth moving, building roads, drainage, utilities, etc) occur earlier in the development cycle and are usually financed at lower LVRs, are secured by DA approved and easily 'realised' development land, and are less complex meaning fewer problems. They also typically face fewer regulatory hurdles than built-form projects. All these factors make land and civils loans more favourable in the current climate, particularly seeing they attract no discount for their lower risk.

OUTLOOK

Pleasingly the fund has proven attractive to both new and existing Ark investors, particularly as it has gained the attention of Wealth and Financial Advisory firms with a sound understanding of secured real estate debt, and Ark Capital as a Manager. We expect solid inflows of FUM for the Bedrock fund in coming quarters, and for Bedrock to continually increase its portfolio diversify whilst continuing to deliver market-leading, secured real-estate returns.

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ABOUT THE FUND MANAGER

Ark Capital is a boutique property fund manager established in 2015, specialising in private real estate debt and equity, and led by owners and executives with long experience through numerous credit and property development cycles.

Ark's primary business is its Ark Wholesale Mortgage Fund, a contributory fund originating mid-market syndicated loans, primarily to property developers and development land investors. Throughout its near 10 year history Ark Capital has transacted over 100 real estate loan and equity deals valued at over $1 billion.

Ark's executive team has long experience in the important disciplines, including property development and project assessment, loan due-diligence, loan origination and settlement, comprehensive loan management through the loan term, loan default management and debt recovery, and funds management and governance.

At Ark we put the preservation of our investors' capital at the forefront of our risk analysis process. Ark's executive team constantly reassesses the development landscape and Ark's investment settings, in order to avoid the riskiest segments and regions in the market. Coupled with our due diligence capability, these are our key strengths.

We rigorously, meticulously assess every aspect of a borrower's proposed project, the borrower's background, the markets they develop in and sell into, their contractors, their financial position and performance, and the security they are providing. We typically reject approximately 85% of loan opportunities we assess.

Ark Capital has a growing family of loyal mortgage fund investors encompassing high net wealth investors, family offices, independent financial advisors and wealth management firms who recommend our investments to their clients. We are open and transparent with our investors, and value the faith they show in us

ABOUT THE BEDROCK FUND

Bedrock was created to offer a "pooled" version of Ark's Wholesale Mortgage Fund to our investors, to provide an investment diversity option for our investors seeking to avoid concentration risk.

Bedrock invests exclusively in Ark Wholesale Mortgage Fund loans, in syndicate alongside other contributing investors. Bedrock takes positions in multiple loans in order to deliver an ever-reducing concentration risk as measured by the portfolio standard deviation, and essentially making it a proxy for the greater Ark Capital investment universe.

Bedrock's diversity targets include increasing the number of loans, limiting single borrower exposure, and spreading investments across multiple regions and development sectors. The portfolio is constantly calibrated to deliver its returns with as much diversity as is practicable.

Bedrock's investments include a minimum 85% 1st mortgage loans with up to 15% able to be invested in subordinated loan positions. The Fund Manager's judicious use of subordinated loan positions has added approximately 70 basis points to Bedrock's YTD annualised returns.

Bedrock's returns are determined by reference to the interest rate paid by borrowers on the loans, plus a 1% rebate from the Fund Manager of its line fee on the loans, less the Fund Manager's 0.75% fee and direct costs capped at 0.25%.