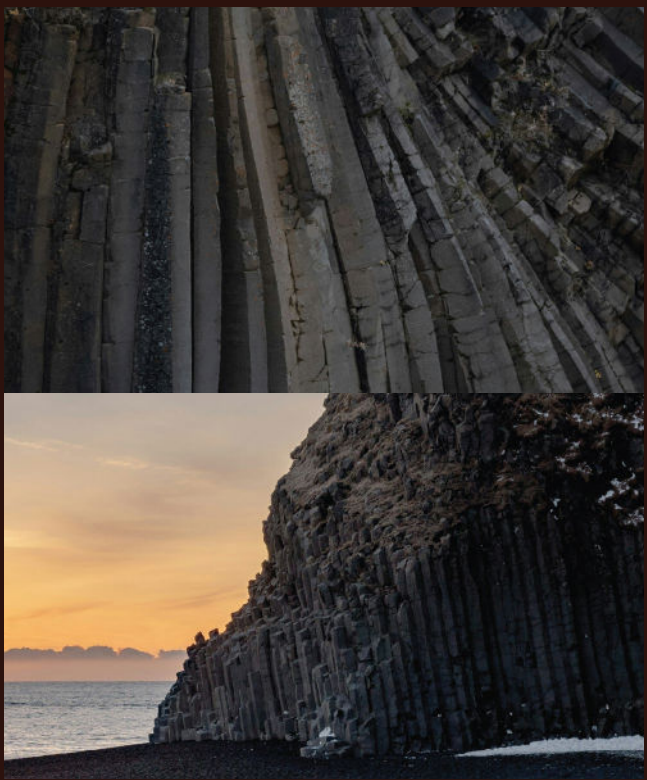
Ark Cornerstone First Mortgage Fund

2026

Product Disclosure Statement

3 August 2026



ARK CAPITAL™

CONTENTS

CORPORATE DIRECTORY

Ark Cornerstone First Mortgage Fund

ARSN: 700 022 242

Manager

Ark Capital Funds Management Pty Ltd
ACN: 649 243 881
Authorised representative number: 1312503

Telephone: 1300 838 834
Email: info@arkcapital.com.au

Responsible Entity

Melbourne Securities Corporation Limited
ACN: 160 326 545
AFSL: 428289

Telephone: 1300 798 790
Email: enquiries@msc.group

Head Office

Level 7, 33 Stewart Street
Richmond VIC 3121

Sydney Office

Level 1, 17-19 Bridge Street
Sydney NSW 2000

Brisbane Office

Level 2, 76 Skyring Terrace
Newstead QLD 4006

Perth Office

125 St Georges Terrace
Perth WA 6000

Contact

1300 838 834
info@arkcapital.com.au
www.arkcapital.com.au

ARK CAPITAL™

IMPORTANT NOTICES

This Product Disclosure Statement (PDS) is issued by Melbourne Securities Corporation Limited (ACN 160 326 545; AFSL 428289) (MSC, RE) as the responsible entity of the Ark Cornerstone First Mortgage Fund (ARSN 700 022 242) (Fund).

MSC, as the responsible entity, is the issuer of Units in the Fund.

The RE has appointed Ark Capital Funds Management Pty Ltd (ACN 649 243 881; AFS representative number 001312503) as the manager of the Fund (Ark or Manager). Ark is an authorised representative of Ark Capital Funds Limited (ACN 604 775 573; AFSL 476209) and MSC Advisory Pty Ltd (ACN 607 459 441; AFSL 480649). However, Ark only acts in its capacity as an authorised representative of MSC Advisory Pty Ltd to the extent it provides financial services and general financial product advice to retail clients (as that term is defined in the Corporations Act).

You should read this PDS in its entirety before making a decision about whether to invest in the Fund. This PDS sets out general information about the Fund for the recipient of this PDS (Recipient) to consider in making a decision as to whether the Recipient should acquire an interest in the Fund.

The Fund has been registered with the Australian Securities and Investments Commission (ASIC) as a managed investment scheme available for investment by retail clients (as that term is defined in the Corporations Act). ASIC takes no responsibility for, and makes no representations in respect of, the content of this PDS or the Constitution for the Fund.

Date

This PDS is dated 3 August 2026 (PDS Date). Unless otherwise stated, all information in this PDS is current as at the PDS Date. The delivery of this PDS at any time after the PDS Date does not imply that the information contained in it is accurate, timely and complete at any time subsequent to the PDS Date.

Glossary

Certain words and expressions used in this PDS are defined in Section 11 (Glossary).

PDS availability and updated information

This PDS may be viewed online at www.arkcapital.com.au. If you access the electronic version of this PDS, you should ensure that you download and read this PDS in full. A paper copy of this PDS is available free of charge to any person by calling the Manager.

The information in this PDS is current as at the issue date. Information in this PDS may change from time to time. Where information that changes is not materially adverse, the Manager will publish the changes on its website at www.arkcapital.com.au. A printed copy will be available from the Manager free of charge upon request.

The RE may issue a supplementary product disclosure statement to supplement any relevant information not contained in this PDS, in accordance with its obligations under the Corporations Act. Any supplementary product disclosure statement and updated information should be read together with this PDS. The RE may also replace this PDS in full from time to time.

A copy of any supplementary product disclosure statement and replacement PDS will be made available on the Manager's website at www.arkcapital.com.au. A printed copy will be available from the Manager free of charge upon request.

Restrictions on distribution

The offer of Units made in this PDS (Offer) is only available to persons receiving this PDS within Australia. This PDS does not constitute an offer of interests in the Fund in any jurisdiction where, or to any persons to whom, it would be unlawful to make the Offer.

This PDS does not constitute an offer to sell or the solicitation of an offer to buy any securities or other financial products other than Units.

The distribution of this PDS in jurisdictions outside Australia may be restricted by law. It is the responsibility of any person located in a jurisdiction other than Australia to ensure compliance with all laws of any country relevant to the Offer. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of any relevant laws and that all approvals and consents have been obtained.

Indirect Investors

The RE authorises the use of this PDS as disclosure to Indirect Investors who access the Fund through an Investor Directed Portfolio Service or IDPS-like scheme (known commonly as a master trust or wrap account or nominee or custody service) (IDPS) and those Indirect Investors may rely on this PDS.

The operator or custodian of the IDPS (IDPS Operator) is recorded as the unitholder and is the person who exercises the rights and receives the benefits as a unitholder. Reports and documentation relating to the Fund will be sent to the IDPS Operator. Indirect Investors using these services should be aware that they may be subject to different conditions from those set out in this PDS, particularly in relation to:

- arrangements for the application and transfer of Units;
- fees and expenses;
- distribution calculation and timing; and
- reporting.

Indirect Investors should contact their adviser or IDPS Operator with any queries relating to an investment in the Fund.

No performance guarantee

None of the RE, the Manager, the Custodian or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund by an Investor, any particular rate of return on investments in the Fund or (where information about tax is provided) any particular tax treatment.

There can be no assurance that the Fund will achieve results that are comparable to the track record of the RE, the Manager, the Custodian or that the Fund's investment objectives will be achieved.

An investment in the Fund does not represent a deposit with, or a liability of, the RE or the Manager or any of their associates. The RE is not authorised under the Banking Act 1959 (Cth) to carry on banking business or for any other purpose and is not supervised by APRA, and investments in the Fund are not covered by the depositor protection provisions available to depositors that make a deposit with an Australian authorised deposit-taking institution (ADI) under that Act.

An investment in the Fund is subject to investment risks which are described in Section 7 (Significant risks) of this PDS, including possible delays in repayment and loss of some or all of your income or capital invested. The risks associated with an investment in the Fund are different to a cash deposit or investment in an ADI.

Liquidity

Recipients acknowledge that the Fund will invest indirectly in loans, which may be illiquid in nature, and on terms described in this PDS. Notwithstanding the illiquid nature of the underlying investments, the RE intends to facilitate redemptions on a periodic basis. The process for redemptions is described in Section 6 (Applications and withdrawals) of this PDS.

No personal advice

Investors should read the whole of this PDS before making a decision about whether to invest in the Fund.

The information contained in this PDS is general information only and is not personal financial product advice. It does not take into account the individual objectives, financial situation, needs or circumstances of any person.

Investors should not construe the contents of this PDS as tax or investment advice.

No representation other than this PDS

No person is authorised to give any information or to make any representation in connection with the Offer which is not set out in this PDS.

This PDS supersedes any other information or marketing materials given prior to the issue of this PDS to the extent of any inconsistency. Any information or representation in relation to the Offer not contained in this PDS may not be relied on as having been authorised by the RE, the Manager or their advisers.

Forward-looking statements

Certain information contained in this PDS constitutes 'forward-looking statements' that can be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'aim', 'anticipate', 'foresee', 'estimate', 'target', 'intend', 'likely', 'planned', 'continue', 'potential', or 'believe' or the negatives or other variations of those words or comparable terminology.

Furthermore, any projections or other estimates in this PDS, including estimates of returns or performance, are 'forward-looking statements' and are based on certain assumptions that may change.

Due to various risks and uncertainties, including those set out in Section 7 (Significant risks), actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in any forward-looking statements.

The forward-looking statements included in this PDS involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to, the RE and Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, Investors are cautioned to not place undue reliance on any forward-looking statements.

Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this PDS are forward-looking statements and subject to this cautionary statement.

Past performance information

Where this PDS sets out any past performance in respect of the Fund, the Fund's strategy, or other funds or investment vehicles operated or managed by the RE or Manager, Investors must not interpret that information as a representation about the future performance of the Fund. Past performance is not a reliable indicator of future performance.

Summary of key documents only

This PDS contains a summary of the terms of the Fund and certain other material documents. However, Investors should refer to the complete legal documentation for the Fund (available on request from the RE). Investments in the Fund are governed by the Constitution and associated documents and nothing in this PDS limits or qualifies the powers and discretions conferred on the RE and the Manager under those documents. This PDS should be read in conjunction with the Constitution and associated documents for the Fund. In the event of any inconsistency between the Constitution and associated documents and this PDS, then the Constitution will prevail to the extent of the inconsistency.

Applications may be rejected

The RE reserves the right to evaluate any applications or subscriptions to acquire Units and to reject any or all of them (in whole or in part), without giving reasons for rejection. Neither the RE nor the Manager is liable to compensate the Recipient or any Investor for any costs or expenses incurred by any person in reviewing, investigating or analysing any information in relation to the Offer, the Fund or otherwise.

Custodian's consent

The Custodian has given written consent to be named in this PDS in the form and context in which they are named and have not withdrawn that consent prior to the date of this PDS. The Custodian does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by the Custodian. To the maximum extent permitted by law, the Custodian expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. The Custodian does not guarantee the repayment of capital or any particular rate of capital or income return.

Cooling-off rights

Cooling-off rights may apply to an application for Units. See Section 6.5 (Cooling off rights) for more information.

RE limitation of liability

Except in certain circumstances prescribed by law, the RE enters into transactions in respect of the Fund in its capacity as trustee of the Fund only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Fund.

Currency

In this PDS any reference to currency, '$', 'A$' or 'AUD' is to Australian Dollars, unless otherwise indicated.

Time

Any reference to time in this PDS is a reference to Australian Eastern Standard Time.

Images

Any photographs or images in this PDS do not depict assets of the Fund, unless otherwise indicated.

Any photographs, images, charts and diagrams in this PDS are for illustrative purposes only.

Questions

Any questions regarding this PDS should be directed to the Manager, whose contact details are set out in the Corporate Directory on Page 3.

01

Summary and key features of the Fund

SUMMARY AND KEY FEATURES OF THE FUND

The table below is a summary of the key features of an investment in the Fund.
Investors should read the whole of this PDS to obtain more detailed information.

Fund Details		
Item	Detail	Further information
Fund name	Ark Cornerstone First Mortgage Fund ARSN 700 022 242	
RE	Melbourne Securities Corporation Limited ACN 160 326 545 AFSL 428289	Section 3.2
Manager	Ark Capital Funds Management Pty Ltd ACN 649 243 881 Authorised representative (AFS Representative Number 001312503) of Ark Capital Funds Limited ACN 604 775 573 AFSL 476209 and MSC Advisory Pty Ltd (ACN 607 459 441; AFSL 480649).	Section 3.1
Custodian	Certane CT Pty Ltd ACN 106 424 088 AFSL 258829 in its capacity as sub-custodian for Melbourne Securities Corporation Limited.	Section 3.3
Investment Details		
Offer	This PDS relates to the offer of ordinary Units in the Fund.	
Fund structure	The Fund is a registered managed investment scheme, structured as a unit trust established by the RE pursuant to the Constitution.	Section 4.2
Term	The Fund is open-ended, meaning the Fund will continuously issue and redeem Units based on the terms set out in the Constitution and this PDS.	
Investment objective	The objective of the Fund is to provide Investors with access to secure, attractive, income returns with capital stability by indirect investment in a spread of first mortgage loan investments, whilst providing Investors with the ability to redeem Units on a monthly basis, subject to liquidity and certain conditions.	Section 4.3
Target return	RBA Target Cash Rate + 4.00% per annum.	Section 4.3

Item	Detail	Further information
Investment strategy	The Fund intends to invest substantially all its assets in the Ark Wholesale Mortgage Fund ABN 75 997 029 896 (Master Fund) or cash. The Master Fund is a wholesale trust, operating as a contributory mortgage scheme. The Master Fund issues interests in separate and distinct sub-trusts for which Ark Capital Funds Limited ACN 604 775 573 AFSL 476209 (Underlying Manager) acts as trustee (Sub-Schemes). Each Sub-Scheme provides a loan to an underlying borrower secured by registered mortgage (Underlying Loan). The Underlying Loans are typically investment and development loans to mid-market property owners and developers for the purpose of financing residential, industrial, retail and specialty commercial real estate projects in Australian capital cities and significant regional centres.	Section 4.4
Loan to value ratio (LVR)	Each Underlying Loan has a maximum LVR of 67%. The Fund will have a weighted average maximum LVR across the pool of Underlying Loans of 65%.	Section 5.5
Distributions	The Fund intends to distribute any net income on a monthly basis.	Section 4.5
Borrowings	The Fund does not intend to make any borrowings at both the Fund level and Master Fund level.	
Risks of investing	All investments are subject to risks. Some of the key risks of investing in the Fund include: • investment risk; • default and credit risks associated with the underlying borrower of an Underlying Loan; and • security enforcement risks associated with the Underlying Loans.	Section 7
Applications and withdrawals		
Application frequency	Monthly, on the first day of each calendar month (subject to the discretion of the RE).	Section 6.1
Minimum initial investment	$50,000 (subject to the discretion of the RE).	Section 6.1
Minimum additional investment	$10,000 (subject to the discretion of the RE).	Section 6.1
Minimum investment term	6 months.	Section 6.6

Item	Detail	Further information
Withdrawal frequency	Monthly, on the last day of each calendar month, in normal operating conditions (subject to a one month notice period, the terms of this PDS, and the discretion of the RE).	Section 6.6
Minimum balance	$50,000 (subject to the discretion of the RE).	Section 6.6

The RE's discretion relating to the acceptance and processing of applications and withdrawals may be subject to input and direction by the Manager.

Fees and costs		
Management fees and costs	Management fees and costs payable out of the assets of the fund are estimated at 0.59% per annum of funds under management (FUM), calculated and charged monthly in arrears. These comprise of the following: • A management fee of 0.51% per annum; • A custodian fee of 0.02% per annum; • Estimated expense recoveries of 0.06% per annum.	Section 8
Performance fees	Nil.	Section 8
Transaction costs	Nil.	Section 8

02

Benchmarks and disclosure principles

BENCHMARKS AND DISCLOSURE PRINCIPLES

ASIC requires responsible entities of 'mortgage schemes' to address the benchmarks and disclosure principles contained in Regulatory Guide 45 Mortgage Schemes: Improving disclosure for retail investors (RG 45). The benchmarks and disclosure principles are designed to help retail investors understand and assess the risks of unlisted mortgage schemes.

The table below provides a summary of the benchmarks and disclosure principles, states whether the Fund and the Master Fund comply with these benchmarks, and provides a cross-reference to where you can find more information in this PDS.

The RE will make ongoing disclosures against the RG 45 benchmarks and disclosure principles, which will be made available directly to Investors. Investors should have regard to the latest disclosure before investing in the Fund.

Benchmark & Disclosure Principle	Statement	Explanation	Reference
Benchmark and Disclosure Principle 1: Liquidity	The benchmark is met.	There are cash flow estimates in respect of the Fund that demonstrate it will be able to meet its expected expenses, liabilities and other cash flow needs for the next 12 months. The Fund's investment earnings are forecast to be sufficient to satisfactorily meet the Fund's forecast outgoings. The forecasts are updated by the Manager at least monthly for material changes. The forecasts are provided to the board of the RE for approval every three months.	Section 7 ('Liquidity risk')
Benchmark and Disclosure Principle 2: Scheme borrowing	The benchmark is met.	Neither the Fund nor the Master Fund have current borrowings. The RE and the Manager do not intend to borrow on behalf of the Fund. Further, the Underlying Manager does not intend to borrow on behalf of the Master Fund.	Not applicable.
Benchmark and Disclosure Principle 3: Loan portfolio and diversification	The benchmark is **not** met.	While the Manager is targeting a diversified portfolio of loan assets, there are no express allocation targets or limits concerning the assets of the Fund. The Fund is not expected to hold diversified assets until there is at least $100 million of funds under management. Until then, any single asset and the Fund's exposure to any single borrower may exceed 5% of the Fund's total assets. However, all Underlying Loans made by the Master Fund in which the Fund indirectly invests are secured by first mortgages over real property (including registered leasehold title). The RE and Manager do not require the Underlying Manager of the Master Fund to meet the benchmarks and apply the disclosure principles in RG 45.	Sections 5.1, 5.2 and 5.4

Benchmark & Disclosure Principle	Statement	Explanation	Reference
Benchmark and Disclosure Principle 4: Related party transactions	The benchmark is met.	The Fund does not lend to the Manager or to related parties of the RE or Manager. The Master Fund also does not lend to related parties. However, the RE and Manager will enter related party transactions as described in this PDS.	Section 10.2
Benchmark and Disclosure Principle 5: Valuation policy	The benchmark is met.	As the Fund operates as a feeder fund, the Underlying Loans will be valued in accordance with the processes and procedures of the Underlying Manager. The Underlying Manager adopts processes and procedures that comply with this benchmark.	Section 5.4
Benchmark and Disclosure Principle 6: Lending principles - Loan-to-valuation ratios	The benchmark is **not** applicable.	The Fund operates as a feeder fund and invests substantially all its assets in Sub-Schemes of the Master Fund. Accordingly, the Fund does not directly hold mortgage assets. The Fund's maximum LVR for its exposure through a Sub-Scheme is 67% of the property value per individual investment.	Section 5.5
Benchmark and Disclosure Principle 7: Distribution practices	The benchmark is met.	Neither the Fund nor Master Fund will pay distributions using borrowings.	Section 4.5
Benchmark and Disclosure Principle 8: Withdrawal arrangements	The benchmark is **not** met.	This benchmark is not met as: • the maximum period allowed for in the Constitution for the payment of withdrawal requests is 150 days, due to the maximum period allowed for in the trust deed of the Master Fund (notwithstanding that it is expected that the Fund will typically pay withdrawal requests within a shorter timeframe); and • at least 80% of scheme assets are not cash or bank deposits available within 90 days or assets reasonably expected to be realised for market value within 10 Business Days.	Section 6.6

03

Key parties

3.1
ABOUT THE MANAGER

Ark is a leading alternative investment manager focused on fixed income securities. Central to its investment philosophy is the belief that lending against high-quality, real assets produces a risk/return profile that is stable, unique and attractive for investors. Ark is risk-averse, with a demonstrable track record of success built upon a strong proprietary strategy within the commercial loan market segment.

KEY PERSONNEL

Ark is led by a highly experienced management team, with the support of an independent risk and governance committee whose members have established a solid reputation with leading organisations. The key personnel of the Manager are as follows:

Peri Macdonald

CEO & Managing Director, Fund Director

Peri is the CEO, Managing Director, and an owner of Ark.

Peri has over 30 years' property and commercial experience including real estate development, investment banking and funds management in organisations including Frasers Property (formerly Australand), Coles Myer, The Ray White Family Office and Macquarie Bank.

David Charles

Head of Funds

David is Ark's inaugural Fund Manager, leading the establishment and launch of Ark's Bedrock Mortgage Fund, and this fund after joining Ark as interim CFO in 2023.

David has 35+ years' experience across numerous property sectors. Since 2008, he has specialised in property investment and funds management, including 10 years as CFO and then CEO and Managing Director of ASX listed REITs Redcape Hotel Group and Hotel Property Investments.

David holds a Bachelor of Economics from Monash University, is qualified as a Chartered Accountant at KPMG and is a Graduate of the Australian Institute of Company Directors program.

Zak Fennell

Head of Investments

Zak heads the Investments team at Ark and works with borrowers to fund real estate projects, sharing his deep market expertise along the way. Zak joined Ark after spending almost 15 years in commercial real estate finance.

His wealth of experience encompasses project and structured finance, investment risk analysis, loan origination and investment management. He has held senior property finance roles at both ANZ and Westpac Bank and was a director in the investment division at MaxCap Group before joining Ark.

Jonathan McGrath

Executive Director – Investments

Jonathan has almost 40 years of residential, commercial and construction finance experience. He has held senior roles at Westpac, Elders Finance and CBRE, and managed his own finance brokerage business for 15 years.

Jonathan is the holder of an Australian credit licence and is a part owner of Ark. He holds a Graduate Diploma in Property Development from the University of Technology Sydney.

Brett Macgillivray

Head of Legal & Compliance

Brett has been a partner in several Melbourne-based legal firms for more than 30 years. During this time, he acted for international and local banks, listed corporates, funds and private financiers. He specialises in finance and the funds management industry and has owned and operated managed investment funds.

Brett holds a Bachelor of Economics and Bachelor of Laws. He is the compliance officer, a committee member for funds and a member of the Ark Credit Committee.

Anita Young

Chief Financial Officer

With more than 20 years' experience as a senior finance professional, Anita possesses a strong focus on property development and property funds management. She commenced her finance career at Pitcher Partners accounting firm before taking Head of Finance roles at Castlerock Property Group and Newmark Capital Limited, joining Ark in 2023. Anita holds a Bachelor of Business and is a member of the Institute of Chartered Accountants in Australia and a member of the Ark Credit Committee.

MANAGEMENT AGREEMENT

Ark has entered into a management agreement (MA) with the RE and has been appointed as the manager of the Fund. Broadly, the Manager is responsible for determining the investment strategy and managing the investments of the Fund as well as undertaking various administrative functions in relation to the Fund. The Manager is also responsible for providing and otherwise undertaking administrative and unit registry services in respect of the Fund. The Manager receives the management fee in consideration for providing these services. The Manager may only be removed in accordance with the terms of the MA between the RE and the Manager.

3.2 About the RE

MELBOURNE SECURITIES CORPORATION LIMITED

Melbourne Securities Corporation Limited, part of the MSC Group, is a professional trustee firm, licensed by ASIC under AFSL No. 428289.

MSC has been appointed as trustee and responsible entity of the Fund to represent and act in the interest of Investors, and provide regulatory compliance oversight with the Corporations Act having regard to ASIC guidance. In exercising its powers and duties as responsible entity of the Fund, the RE must:

a. act honestly and in the best interests of Investors at all times;

b. exercise a reasonable degree of care and diligence;

c. treat each class of Unit holders equally and fairly;

d. not make use of information obtained to gain an improper advantage or cause detriment to Unit holders;

e. comply with the Constitution and all applicable laws;

f. ensure Fund property is separated from the property of the RE, the Manager and other entities; and

g. assume ultimate responsibility for any complaints by Investors or enquiries by ASIC.

In accordance with Corporations Act requirements, the RE is subject to independent financial audit. It is also subject to an independent compliance audit on a minimum annual basis.

WARNING: Neither the RE nor the Manager guarantees the performance of the Fund or the return of capital or income. Your investment in the Fund is subject to investment risk. This could involve delays in repayment and loss of income or the principal invested.

3.3 About the Custodian

Melbourne Securities Corporation Limited is appointed as the custodian of the Fund under the Custody Agreement. Certane CT Pty Ltd has then been appointed as a sub-custodian (Custodian) to hold the assets of the Fund on behalf of Melbourne Securities Corporation Limited, under the terms of the Custody Agreement.

The Custodian and the RE are part of the MSC Group, an established Australian, independent provider of corporate trust, custodial, fund administration and financial intermediary services for domestic and international fund managers, corporates and financial services industry participants.

The Custodian does not have any supervisory role in relation to the operation of the Fund and has no liability or responsibility to any Unit holder for any act done or omission made in accordance with the Custody Agreement.

Custodian Agreement

The Custodian's role is limited to holding assets of the Fund as agent of Melbourne Securities Corporation Limited. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement to which it is appointed.

The Custodian has given its written consent to being named as the sub-custodian in this PDS, however it has not authorised or caused the issue of this PDS and takes no responsibility for any part of this PDS, other than references to its name and functions described above.

04

How the Fund operates

THE BENEFITS OF INVESTING

Diversified Portfolio

The Manager seeks to manage a portfolio of interests in high quality registered mortgage investments, where returns are optimised and risk is minimised across a range of investments, borrowers, sectors and geographies.

Access to Market

The Manager seeks many investment opportunities through its network of developers, brokers and other third-party advisors.

Professional Management

The Manager is highly experienced in property finance, development, risk management and funds management and has systems designed to manage property finance.

Oversight and Governance

The Manager's and the Fund's compliance, governance and financial performance are overseen by the RE and the Manager's Governance and Risk Committees. Underlying Master Fund Sub-Scheme investments are approved by the Master Fund Investment Committee and the Ark Credit Committee.

Ability to Redeem

The Manager intends to manage investments with a view to facilitating Investors' redemption requests on a monthly basis.

4.2 Fund Structure

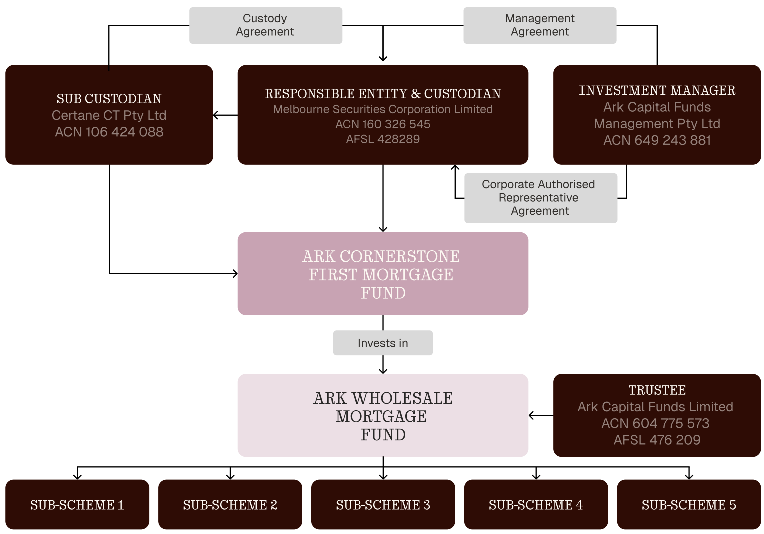
The Fund is a unit trust established by, and governed by, Australian law. The Fund is registered with ASIC as a managed investment scheme under the Corporations Act.

The Fund seeks to raise capital under the Offer for the purpose of investing in Sub-Schemes of the Master Fund. All subscription money received from Investors will be pooled together and invested collectively by acquiring interests in the Sub-Schemes of the Master Fund, providing Investors with indirect exposure to first registered mortgages.

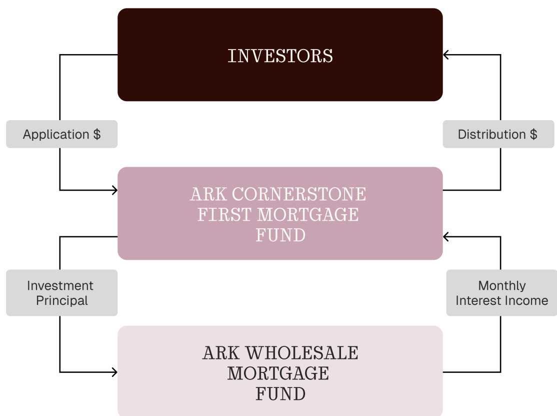
The Fund is established under, and governed by, the Constitution and applicable laws. Under the Constitution, no individual has a beneficial interest in any particular investment or asset of the Fund.

Below is a diagram of the Fund's structure:

Fund Structure
Between the Fund
& Master Fund



Cash Flow
Between the Fund
& Master Fund



For more information about the Constitution, see Section 10.1 (Constitution). For more information about the RE and the Manager, see Section 3 (Key parties) of this PDS.

4.3 Investment objective

The objective of the Fund is to provide Investors with access to secure, attractive, income returns with capital stability by indirect investment in a spread of first mortgage loan investments, whilst providing Investors with the ability to redeem Units on a monthly basis, subject to liquidity and certain conditions.

The target return is the RBA Target Cash Rate + 4.00% per annum.

The actual returns of the Fund will depend on the performance of the Underlying Loans. Returns of capital and income are not guaranteed, and there is a risk that the Fund will not achieve the target return. A lower return may be payable in circumstances where the Underlying Loans are underperforming or where an underlying borrower defaults on an Underlying Loan.

4.4 Investment strategy

The Fund intends to achieve the investment objective by investing substantially all its assets in the Master Fund or cash.

The Master Fund is an unregistered trust established under, and governed by, Australian law. The Master Fund is not required to be registered with ASIC.

The Master Fund is a contributory mortgage scheme, meaning investors can elect to invest in specific individual loan opportunities. This differs to a pooled mortgage fund where the subscription money is received, pooled and invested collectively in a portfolio of loans.

The Underlying Loans in which investors in the Master Fund can elect to invest are advanced through Sub-Schemes. The Underlying Loans are typically investment and development loans to mid-market property owners and developers for the purpose of financing residential, industrial, retail and specialty commercial real estate projects in Australian capital cities and significant regional centres.

The Fund will only invest in Sub-Schemes advancing Underlying Loans that meet the investment criteria described in Section 5.1 (Investment criteria).

Apart from interests in the Sub-Schemes, the Fund will hold one or more bank accounts comprising cash money of the Fund, including distributions from the Master Fund representing principal and interest payments from the Underlying Loans pending the distribution of net receipts to Unit holders in accordance with the requirements of the Constitution.

While there are broad powers of investment under the Constitution, the Manager intends to invest only in assets contemplated under this PDS.

For further information regarding the Underlying Manager's investment selection, see Section 5 (Investment selection and management process).

4.5 Distributions

Distributions by the Fund are generally expected to be funded from returns generated from its investments including from:

a. income earned by the Fund in relation to its investments in the Underlying Loans; and

b. interest earned on any cash holdings.

The Fund will distribute its distributable income to Investors after the payment of any fees and cost recoveries of the Fund. The distributable income of the Fund will vary with the returns and expenses of the Fund. The Manager may elect to waive its entitlement to, or defer the payment of, fees or recovery of costs, including in circumstances where there is a distressed credit period for the Fund, an unexpected impairment or provisioning events for the Fund and recently after the Fund is established and not at a fully viable scale or minor smoothing of returns. This is intended to increase the amount of distributable income available for distribution to Investors. The Manager may in its absolute discretion elect to recover waived fees or costs recoveries in future periods.

Despite the above mechanism, the Manager does not anticipate needing to defer or waive fees to facilitate distributions frequently. The Manager considers there to be minimal risks associated with implementing this mechanism. Accordingly, the Manager is of the view the making of distributions will be sustainable over the next 12 months.

The RE intends to distribute all net income received by the Fund in a financial year and intends to make monthly distributions to Investors. The RE may change the distribution frequency by giving at least 30 days' prior notice to Investors or make ad hoc distributions as reasonably required.

Under the Constitution, an Investor's distribution entitlement for each Unit is based on the number of days the Unit holder held the relevant Unit during the distribution period. It is generally expected that distributions are calculated on the last day of each month. Investors should typically allow up to 10 days after the date on which distributions are calculated to receive distributions. However, under the Constitution, distributions may be paid up to 30 days after the distribution calculation date.

Distributions are dependent on the underlying borrowers meeting their obligations under the documentation for the Underlying Loans. None of the RE, Manager, Underlying Manager, or their related parties, officers, employees, consultants, advisers or agents guarantees the payment of, or amount of, any distribution.

Distribution payments will be made by direct credit to a Unit holder's nominated account with a financial institution. No distribution payments will be made to third parties or by cheque.

Investors may elect to reinvest distributions on the Application Form or by contacting the Manager.

4.6 Capital not guaranteed

None of the RE, the Manager, the Underlying Manager, or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantee:

- the performance of an Underlying Loan or guarantee the target return will be achieved;
- the value of any asset of the Fund, or all of the Fund's assets as a whole;
- the return or income or capital invested by a holder of a Unit in the Fund; or
- an underlying borrower's payment of any principal or interest repayments under an Underlying Loan.

The investments of the Fund and the Master Fund do not represent a deposit or other liabilities of the RE or any of its related bodies corporate, and none of these entities is an ADI or subject to prudential supervision by APRA.

4.7 Term

Under the Constitution, there is no specific term of the Fund (except where required by law). The RE may, however, terminate the Fund at any time by notice in writing to Investors.

The Fund is an open-ended unit trust, meaning that the RE, on instruction from the Manager, intends to continuously issue and redeem Units on terms set out in the Constitution and this PDS.

4.8 Unit pricing

The ongoing Unit price is calculated by dividing the net asset value (determined by the net market valuation of assets owned, less all liabilities held, including fees, provisions and accrued expenses in accordance with the Constitution), less undistributed income, and divided by the number of Units on issue.

The RE will exercise any discretions it has affecting the determination of an amount of consideration to acquire an interest in the Fund or the terms of any payment or removal of liability arising from a withdrawal from the Fund in accordance with the unit pricing policy of the Fund. The unit pricing policy is available on request from the RE free of charge.

The Manager expects the Unit price to remain the same as the issue price of the Unit, unless an Underlying Loan is impaired (that is, there is a risk of income or capital loss).

05

Investment selection and management process

INVESTMENT SELECTION AND MANAGEMENT PROCESS

5.1 Investment criteria

The Fund will invest in a range of loans, Sponsors, property sectors, geographies, and loan tenors. This investment will be through Master Fund Sub-Schemes which satisfy the investment criteria of the Fund.

This criteria includes but is not limited to:

Security	The Fund will only invest in Underlying Loans which have a first ranking security interest being registered first mortgages. Typically, personal guarantees of relevant Sponsors will also be taken.
Investment amount	There are no fixed investment amount parameters though the Fund Investment Committee aims to limit concentration in any one Underlying Loan or Sponsor.
LVR	Individual Underlying Loans will have a maximum LVR of 67%. The Fund will have a weighted average maximum LVR of 65% across the pool of Underlying Loans.
Term	Each Underlying Loan will typically have a loan term of one to two years with a maximum of five years.
Sector	Underlying Loans will primarily relate to developments in any property sectors (residential, commercial, industrial, retail) as built form, land subdivision or land banking, having regard to prevailing economic conditions.
Location	Underlying Loans will be secured by properties located in metropolitan areas, growth corridors and major and developing regional centres in Australia.
Related parties	The trustee of the Master Fund will not lend to its principals, employees, consultants or their related parties, or to itself. However, the Manager may co-invest in the Sub-Schemes.

While the Fund seeks to maximise diversification in its investments, Sponsors, development sectors and geographies, the Fund does not have any specific allocation criteria targets or limits, including any limits on the maximum loan amount that can be made to any one borrower. This may give rise to concentration risk.

The Manager may determine to vary the investment criteria at any time. However, at the date of this PDS the Manager does not intend to vary the investment criteria.

5.2 Investment selection process by the Underlying Manager

The Underlying Manager employs a multi-stage approval process in considering loans for investments in Sub-Schemes by the Master Fund, and investments by the Fund. Initially the Master Fund Investment Committee and the Ark Credit Committee will consider and approve or reject investments by Sub-Schemes of the Master Fund.

Underlying borrower assessment

Prior to an Underlying Loan being advanced by a Sub-Scheme, and as part of the loan approval process, the Underlying Manager conducts a detailed assessment of the borrower's creditworthiness.

This assessment comprises of:

a. details of the borrower's financial position including assets and liabilities;

b. a meeting between an employee or nominee of the Underlying Manager who has relevant lending experience and the underlying borrower and, if necessary, any guarantors, to obtain further relevant information about the underlying borrower and the mortgage property;

c. the Underlying Manager obtaining further information from the underlying borrower including tax returns and copies of financial statements;

d. a consumer credit report being obtained for each new underlying borrower and/or any guarantors;

e. an internal loan approval process being delegated by the board of the Underlying Manager to the appropriate approval parties (the Investment and Ark Credit Committees of the Underlying Manager) and includes confirmation that the loan approval is within the lending guidelines; and

f. the mortgage property being inspected by an employee or nominee of the Underlying Manager.

Master Fund Investment Committee approval

The Master Fund Investment Committee is responsible for the review and initial approval of investment proposals for Master Fund Sub-Schemes. The function includes detailed assessment of the asset and Sponsor as well as undertaking extensive due diligence and credit analysis of potential loan investments.

Its role includes overseeing deal execution and management of the investment following settlement. The Master Fund Investment Committee consists of at least two directors of the Underlying Manager and the Head of Investments.

Underlying Loan application and approval process

All prospective investment opportunities are reviewed by the Master Fund Investment Committee and the Ark Credit Committee of the Underlying Manager.

The Master Fund Investment Committee is provided a detailed information memorandum for each Underlying Loan. Broadly, this includes the following information:

a. the proposed use of the funds;

b. details of the security;

c. company and personal details;

d. details of the background of the investment;

e. the proposed repayment scheme;

f. the proposed exit strategy and how the loan is expected to be repaid;

g. the risk assessment;

h. financial information about the underlying borrowers and guarantors; and

i. an asset and liability statement of the Sponsor.

As noted in section 5.4, an independent valuer will be engaged to prepare a valuation report in accordance with the valuation policy.

Where the Underlying Loan involves a construction element, a detailed feasibility analysis is required from the borrower, along with a pre-approval of the proposed construction contractor and other requirements such as the number of presales. A quantity surveyor will also be engaged to assess and verify initial construction costs.

On completion of the analysis of an application, including the valuation and financial analysis, the Underlying Loan application will be reviewed by the Master Fund Investment Committee and, if approved, by the Ark Credit Committee for final approval.

Following approval, the loan documents will be executed. These documents comprise of the loan offer, the loan agreement, registered mortgages, lodgement of security interests over the relevant property, guarantees and indemnities from the directors of the underlying borrowers and any further documents required to secure the interest of the Master Fund.

On completion, the Underlying Manager will receive a certificate from its legal counsel confirming the due execution of the loan and security documents.

Ark Credit Committee approval

Where a potential investment by a Master Fund Sub-Scheme is initially approved by the Master Fund Investment Committee and due diligence processes have been completed to the satisfaction of the Master Fund Investment Committee, the Ark Credit Committee will consider the investment proposal and, where appropriate, provide final approval. The Ark Credit Committee may make its approval subject to further conditions.

The Ark Credit Committee's assessment is independent from the assessment by the Master Fund Investment Committee and comprises different members. The Ark Credit Committee will consist of at least one director of the Underlying Manager, the Chief Financial Officer, and includes external and independent members.

5.3 Investment selection process by the Manager

Once an investment opportunity has been approved at the Master Fund level, the Fund Investment Committee will then separately consider the Underlying Loan by the Sub-Scheme for the purpose of determining whether the Fund will invest in the Sub-Scheme.

The Fund Investment Committee focuses on the investment strategy of the Fund, as opposed to the investment strategy of the Master Fund Sub-Schemes. Underlying Loans approved by the Master Fund Investment Committee and Ark Credit Committee and settled to become part of a Sub-Scheme will be considered “credit approved”. It is the role of the Fund Investment Committee to assess the appropriateness of those investments for the Fund, in accordance with the investment criteria of the Fund, and considering diversification of assets, borrowers, loan to value ratios and Fund liquidity.

The Fund Investment Committee consists of the Chief Executive Officer of the Manager and the Fund Manager of the Fund.

The members of any committee of the Underlying Manager or the Manager may change from time to time and, where appropriate, independent parties may be appointed. Responsibility for the constitution of the committees lies with the board of the entity.

5.4 Independent valuations

All property subject to mortgage security held by the Underlying Manager (or the custodian) of the Sub-Schemes is valued by independent, qualified, registered valuers acceptable to the Underlying Manager prior to investment approval, including any loan renewal.

The Underlying Manager’s valuation policy requires a rotation and diversity of valuers, to the extent possible based on the location of the asset. Valuers must not have a pecuniary interest that could give rise to a conflict of interest, and any conflicts will be managed in accordance with the Manager’s conflicts of interest policy.

Valuers will typically use at least two methodologies (where appropriate) when valuing mortgage assets of a Sub-Scheme, one being the primary method, and the second being an acceptable check method. Where there is a construction or planning component, the valuations typically include the current market or “as is” valuation, and an “as if complete” valuation. The valuation will include a feasibility review of the relevant project and its costs and determine the “Gross Realisation Value” of the project. All other properties will be valued on an “as is” basis.

In cases where the investment is made early in the planning stage valuations may of necessity be more limited in their scope, and usefulness. The typical methodologies may be of less relevance. In these circumstances, some discretion and assumptions in assessing future value may be required from the Underlying Manager and the Fund Investment Committee.

Typically, mortgage assets are not revalued during the term of the Underlying Loan. However, mortgage assets must be revalued within two months after the directors of the Underlying Manager forming a view that there is a likelihood that a decrease in the value of the security property may have caused a material breach of a loan covenant.

The Manager may not require a new valuation of the mortgage asset for short term extensions of an Underlying Loan where there is no reason to expect the loan will not be repaid.

You may obtain a copy of the Underlying Manager’s valuation policy on request to the Manager.

5.5 LVR

The Fund operates as a feeder fund and invests substantially all its assets in Sub-Schemes of the Master Fund. The Sub-Schemes of the Master Fund will directly hold mortgage assets.

Where the Underlying Loans advanced by the Sub-Schemes are for property development, funds are progressively advanced to the borrower on a works-completed and “cost to complete” basis, as certified by the Master Fund’s appointed quantity surveyor.

The Underlying Loans in relation to property development will not exceed 75% of the “as if complete” valuation of the property over which security is provided. Further, in respect of all other Underlying Loans, the Master Fund does not lend greater than 80% of the latest market valuation of property over which security is provided. The maximum LVR for the Fund’s exposure through a Sub-Scheme is 67% of the property value per individual investment.

The LVR of an Underlying Loan is calculated by reference to the value assessed by the independent valuer at the time of the initial loan advance. The weighted average LVR of the Fund is then determined having regard to the aggregate ‘as is’ value of the pool of Underlying Loans.

5.6 Loan management and monitoring

The Underlying Manager actively manages each Underlying Loan for the purpose of monitoring the performance of the loan including the value of the underlying security for each Underlying Loan by a Sub-Scheme.

Where an Underlying Loan is a development or construction loan, this occurs by conducting regular meetings with Sponsors and through independent review of the progress of the underlying development projects, particularly once construction has commenced.

The Underlying Manager also attends the Sponsor’s project meetings involving the project manager, quantity surveyors, engineers, and builders as applicable. This assists the Underlying Manager to remain informed on all relevant aspects of the development project and provides early warning of issues requiring intervention in accordance with loan agreements.

During construction, the Underlying Manager will receive quantity surveyor reports from its appointed quantity surveyors. These reports typically report on the progress and status of the development, including the percentage of works completed, the value of completed works, the estimated cost to complete the project, and whether construction remains within budget and on schedule.

The quantity surveyor may also review builder progress claims, assess variations, monitor contingency usage, identify potential delays or cost overruns, and provide recommendations regarding the amount of any progress drawdown to be advanced under the construction facility.

For Underlying Loans that are not development or construction loans, including for example land loans, residual stock loans or investment property loans, the Underlying Manager monitors the borrower's compliance with all undertakings contained in the Underlying Loan agreements.

Information regarding the Underlying Loan obtained by the Underlying Manager as part of its management of the loan is made available to the Manager and is a key part of the Manager's risk management process in relation to the portfolio of the Fund.

5.7 Impairments and default management

The Underlying Manager maintains and applies a loan impairment and valuation process to assess on a monthly basis whether any loan asset is impaired or likely to suffer a loss of recoverability. In undertaking this assessment, the Underlying Manager may consider factors including payment arrears, breaches of loan covenants, adverse changes in a borrower's financial position, updated independent valuations of secured property, changes in market conditions, enforcement prospects, priority of security interests, and the estimated realisable value of underlying security.

Where the Underlying Manager determines that, on objective evidence, a loan asset is impaired, or that full recovery is unlikely, an appropriate impairment provision or fair value adjustment will be recognised in the Fund's accounts in accordance with applicable Australian accounting standards and the Fund's valuation policies.

Any such adjustment will reduce the net asset value of the Fund and may accordingly affect the issue price and redemption price of Units.

The identification of an impaired loan is the responsibility of the Master Fund Investment Committee, which will identify when a financial loss is expected. Deliberations of the Master Fund Investment Committee occur monthly.

Where the underlying borrower fails to comply with the conditions of the Underlying Loan, including failure to make any payments or other activities that constitute a default, the Underlying Manager will take steps to protect the value of the underlying investments including issuing default notices and enforcing the mortgagee's rights in accordance with the loan agreement, which may involve taking legal action if considered necessary.

The Underlying Manager closely manages defaults and formally meets weekly to discuss and manage defaulting loans.

An Underlying Loan is considered to be in default when an underlying borrower has failed to comply with an undertaking or covenant which constitutes an event of default in the loan agreements, and fails to remedy the event of default within the prescribed time frame.

5.8 Labour standards or environmental, social or ethical considerations

An investment in the Fund is not designed for investors who are looking for a product that meets certain labour standards or environmental, social or ethical objectives. The Underlying Manager and Manager do not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising the investments.

06

Applications and withdrawals

APPLICATIONS AND WITHDRAWALS

6.1 Application process

Investors can invest in the Fund by completing the Application Form available online at the Manager's website www.arkcapital.com.au.

The minimum initial investment amount is $50,000 and the minimum additional investment amount is $10,000. The RE maintains discretion to vary the minimum investment amounts or accept a lower amount at any time.

The RE intends to process applications on a monthly basis. Applications must be received by 5.00 pm on the 15th day of the month, together with the application money, to be considered for processing on the first day of the following month.

The RE reserves the right to, at its discretion:

a. process applications earlier; or

b. evaluate any applications for Units and to reject any or all applications submitted, without giving reasons for rejection.

Any discretion of the RE relating to the acceptance and processing of applications is subject to input and direction by the Manager.

6.2 Issue price

The initial issue price of Units under the Offer will be $1.00 per Unit unless otherwise determined by the RE. The issue price of Units for subsequent issues of Units will be based on the net asset value of the Fund. The issue price is expected to remain at $1.00 per Unit, subject to the impairment of any Underlying Loans at the Master Fund level.

6.3 Payment of application money

The Manager will receive all subscription monies and will only accept electronic funds transfers from a bank, building society or credit union accounts. Cash or cheque payments will not be accepted.

The bank account details for Fund subscriptions are set out in the Application Form.

6.4 Interest on application money

Interest on application money is not paid to Investors. Any interest earned on application money that has not yet been invested will be retained by the Fund.

6.5 Cooling off rights

While the Fund is 'liquid' for the purposes of the Corporations Act, direct Investors who are Retail Clients will have a 14 day cooling off period.

During the cooling off period, eligible Investors may cancel their investment by notifying the Manager. The cooling off period commences on the earlier of the date they receive their notice confirming their investment in the Fund or five Business Days after the issue of Units to that Investor.

The right to cooling off terminates immediately if an eligible Investor exercises a right or power under the terms applicable to Units under this PDS.

If an eligible Investor cancels their investment during the applicable cooling off period, then the amount repaid to them may be adjusted in accordance with the Corporations Act to reflect any increase or decrease in the value of their investment, any tax or duties payable by the Manager and administration expenses and transaction costs associated with the acquisition and termination of their investment.

A cooling off period will not apply to an investment in the Fund where:

a. the Fund is not 'liquid' for the purposes of the Corporations Act; or

b. the investment arises from the reinvestment of distributions.

Indirect Investors should consult their IDPS Operator about any cooling off rights they have in relation to their investment.

6.6 Withdrawal process

Minimum investment term

The minimum investment term is 6 months. The minimum investment term applies to an Investor's initial investment only. Additional investments will not be subject to the minimum investment term. The RE may vary the minimum investment term in its absolute discretion.

Minimum balance

Unless the RE decides otherwise, withdrawal requests must be for at least $10,000. An Investor must also maintain a minimum balance of $50,000 (subject to the RE's discretion to vary this amount). Where an Investor's balance falls below $50,000, the RE may treat a withdrawal request as applicable to the Investor's entire balance.

Withdrawal requests

After the minimum investment term, and while the Fund is considered 'liquid' for the purposes of the Corporations Act, Investors may make a withdrawal request at any time by submitting a completed withdrawal form to the Manager. A withdrawal form is available on the Manager's website at www.arkcapital.com.au.

The RE is not obliged to accept a withdrawal request. The RE may accept a withdrawal request in part or full or reject the withdrawal request without giving reasons.

Withdrawal process during normal operating conditions

The RE intends to process withdrawal requests on a monthly basis. Withdrawal requests need to be received by 5.00 pm on the last day of the month to be considered for processing in respect of the last day of the following month (Withdrawal Date). For example, a withdrawal request received on or before 5.00 pm on 31 March that is accepted is expected to be processed on 30 April. If the RE decides to satisfy a withdrawal request in whole or in part, the RE expects to pay the redemption proceeds within 21 days after the Withdrawal Date.

Withdrawal process during abnormal operating conditions or insufficient liquidity

The time period for processing withdrawal requests may be longer during abnormal operating conditions or where there is insufficient liquidity to process withdrawal requests in full.

Under the Constitution, the RE:

- has up to 90 days under the Constitution to decide whether to accept or reject withdrawal requests;
- may also suspend the withdrawal of Units in its absolute discretion in accordance with the Constitution, including where it considers it to be in the interests of Investors; and
- may take up to 150 days to pay redemption proceeds after the Withdrawal Date.

The acceptance of a withdrawal request is also subject to the available liquidity in the Fund. Where there are insufficient funds to satisfy all withdrawal requests received in a withdrawal period, but the Fund is still considered to be 'liquid' pursuant to the Corporations Act, withdrawal requests will be satisfied on a pro rata basis each month until those Investors who have submitted a withdrawal request are fully withdrawn from the Fund. The portion of the withdrawal request that is not accepted will be automatically rolled into the next withdrawal period. These withdrawal requests will be satisfied in priority to new withdrawal requests made in the next withdrawal period.

Withdrawal offers

If the Fund is not liquid for the purpose of the Corporations Act, Investors may only make a withdrawal request in accordance with the terms of any current withdrawal offer made by the RE in compliance with the Corporations Act.

Any discretion of the RE relating to withdrawals from the Fund is subject to input and direction by the Manager. The RE may amend the withdrawal policy set out in the PDS subject to the provisions of the Constitution relating to withdrawals.

6.7 Compulsory withdrawals

The RE may in its absolute discretion at its election, on reasonable notice to an Investor, redeem all or a portion of Units held by such Investor in certain circumstances set out in the Constitution.

6.8 Transfers

An Investor in the Fund may not transfer their Units without the prior consent of the RE, which it may withhold in its absolute discretion. No transfer of Units in the Fund is effective until consented to by the RE and recorded in the register for the Fund.

6.9 Withdrawal price

The withdrawal price of Units for each Withdrawal Date will be based on the Net Asset Value of the Fund for that Withdrawal Date. The withdrawal price will generally be $1.00, unless the Net Asset Value of the Fund is decreased due to a reduction in the value of the Underlying Loans (such as due to impairment of Underlying Loans or capital loss in respect of Underlying Loans).

07

Significant risks

SIGNIFICANT RISKS

All investments involve varying degrees of risk. There are a number of risk factors that could affect the performance of the Fund, the making of distributions and the repayment of Investor's capital. Many risk factors fall outside of the RE's and the Manager's control and cannot be completely mitigated. While there are many factors that may impact on the performance of any investment, this Section 7 summarises some of the major risks that Investors should be aware of when investing in the Fund.

Before investing, Investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, and particular needs and circumstances. Investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature, and their investment time horizon. Investors should seek professional advice in setting their investment objectives and strategies.

The risks described below are not exhaustive and whether a risk is specifically referred to in this section or not, that risk may have a material effect on the performance and value of the Fund. Importantly, Investors should note that the value of an investment in the Fund, and income received by Investors, may rise or fall and, consequently, Investors may suffer losses (including the loss of all of their capital investment in the Fund or a loss of an investment return relating to their investment in the Fund). Distributions and the target return are not guaranteed and neither is the return of Investor's capital.

7.1 General risks

Feeder fund risk

The Fund invests substantially all its assets in Sub-Schemes of the Master Fund. As such, risks that apply to the Master Fund and the Sub-Schemes apply equally to this Fund. The Underlying Manager makes decisions regarding the investments of the Master Fund and the Sub-Schemes. The success of the Fund is dependent on the Underlying Manager identifying suitable Underlying Loans and then managing those loans to ensure they are repaid. If the Underlying Manager is unable to achieve this, then this may adversely affect the Fund's returns.

Investment risk

An investment in the Fund involves investment risk. For example, the value of an Investor's investment in the Fund may rise or fall, investment returns may fluctuate, distributions may or may not be paid and an Investor's capital may or may not be returned.

Return risk

The Fund seeks to deliver the target return to Investors. The target return is not a forecast. The RE or Manager may not be successful in meeting this objective. None of the RE, the Manager or any other person or entity guarantees any income or capital return from the Fund. Investors should also note that Fund operating expenses, including fees, may exceed income or realised profits therefore requiring the difference to be paid from the Fund's capital.

Investors should note that an investment in the Fund is not an investment in an ADI (such as a bank) regulated by APRA and an investment in the Fund carries greater risk than an investment in a bank.

Concentration risk

Concentration risk is the risk that the investment portfolio of the Fund may lack a diversification of assets. While the Master Fund and the Sub-Schemes will invest in a range of Underlying Loans secured by first registered mortgage in relation to real estate across Australia, there is a risk associated with the Master Fund's assets not being sufficiently diversified by sector, geography or risk profile or number of underlying borrowers (including related parties) or Underlying Loans which may expose the Fund to any events which have an adverse effect on the value of assets in the real estate sector and/or a specific investment. There is a possibility of an increased risk associated with Underlying Loans that are highly concentrated in terms of particular types of Underlying Loans, location, activities or borrowers.

Liquidity risk

Liquidity risk arises when there are insufficient cash inflows to fund redemptions.

The objective of the Fund is to invest in a portfolio of loans secured by first registered mortgages advanced by the Sub-Schemes of the Master Fund. The assets of the Master Fund and the Sub-Schemes are considered to be illiquid investments.

Given the Fund's investment is in the Master Fund, the ability to pay distributions to Investors will be predominantly dependent upon the Fund receiving distributions from the Master Fund. Further, the ability of the Fund to process redemption requests is also predominantly dependent on the Fund being able to redeem its investments in the Master Fund.

The Fund will typically only be able to redeem its investment in the Master Fund while amounts are held in the Master Fund's cash fund. The cash fund holds amounts prior to allocation to or investment in a Sub-Scheme or following the partial or full repayment of an Underlying Loan by a borrower. Withdrawals from the cash fund require two Business Days' notice.

Once funds are allocated to or invested in a Sub-Scheme there is no right to withdraw. Sub-Schemes of the Master Fund, and the Underlying Loan advanced by the Sub-Scheme, typically have terms of up to 36 months. Withdrawals will only be accepted if there is sufficient cash available in the Master Fund at the time of redemption, which is only expected on repayment of an Underlying Loan. Withdrawals may also be facilitated where there is a replacement investor available to acquire the Fund's interest in the Sub-Scheme. In the ordinary course, the Manager and the Underlying Manager do not intend to sell loans to fund redemptions, as purchasers of loans often seek a discount to fair value.

Despite this, the Fund is expected to be liquid and the RE intends to process withdrawal requests on a monthly basis. The Manager will use its reasonable endeavours to manage liquidity, including by ensuring underlying investments are made in loans with staggered maturity dates, but does not have a formal policy to this effect. Despite this, liquidity of the Fund may be impacted by circumstances outside the Manager's or Underlying Manager's control, including where a borrower defaults or a loan becomes impaired. There is no guarantee that Investors will be able to redeem their Units at their intended date. In periods of reduced liquidity, the RE may delay, suspend or stagger redemptions of Units in the Fund (and distributions may also be reduced or delayed).

There are restrictions on withdrawals from the Fund. See Section 6 (Applications and withdrawals) for more information. Investors may only withdraw from the Fund in accordance with the terms of issue of the Units. There is currently no secondary market for Units in the Fund and it is unlikely that any active secondary market will develop. There are substantial restrictions on the transferability of Fund interests under the Constitution and applicable securities laws.

Legal, regulatory and compliance risk

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. Although unable to predict future policy changes, the RE intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities including without limitation ASIC, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Competition and Consumer Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations and policies and this may result in the loss of authorisations under the AFSL held by the RE thereby preventing the continued operation of the Fund.

Furthermore, legal risks arise where contracts used by the Sub-Schemes to make the Underlying Loans are found to be defective or unenforceable against counterparties. To manage this risk, the Underlying Manager will ensure that a reputable legal practitioner is engaged to prepare and finalise legal agreements.

Tax risk

Tax and duty laws, and the regulatory interpretation or enforcement of them, can change and changes can be adverse. Investors should consider their own circumstances before investing. Although unable to predict future policy changes, the Manager intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

Fees and expenses risk

The Fund will incur fees and expenses regardless of whether it is successful. The Fund will pay fees and costs whether or not it receives its returns. There is a risk that the RE does not ensure that there is sufficient liquidity maintained in order to meet these and other expenses.

Related funds risk

The success of the Fund is dependent on the Underlying Manager identifying suitable Underlying Loans for the Master Fund and then managing those Underlying Loans to ensure that the Underlying Loans are repaid. If the Underlying Manager is unable to achieve this, then this may adversely affect the Master Fund's, and therefore the Fund's, returns. The Underlying Manager is a related party of the Manager. By making an investment in the Fund, Investors acknowledge that the Fund will invest substantially all its assets in the Master Fund, which is operated and managed by the Underlying Manager.

Risk associated with key parties

The RE and Manager may elect to retire or may be replaced as the responsible entity or manager, or the services of key personnel of the RE or Manager may become unavailable for any reason. Further, the Underlying Manager may elect to retire or be replaced as the trustee and investment manager of the Master Fund. The Fund and the Master Fund rely on the ability of the Manager, the Underlying Manager and their investment professionals to achieve the investment objectives. If the Manager, the Underlying Manager or their investment professionals were not to continue in their respective roles, or be replaced by suitably qualified and experienced professionals, the Fund and the Master Fund may not be able to achieve its objectives.

Conflicts of interest risks

The Manager, the Underlying Manager and their directors may develop advisory and other relationships with a wide variety of clients and investors. Further, associates of the Manager and/or the Underlying Manager are permitted to invest in both the Fund and Master Fund on the same terms as other Investors. As a result of obligations that arise from those relationships, including obligations of confidentiality, certain potentially suitable investment opportunities of which the Underlying Manager becomes aware may not be offered or disclosed to the Master Fund or the Fund.

Cyber risk and exposure

Investors should be aware that while the RE, Manager and Underlying Manager have implemented technologies, processes, and practices designed to protect its networks, devices, programs, and data (or information technology systems) those information technology systems may still be subjected to malicious attack, damage, or unauthorised access.

Information technology systems may include the storage of information concerning an Investor's identity, financial interests or other personal details provided to the RE in connection with their investment in the Fund.

7.2 Risks relating to the Underlying Loans and investments

Default and credit risk

There is a risk that an underlying borrower under an Underlying Loan does not meet its obligations to pay interest and repay capital or other financial obligations on time under the loan documentation. This risk may result in the delay to or loss of income or capital to investors in the Sub-Scheme of the Master Fund (which will include the Fund).

In the event that an underlying borrower defaults on an Underlying Loan and recovery action is undertaken, investors in the Sub-Scheme, and therefore Investors in the Fund, may not receive all income distributions for that investment, affecting the rate of return achieved. In addition, the value of the Underlying Loan or other fixed income investment might become impaired. Further, there will be no rights to recover the debt by seeking to take control or sell any real property of the RE, Manager or the Underlying Manager.

Examples of credit risk include where the underlying borrower is:

- an individual and becomes bankrupt, or dies; or
- a company becomes insolvent or under external administration.

The Manager seeks to manage this risk by diversifying the Underlying Loans in which it invests across a range of borrowers, industries and geographic sectors.

Security risk

In the event of default, the Underlying Manager will take all necessary action to remedy the default and recover capital and income outstanding under the relevant Underlying Loan or investment by seeking to enforce relevant securities provided. These securities may include mortgages, guarantees, charges or other forms of security interests. However, there is a risk that securities provided to the Sub-Scheme by the underlying borrower may not be enforceable or sufficient on a sale to fully repay all outstanding capital and income.

In particular, Investors should be aware that:

- the value of the security may fall during the term of the Underlying Loan; and
- guarantees and other forms of security interests provided may not carry sufficient value due to the lack of assets in the guaranteeing persons or entities.

Security enforcement risks

There are risks in respect of a security over real estate given in respect of an Underlying Loan, including that:

- the security may not be enforceable at law;
- taking recovery or enforcement action may involve protracted legal processes;
- selling a security property may take a significant amount of time, including on account of poor market conditions;
- selling a security property results in additional costs being incurred relating to the sale, such as real estate agent's fees, legal fees and potentially also taxes, which in turn reduce the amounts that could be distributed to investors in the Sub-Scheme; or
- the net sale proceeds received in respect of the enforcement of a security would not be sufficient to cover capital and income repayment obligations.

Third party financial product risk

There are risks specific to managed funds in which the Fund invests. These risks include that:

- the Master Fund could terminate; and
- the Underlying Manager of the Master Fund fails to identify and adequately manage investment risks in the portfolio and this may affect the ability to pay distributions.

The Master Fund is also likely to be subject to the same risks as the Fund that are set out in this PDS.

Risks associated with changed principal and interest payments

Early repayments by borrowers of an Underlying Loan, including the early discharge of an Underlying Loan, may impact the expected returns of the Sub-Scheme, and therefore the Fund, because the normal income and capital payments have been interrupted or have ceased.

The Underlying Manager may also elect to extend an Underlying Loan past its maturity date (with or without the enforcement of default interest) if it is believed to be in the best interests of investors. This extension may be required to provide underlying borrowers with extra time to complete the renewal process or finalise the refinance or repayment of the Underlying Loan or to finalise the sale of the security property. These extensions will also impact the expected returns of the Sub-Scheme and the Fund.

Risks associated with interest capitalisation

The Underlying Manager may agree to an Underlying Loan where interest payments on the loan are capitalised, particularly in relation to a construction or property development loan. Capitalised interest is not funded out of the underlying borrower's ongoing cash flow and is instead paid out of the proceeds from the sale of the security property. Where interest is capitalised, there is a risk that the proceeds that the underlying borrower achieves out of the sale of the security property may not be sufficient to repay the total Underlying Loan, which includes both principal and interest.

The Sub-Scheme may also capitalise interest where an Underlying Loan falls into arrears. This means that the total amount owed by the underlying borrower increases as the underlying borrower fails to make the required payments under the Underlying Loan. The Underlying Loan is still regarded as being in arrears. Increased liabilities under an Underlying Loan increase the risk of default by the underlying borrower.

Real estate performance risks

There is a risk that the real estate over which the Underlying Manager has a mortgage may decrease in value.

Changes in taxation, interest rates and the economic outlook can all have an effect on property market values and could result in:

- reduced sale prices;
- delays in selling (caused by excess supply and low demand);
- reduced ability of borrowers and buyers to obtain finance;
- increased risk of default if pre-sales do not proceed or sales forecasts now make the project less viable for the developer; and
- purchasers who have bought 'off the plan' failing to complete.

In addition, the value of the real estate over which the Underlying Manager has a mortgage may decrease as a result of damage to a building or other fixture erected on the real estate as a result of fire, tempest, malicious damage, earthquake, etc (however, these risks will be insured against).

Valuation risk

This is the risk that the valuation of the security property for an Underlying Loan may be inaccurate or not accurately reflect its true value at the time of making the Underlying Loan, or at any other time, so that the amount realised on the sale of a security property as a result of enforcement action is less than would have been expected had the valuation been correct or may not cover the amount lent to the underlying borrower.

Market risk

Any economic downturn in the local, domestic and global economy could potentially adversely affect the performance of the properties or projects that the Sub-Schemes have made Underlying Loans to. Consequently, any relevant economic downturn may have an adverse impact on the distributions and overall return to the investors in the Sub-Schemes and therefore the Investors in the Fund.

There is a risk that the returns from investments in an Underlying Loan or other fixed income investments may be relatively less than returns from other investments, and may not move in line with movements in general interest rates.

7.3 Risks associated with Underlying Loans and investments in property development

There are specific risks associated with making investments for the purpose of developing real estate. These risks include the following:

Construction and development risk

Where Underlying Loans are used for property construction projects, specific risks include the following:

- construction or development costs can exceed budgeted costs and the underlying borrower may be unable to complete the projects unless the borrower can obtain further funds;
- Underlying Loan funds kept in reserve to complete the projects being insufficient to meet the cost of completion; and
- a change in market conditions could result in the projects' values on completion being worth less than anticipated, or in lower sale rates and prices than expected.

There is also a risk that the completion of a development project could be delayed. This may result in capital and income returns to investors in the Sub-Scheme, and therefore Investors in the Fund, also being delayed.

Forecasting risk

The estimated costs of a development project and estimated realisation value for a development project are forecasts only. The costs may be more than estimated and the realisation value may be less than estimated, which may result in lower or no returns to the Sub-Schemes as a result of a default by a project developer.

Planning risk

It may be more difficult than anticipated, or even impossible, to obtain the requisite government or regulatory approvals and permits for a development project and this may increase costs and cause delays to a development project. In addition, a requirement of a government or semi-government department or authority (including relating to environmental, archaeological, planning or servicing issues) may result in a reduced yield or delay in the property development projects which may impact on the ability of the property development projects to generate a profit.

Contractor and third party risk

Contractors and third parties engaged to perform works on a development project could become insolvent or default under their contracts which may lead to delays or impact on the viability of a development project.

Risks associated with lending secured by vacant land

There are particular risks associated with an investment that involves vacant land and properties that are not able to generate an income, particularly where a default occurs as there is no income being generated or able to be generated to assist in rectifying the default.

7.4 Other risks

Investors should be aware that not all risks can be foreseen. It is therefore not possible for the RE, the Manager or the Underlying Manager to protect the value of the Fund's or the Sub-Schemes' investments from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

Investors are strongly encouraged to obtain independent financial advice before investing in the Fund.

08

Fees and other costs

FEES AND OTHER COSTS

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 investment balance rather than 1% could reduce your final return by up to 20% over a 30- year period (for example reduce it from $100,000 to $80,000).

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

You may be able to negotiate to pay lower fees. 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)** Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

FEES AND OTHER COSTS

This section 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 assets of the managed investment scheme as a whole.

Taxes are set out in Section 9 (Taxation) of this document.

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

8.1 Fees and costs summary

Fees and costs overview

The fees and costs of the Fund comprise each of the following:

- costs that are specifically paid out of the assets of the Fund and which are deducted from the interest and other income of the fund in the determination of monthly fund distributions; and
- other fees and costs required to be disclosed, which reduce the amount of income which could potentially have be attributable to the Fund, but which are not paid out of the assets of the fund.

These fees and costs are explained further below.

Ark Cornerstone First Mortgage Fund			
Type of fee or cost [3]	**Amount** [1 2]		**How and when paid**
Ongoing annual fees and costs paid out of the assets of the Fund			
Management fees and costs The fees and costs for managing your investment	Estimated to be 0.59% per annum comprising of: [4 5]		
	• A Management fee of 0.51% per annum;		The management fees charged by and payable to the Manager, monthly in arrears out of the assets of the fund.
	• A custodian fee of 0.02% per annum;		A fee paid to Melbourne Securities Corporation Limited (Custodian) monthly in arrears out of the assets of the Fund.
	• Estimated expense recoveries of 0.06% per annum.		Expenses incurred by the RE on behalf of the Fund which are specifically attributable to the Fund including audit, tax and regulatory costs, and which are paid out of the assets of the Fund.
Other fees and costs required to be disclosed but which are not paid out of the assets of the Fund			
Other fees and costs related to the operation of the Fund	Estimated to be 2.62% per annum comprising of:		
	A responsible entity fee of 0.06% per annum;		A fee paid to the responsible entity monthly in arrears. The Manager has agreed to pay this fee and as such it is not paid out of the assets of the Fund.
	Indirect costs of 2.56% per annum;		Costs specifically relating to the Master Fund in which the Fund invests, which reduce the amount of income which could potentially have been attributable to the Fund. These costs substantially comprise loan establishment and loan management fees charged to and paid by the borrower to the Underlying Manager at the time of settling an Underlying loan. These fees are charged to the borrower by the Underlying Manager to cover the cost of originating and servicing the loan, evaluating the loan application and the loan approval process, instructing valuers and solicitors and registering the mortgage. These fees are also used to meet general administration costs such as salaries, insurance, rent etc of the Underlying Manager. These fees are the Underlying Manager's primary source of business income and are not paid out of the assets of the Fund.

Ark Cornerstone First Mortgage Fund		
Type of fee or cost [3]	Amount [1 2]	How and when paid
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil.	Not applicable.
Transaction costs The costs incurred by the scheme when buying or selling assets	Nil.	Not applicable.
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.
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil.	Not applicable.
Withdrawal fee The fee on each amount you take out of your investment	Nil.	Not applicable.
Exit fee The fee to close your investment	Nil.	Not applicable.
Switching fee The fee for changing investment options	Nil.	Not applicable.

1. All fees and costs in this summary table are expressed as a percentage of FUM.
2. All fees quoted above are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC).
3. Please refer to the 'Additional explanation of fees and costs' for information about the fees and costs that may apply.
4. The management fees and costs are based on a reasonable estimate of the costs for the current financial year, adjusted to reflect a 12 month period, assuming the total FUM is $100 million in the Fund's first financial year. Please refer to the 'Additional explanation of fees and costs' for more information about the management fees and costs.
5. Please note that the total estimated management fees and costs figure does not equal the sum of the individual components due to rounding discrepancies

8.2 Example of annual fees and costs

Example of annual fees and costs for a balanced investment option or other investment option

This table gives an example of how the ongoing annual fees and costs in the balanced investment option for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE – Ark Cornerstone First Mortgage Fund	Fee Rate	BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR
Contribution Fees	Nil.	For every additional $5,000 you put in, you will be charged $0
PLUS Management fees and costs	0.59%	**And**, for every **$50,000** you have in the Ark Cornerstone First Mortgage Fund you will be charged or have deducted from your investment **$297.25** each year
PLUS Performance fees	Nil.	**And**, you will be charged or have deducted from your investment **$0** in performance fees each year
PLUS Transaction costs	Nil.	**And**, you will be charged or have deducted from your investment **$0** in transaction costs
EQUALS Cost of Ark Cornerstone First Mortgage Fund	Nil.	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: **$326.98** * **What it costs you will depend on the investment option you choose and the fees you negotiate.**

* The example assumes the management fees and costs were calculated on a balance of $50,000 with the further $5,000 contribution being made in the first month of the year. This example is for illustrative purposes only. A minor rounding difference exists.

8.3 Additional explanation of fees and costs

Management fees and costs

Management fees and costs include, amongst other things, amounts payable for administering the Fund, expenses and reimbursements in relation to the Fund, amounts paid or payable for investing in the assets of the Fund and indirect costs. The management fees and costs disclosed in the fees and costs summary table comprise of the following.

Responsible entity fee

The RE will be paid a responsible entity fee on a monthly basis as consideration for acting as the responsible entity of the Fund. The responsible entity fee will be increased in line with CPI on 1 July each year. The RE may also review the responsible entity fee on an annual basis.

The RE may also be entitled to other ad hoc fees, including a one-off engagement fee and a service fee payable on an hourly basis. While the RE is entitled to deduct such amounts from the assets of the Fund, as at the date of this PDS the RE and the Manager have agreed that this fee will be paid by the Manager.

Custodian fee

Melbourne Securities Corporation Limited will be paid a custodian fee on a monthly basis out of the assets of the Fund. The custodian fee is paid as consideration for providing the custody services under the Custody Agreement. The custodian fee will increase in line with CPI on 1 July each year. The custodian fee may also be reviewed annually.

Management fee

The Manager will be paid a management fee on a monthly basis out of the assets of the Fund. This fee is intended to compensate the Manager for costs incurred whilst managing the Fund and providing the services under the Management Agreement.

Indirect costs

Management fees and costs include indirect costs. Broadly, these are amounts that may or will reduce the amount or value of the income attributable to an interposed vehicle in which the fund invests. The Sub-Schemes are considered to be interposed vehicles.

The Underlying Manager (a related party of the Manager) is not paid a management fee at the Master Fund level. However, the Underlying Manager is entitled to and may be paid fees for the establishment and general administration and management of the Underlying Loan made by each Sub-Scheme. This fee is deducted from the gross interest paid by a borrower and is paid to the Underlying Manager, meaning it does not form part of the income or assets of the Sub-Schemes. The fees which the Underlying Manager is entitled to under the loan documentation for the Underlying Loans include:

- Loan management or line fees;
- Loan establishment fees;
- Early and late repayment fees;
- Default interest;
- Default management fees; and
- Loan expense recoveries.

These amounts are paid by the borrower. While default interest payable on an Underlying Loan is shared equally between the Sub-Scheme and the Underlying Manager, all other amounts are paid to the Underlying Manager in its personal capacity and do not form part of the assets of the Sub-Scheme. They are disclosed as indirect costs as they reduce the income attributable to the Sub-Schemes in which the Fund invests as they are paid directly to the Underlying Manager by the borrower, rather than being paid to and forming part of the assets of the Sub-Schemes.

Further, indirect costs comprising of expenses associated with the operation and administration of the Master Fund and Sub-Schemes will be deducted from the assets of the Master Fund and are reflected in the unit price of the Sub-Schemes forming part of the Master Fund as and when they are incurred.

Indirect costs may vary each financial year and actual indirect costs may differ year by year.

Expense recoveries

The RE and the Manager are entitled to be reimbursed for or pay ordinary operating expenses or direct costs from the assets of the Fund. These include, but are not limited to, fund specific auditor costs, legal costs, taxes, tax return and other tax lodgement costs, regulatory and compliance costs, Unit holder meeting costs, or other charges levied against the RE in its capacity as responsible entity of the Fund, or the Manager in its capacity as manager of the Fund, will be charged directly to the Fund. These do not include extraordinary costs.

Extraordinary costs

The RE and the Manager, and the Underlying Manager, will be reimbursed out of the assets of the relevant fund for any cost or expense incurred outside the normal day to day management and administration of the fund (Extraordinary Costs). Examples of Extraordinary Costs include defending or bringing litigation proceedings, termination of the Fund, replacement of the RE and other unforeseen costs that may be incurred from time to time.

Adviser fees

If you have consulted a financial adviser, you may be required to pay additional fees or costs to your financial adviser. Further, to the extent the Manager and your financial adviser have entered any distribution and promotion arrangements under which the financial adviser is entitled to certain benefits, such benefits may be provided by you (ie out of your funds) where you have given clear and express consent. You should refer to any Statement of Advice or Financial Services Guide provided to you by your adviser for information on these fees and costs.

GST

Unless otherwise stated, fees and other costs shown in this section are inclusive of GST, less reduced input tax credits or other input tax credits claimable.

Changes of fees

The RE may change the fees disclosed in this PDS at its discretion and without the consent of Investors, subject to any maximum fee limits specified in the Constitution. The RE will give Investors at least 30 days' advance written notice of any changes to the fees that apply in respect of the Fund. The RE will also inform Investors as soon as reasonably practicable upon becoming aware of a change in fees at the Master Fund level. The reasons for fee changes may include, without limitation, changes in regulation, increased costs or economic conditions.

Taxation

Please refer to Section 9 (Taxation) of this PDS for further information about taxation.

09

Taxation

TAXATION

WARNING: Investing in a registered managed investment scheme is likely to have tax consequences and you are strongly advised to seek professional tax advice.

The information in this PDS summarises certain Australian taxation matters you may wish to consider before investing in the Fund on the basis that you will hold your Units on capital account and are not in the business of investing, trading in investments or investing for the purposes of profit making by sale. The information in this PDS should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ. Potential Investors should seek their own professional advice specific to their own circumstances in respect of any taxation implications of an investment in the Fund.

This summary is based on the taxation laws as at the date of this PDS. However, taxation laws can change at any time, which may have adverse taxation consequences for Investors concerned. It is recommended that Investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

The Fund should be treated as a 'flow-through' entity for Australian tax purposes, meaning that the Fund should not be subject to Australian income tax, with tax instead being borne by Investors.

The following information regarding taxation implications is general in nature and intended as a guide only.

9.1 Income tax status of the Fund

The Fund should be treated as a 'flow-through' entity for Australian tax purposes, meaning that the Fund should not be subject to Australian income tax, with tax instead being borne by Investors.

The income tax treatment of the Fund and the Investors will depend on whether the RE of the Fund is eligible and elects to apply the Managed Investment Trust (MIT) and Attribution MIT (AMIT) provisions.

The AMIT provisions are an elective income tax regime for qualifying MITs that provide for flow-through taxation to Investors on an attribution basis. Where the AMIT provisions do not apply, the ordinary trust taxation provisions will apply to the Fund.

The RE of the Fund intends to make an irrevocable election to apply the AMIT provisions, if it satisfies the relevant criteria. However, there is no guarantee that the Fund will qualify to apply the AMIT provisions in any particular year of income. If the Fund does not or no longer qualifies as an AMIT, the Fund will be taxed under ordinary trust provisions.

As it is expected the Fund would satisfy the AMIT criteria, the following section outlines the income tax implications if the Fund is an AMIT.

9.2 Taxation of distribution to Australian tax resident Investors

Australian resident Investors are generally subject to tax on the taxable income from the Fund in the year they are 'attributed' the income under the AMIT regime. Any attribution must be worked out by the RE on a fair and reasonable basis in accordance with the Constitution of the Fund.

Where the Fund is in a tax loss position in a particular year, the loss is retained in the Fund and is not distributable to Investors. The loss can be carried forward by the Fund and used to offset taxable income in future years (subject to satisfaction of certain loss integrity tests).

If the cash distribution to an Investor exceeds an Investor's allocation of the Fund's net (taxable) income, the excess (known as a 'tax deferred' distribution) will generally not be assessable to the Investor. Similarly, a return of capital by the Fund will not be assessable to the Investor.

Distributions of tax deferred or capital will generally reduce the Investor's capital gains tax (CGT) cost base of their Units in the Fund. Once the cost base of an Investor's Units has been reduced to nil any additional tax deferred or capital distributions will be assessable to an Investor as a capital gain.

Conversely, under the AMIT regime, if the cash distributed to an Investor is less than the Investor's allocation of the Fund's net (taxable) income, the Investor will be entitled to a cost base increase on their Units in the Fund. These cost base adjustments will impact upon the capital gains tax position upon the ultimate disposal of the Investor's Units in the Fund.

Investors should wait until receipt of a tax distribution statement or, an AMIT member annual statement (AMMA Statement) before completing their income tax return. The tax distribution statement or AMMA Statement will set out details of any attributed taxable income, non-assessable components and capital gains (if any) attributed to the Investor for the financial year.

9.3 Taxation of Financial Arrangements (TOFA)

The TOFA rules may apply to financial instruments held by the Master Fund. If these rules were to apply, they may impact the timing of the recognition of gains and losses by the Master Fund for income tax purposes, which when distributed or attributed to Fund could result in the Investors being subject to income tax prior to the distribution of cash by the Fund.

9.4 Disposal of Units – Australian tax resident Investors

If an Australian resident Investor transfers or redeems their Units, this will result in a disposal for income tax purposes.

Where an Investor holds their Units on capital account, a disposal of those Units may trigger a capital gain or loss and each Investor should calculate their capital gain or loss according to their own particular facts and circumstances.

Investors would derive a taxable capital gain where the capital proceeds received as a result of the disposal of their Units exceed the cost base of the relevant Unit at the time of disposal. Investors would incur a capital loss where the reduced cost base of the Units disposed of is greater than the capital proceeds.

Generally, the capital proceeds received by Investors from the disposal of Units will equal the consideration received on disposal of those Units. The Units' cost base will generally be equal to the amount paid to acquire those Units plus brokerage (if any) and any other incidental costs. The Units' cost base will also need to include relevant cost base adjustments since acquisition (such as tax deferred components or cost base increases as outlined above).

As at the date of this PDS, in calculating the capital gain, a discount of 50% for individuals and trusts, or 33 1/3% for complying Australian superannuation funds may be allowed where the Units have been held for at least 12 months. No CGT discount is available to corporate Investors.

On 12 May 2026, as part of its 2026-2027 budget (Budget), the Federal Government announced changes to the rules in relation to capital gains tax. Legislation giving effect to these changes has since been passed by Parliament and is now law. Specifically, with effect from 1 July 2027, the changes remove the 50% CGT discount currently available to individuals and assets held through trusts, reintroduce cost base indexation to calculate capital gains, and impose a minimum 30% tax on capital gains. The changes do not impact assets held by superannuation funds. Any capital gain on the disposal of Units will continue to benefit from the existing 50% CGT discount up to 1 July 2027, after which gains will be calculated under the new method. These changes will impact the way any capital gains arising on or after 1 July 2027 will be taxed. Investors should seek their own advice on the impact of these changes on their investment.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the Investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

9.5 Taxation of distributions to foreign tax resident Investors

The Fund is expected to earn and distribute mostly interest income. The distribution of interest income by the Fund will be subject to 10% interest withholding tax when paid to a non-resident Investor, unless an exemption applies.

The Fund may also distribute income that is not in the nature of interest, which may attract a higher rate of withholding tax. Non-resident Investors may also be subject to tax in the country they reside and may be entitled to a credit for some or all of the tax paid in Australia.

9.6 Disposal of Units – Foreign tax resident Investors

If a foreign resident Investor disposes of the Investor's investment in the Fund, the disposal would generally be a CGT event. However, the capital gain or loss that arises in relation to the CGT event can be disregarded if the Units do not meet the definition of taxable Australian property (TAP). In the case of the Fund, the Units are not expected to meet the definition of TAP. Consequently, any capital gain/ loss arising on a disposal by a foreign resident Investor should be disregarded.

9.7 Goods and Services Tax (GST)

The Fund intends to register for GST. The acquisition and disposal of Units should not be subject to GST. The distributions paid by the Fund should not be subject to GST. GST is payable on certain ongoing expenses, but the Fund may be able to claim a reduced input tax credit, depending on the precise nature of the expenses incurred. Unless otherwise stated, fees and other costs are inclusive of GST, less reduced input tax credits or other input tax credits claimable.

9.8 Stamp duty

The issue, redemption, transfer or any other arrangement involving a change in unitholding in the Fund may result in stamp duty consequences. Investors should seek professional taxation advice regarding any potential duty in connection with any dealing in their Units.

9.9 Tax File Number (TFN) and Australian Business Number (ABN)

The Fund is an investment body for income tax purposes and accordingly, in certain cases the RE will be required to obtain a TFN or ABN from Investors.

It is not compulsory for an Investor to quote their TFN or ABN. If an Investor is making this investment in the course of a business or enterprise, the Investor may quote an ABN instead of a TFN. Failure by an Investor to quote an ABN or TFN or claim an exemption may cause the RE to withhold tax at the top marginal rate, plus levies, on gross payments including distributions of income to the Investor. The Investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

9.10 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

In compliance with the US income tax laws commonly referred to as FATCA and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the RE will be required to provide information to the ATO in relation to: (a) Investors that are US citizens or residents; (b) entities controlled by US persons; and (c) financial institutions that do not comply with FATCA. The RE intends to conduct all appropriate FATCA related due diligence. Where Investors do not provide appropriate information, the RE will also be required to report those accounts to the ATO. The CRS is the single global standard for the collection, reporting and exchange of financial account information of non-residents. The CRS is similar to FATCA and accordingly the RE will need to collect and report similar financial account information of all non-residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

9.11 Annual Investment Income Report (AIIR)

The RE is required to lodge annually an AIIR to the ATO containing Investor identity details and details of unit disposals and investment income paid or attributed to Investors for the relevant income year.

10 Other information

OTHER INFORMATION

10.1 Constitution

The Fund's Constitution, this PDS and the Corporations Act set out the terms and conditions under which the Fund operates, as well as many of the rights, liabilities, duties and obligations of Investors and the RE.

Some key terms of the Constitution have been described elsewhere in this PDS, including in relation to the nature of an Investor's interest in the Fund's assets, applications and redemptions of Units, Unit pricing, transfers of Units, distributions and the RE's fees.

Other key terms of the Constitution include:

a. the RE may delegate or authorise, by contract or otherwise, any person to do anything it may lawfully delegate;

b. the RE may create and issue one or more different classes of Units with rights, obligations or restrictions differing from each other class of Unit;

c. an Investor must not create a security interest over its Units without the express written consent of the RE (which may be withheld in its absolute discretion);

d. the RE, as the trustee of the Fund, has to the fullest extent permitted by law, a right to be indemnified out of the Fund's assets for any cost, expense or liability incurred by it, in its own capacity or through an agent, manager, advisor or delegate;

e. the RE is not liable in contract, tort or otherwise to any future trustee, any Unit holder or any other person in the circumstances set out in the Constitution;

f. the liability of Unit holders is limited to the amount unpaid (if any) of the issue price of the Units they hold;

g. the RE at any time may terminate the Fund in accordance with the Corporations Act;

h. the RE may retire as trustee of the Fund in accordance with the Corporations Act;

i. the RE must retire as trustee of the Fund when directed to retire by the Unit holders in accordance with the Corporations Act; and

j. the RE may amend the Constitution, provided that any change that will adversely affect the rights of Investors is approved by a special resolution of Unit holders.

You may obtain a copy of the Constitution on request to the Manager.

10.2 Related party investments and transactions

The RE and the Manager may engage in related party transactions. All related party transactions must comply with the RE's conflicts of interest policy. The RE monitors compliance with its conflicts of interest policy in accordance with the procedures set out in its compliance plan, which are subject to independent audit.

Under the Constitution, the RE may appoint any of its related entities to provide services and to perform functions in relation to the Fund, including acting as its delegate. These arrangements will be based on arm's length commercial terms.

The RE has engaged Melbourne Securities Corporation Limited to act as the custodian for the Fund, which has appointed Certane CT Pty Ltd as the sub-custodian. Certane CT Pty Ltd is a wholly owned subsidiary of the RE and Unitholder approval has not been sought as the appointment occurred prior to the issue of any units.

Melbourne Securities Corporation Limited in its capacity as custodian for the Fund will be paid remuneration of up to a maximum amount of 0.02% of the gross asset value of the Fund pursuant to the Custody Agreement. This is reasonably estimated to be 0.02% of FUM during the first year of operation. This fee comprises part of the management fees and costs disclosed in Section 8 (Fees and other costs) of this PDS. The RE considers the arrangement to be on arm's length terms and that the remuneration payable is reasonable and comparative to remuneration paid to independent custodians.

Related party transactions, including the transaction between the RE and the Custodian, can pose certain risks including conflicts of interest. Refer to Section 10.3 (Conflicts of interest).

Both the RE and Custodian have a number of policies and procedures designed to ensure any related party transactions remain on arm's length terms or on commercial terms and that any conflicts of interest are being appropriately managed. These include segregation of duties, independent directorships on each respective board, and an Information Barriers Policy and Conflicts of Interest Policy. These controls are monitored and tested periodically.

The Manager and the Underlying Manager are related parties. Substantially all the assets of the Fund will be invested in the Sub-Schemes of the Master Fund. The Underlying Manager is entitled to certain fees and costs for advancing and managing the Underlying Loans. These fees are described in Section 8 (Fees and other costs).

10.3 Conflicts of interest

The RE and the Manager may face conflicts of interest in the course of managing the Fund. Both the RE and Manager have conflicts of interest policies. To request a copy of these policies or obtain further information about how conflicts of interest are managed, please contact the Manager on 1300 838 834. While the RE and Manager aim to implement reasonable measures to control or manage conflicts of interest, neither RE nor Manager guarantee that all conflicts of interest can be avoided.

10.4 Continuous disclosure

If the Fund is not a disclosing entity pursuant to the Corporations Act, the RE must notify Investors that are Retail Clients of any material changes or significant events to information or material that is required to be included in this PDS in accordance with the Corporations Act.

Where possible, notice of a material change or significant event will be provided before the change or event occurs. Otherwise, notice will generally be provided within three months after the change or event occurs (subject to exceptions stated in the Corporations Act which allow for changes to be made up to 12 months after the change or event occurs). Importantly, where a material change or significant event relates to an increase in fees, notice must be given 30 days before the change takes effect.

If the continuous disclosure regime applies to the Fund, the Fund will be subject to regular reporting and continuous disclosure obligations. The RE will fulfil its continuous disclosure requirements by way of website disclosures that comply with ASIC's good practice guidance in accordance with Regulatory Guide 198 Unlisted disclosing entities: Continuous disclosure obligations issued by ASIC. All disclosures required under continuous disclosure requirements will be provided directly to Investors as soon as practicable after first becoming aware of the information and available on the Manager's website at www.arkcapital.com.au.

Investors may also request a copy of the following documents by contacting the RE:

a. the annual financial report most recently lodged with ASIC by the Fund;

b. the sustainability report (if any) most recently lodged with ASIC by the Fund;

c. any half-yearly financial report lodged with ASIC by the Fund after the lodgement of that annual financial report and before the date of this PDS; and

d. any continuous disclosure notices given by the Fund after the lodgement of that annual report and before the date of this PDS.

The RE will give the Investor a copy of the relevant documents free of charge and as soon as practicable (but within 5 days) after receiving the request.

10.5 Privacy information statement

The RE, the Manager and the Custodian may collect your personal information as part of the application process or during the administration of the Fund.

The RE, the Manager and the Custodian may disclose your personal information, such as your name and contact details, along with your account information to their related bodies corporate, professional advisers, and the land titles office. By applying to invest, you give the RE, the Manager and the Custodian permission to do so.

The RE, the Manager and the Custodian are also permitted to collect and disclose your personal information when required or authorised to do so by law. The RE, the Manager and the Custodian are not likely to disclose your personal information to overseas recipients.

The RE, Manager and the Custodian use this information to establish and manage your investment in the Fund. Your personal information will be used in accordance with MSC Group's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by the RE and the Custodian and how you may complain about a breach of the Australian Privacy Principles.

You can obtain a copy of the MSC Group's Privacy Policy at Privacy Policy – MSC Group.

10.6 Reporting

The Manager will furnish Investors with financial statements and tax information necessary for the completion of Investor tax returns on an annual basis.

On a six monthly basis, each Investor will be furnished with a summary report on the Fund's investments, prepared by the Manager.

Investors may not disclose information contained in any report without the consent of the Manager or as required by law.

10.7 Anti-money laundering laws

As a part of the application for Units, Investors will be required to provide personal information and customer identification materials to enable the RE's and Manager's compliance with anti-money laundering and counter terrorism financing legislation. In addition to the customer identification material and documents required to be sent with an Investor's Application Form, the RE or the Manager may require further information or documentation from an Investor at any time in order to satisfy its obligations under anti-money laundering and counter terrorism financing legislation.

10.8 Consents

Each of the Manager, the Custodian, SW Accountants & Advisors and Hall & Wilcox:

a. has made no statement included in this PDS or on which a statement made in this PDS is based, other than the details about it, and the other sentences in this PDS that refer to it;

b. has consented to those statements being included in this PDS in the form and context in which they appear and has not withdrawn this consent before the date of this PDS;

c. specifically disclaims responsibility for, and liability to any person in the event of, any omission from, or any false or misleading statement included in, any other part of this PDS; and

d. has not authorised or caused the issue of any part of this PDS.

10.9 Electronic instructions

Investors can provide instructions on their account and investment to the RE or the Manager by email, subject to the RE's discretion to require original documentation.

In respect of electronic instructions, the RE or the Manager will not accept an instruction unless it is accompanied by the scanned signature(s) of the Investor(s).

The RE or the Manager (and their related parties, officers, employees, consultants, advisers and agents) will not be responsible for any loss or delay that results from a transmission not being received by the RE or the Manager and will only process electronic instructions received in full and signed by authorised signatories of the Investor.

Only instructions received from an Investor or a person authorised by the Investor will be accepted by the RE or the Manager. Investors must comply with any security or verification procedures required by the RE or the Manager from time to time.

The RE or the Manager and their related parties, officers, employees, consultants, advisers and agents will assume that any instruction received in respect of an Investor's investment has been authorised by the Investor, and the RE or the Manager and their related parties, officers, employees, consultants, advisers and agents will not investigate or confirm that authority (unless the RE or the Manager is actually aware that the instruction was not authorised).

The RE or the Manager may refuse to act on any instruction until the validity of the instructions have been confirmed, and the RE or the Manager (and its related parties, officers, employees, consultants, advisers and agents) will not have any liability to the Investor or any other person for any consequences resulting from not acting on the instruction.

If an Investor chooses to provide electronic instructions, the Investor releases the Manager and RE and their related parties, officers, employees, consultants, advisers and agents from any claims and indemnifies those parties against all costs, expenses, losses, liabilities or claims arising from any payment or action those parties make based on instructions (even if not genuine) that any of those parties receive and which they reasonably believe are genuine, including as a result of gross negligence or wilful default by any of those parties.

Each Investor also agrees that neither the Investor, nor anyone claiming through the Investor, has any claim against the RE or the Manager and its related parties, officers, employees, consultants, advisers and agents in relation to acting on instructions received (authorised by the Investor or otherwise).

Investors should be aware that there is a risk that fraudulent requests can be made by someone who has access to an Investor's account information.

The RE or the Manager may vary the conditions of service of any communications at any time by providing notice, either in writing, by email or other electronic communication.

10.10 Complaints

If you have a complaint about your investment in the Fund, please contact the Manager as follows:

Phone	1300 838 834
Post	Level 7, 33 Stewart Street Richmond VIC 3121
Email	info@arkcapital.com.au

The Manager has processes to acknowledge the complaint within 1 Business Day of receiving the complaint or as soon as practicable. The Manager will then endeavour to resolve the complaint within 30 days of receiving the complaint.

Alternatively, you can submit your complaint for the RE to resolve directly via:

Phone	03 9050 2000
Post	PO BOX 16070 Collins Street West VIC 8007
Email	complaints@msc.group

If you are not satisfied with the response provided to you in respect of your complaint, you may contact the Australian Financial Complaints Authority.

AFCA can be contacted as follows:

Website	www.afca.org.au
Telephone	1800 931 678 (free call)
Email	info@afca.org.au
In writing to	Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

11 Glossary

GLOSSARY

In this PDS the following terms have the following meanings unless the context otherwise requires:

Term	Meaning
ADI	authorised deposit taking institution.
AFSL	Australian financial services licence issued by ASIC under the Corporations Act.
Application Form	the application form for interests in the Fund, the form of which is determined by the RE from time to time.
APRA	Australian Prudential Regulation Authority.
Ark	Ark Capital Funds Management Pty Ltd ACN 649 243 881.
Ark Credit Committee	the credit committee for the Master Fund established by the Underlying Manager.
Ark Wholesale Mortgage Fund	the Ark Wholesale Mortgage Fund ABN 75 997 029 896.
ASIC	Australian Securities and Investments Commission.
Business Day	a day that is not a Saturday, Sunday, bank holiday or public holiday in Melbourne, Australia.
Class	a class of Units.
Constitution	the trust deed of the Fund, as amended or replaced from time to time.

Term	Meaning
Corporations Act	Corporations Act 2001 (Cth) and regulations and other subordinate legislation made pursuant to that Act.
Custodian	Certane CT Pty Ltd ACN 106 424 088.
FUM	funds under management.
Fund	Ark Cornerstone First Mortgage Fund established by the Constitution.
Fund Investment Committee	the investment committee for the Fund established by the Manager.
IDPS	investor directed portfolio service or IDPS-like scheme. An IDPS-like scheme is provided by an IDPS Operator, which may make investments into products on behalf of its clients and provides a reporting service to those investors. Some master trusts and wrap accounts are examples of IDPSs or IDPS-like schemes.
IDPS Operator	the operator or custodian of an IDPS (known commonly as a master trust, wrap account, or nominee or custody service).
Indirect Investor	an investor who has acquired or will acquire Units in the Fund through an IDPS.
Investor, you, your	a holder of a Unit, or an applicant for a Unit, or a prospective applicant for a Unit, as the context requires.
LVR	loan-to-value ratio.
MA	the management agreement between the RE and the Manager dated 25 June 2026.
Manager	Ark Capital Funds Management Pty Ltd ACN 649 243 881.
Master Fund	the Ark Wholesale Mortgage Fund ABN 75 997 029 896.
Master Fund Investment Committee	the investment committee for the Master Fund established by the Underlying Manager.
MSC	Melbourne Securities Corporation Limited ACN 160 326 545.

Term	Meaning
Offer	the offer of Units under this PDS.
Product Disclosure Document, PDS	this document.
RBA Target Cash Rate	the target cash rate figure published by the Reserve Bank of Australia from time to time.
RE	the responsible entity of the Fund, being, at the time of this PDS, Melbourne Securities Corporation Limited ACN 160 326 545.
Recipient	a recipient of this PDS.
Retail Client	has the same meaning as 'retail client' under the Corporations Act.
Sponsors	the property developer undertaking the relevant project to which an Underlying Loan relates.
Sub-Schemes	the separate and distinct sub-trusts of the Master Fund that each provide a loan to an underlying borrower secured by a registered mortgage.
Underlying Loan	a loan made by a Sub-Scheme of the Master Fund to an underlying borrower.
Underlying Manager	Ark Capital Funds Limited ACN 604 775 573.
Unit	a unit in the Fund, with the rights, obligations and restrictions attaching to it as set out in the Constitution.

TMD questionnaire

Target Market Determination Questionnaire Form

Please complete the following if you are investing in the Ark Cornerstone First Mortgage Fund.

Important Information

- If you are investing ≥$500,000 you do not need to complete this questionnaire.
- If you have received personal financial product advice about this investment please fill out Section A only of the Target Market Determination Questionnaire Form.
- If you qualify as a Wholesale Client please fill out Section B in the Target Market Determination Questionnaire Form.
- Otherwise please fill out the questionnaire located in Section C in the Target Market Determination Questionnaire Form.

Investor Details

Investing Entity Name (Individual, Joint, Company, Trust or SMSF)

Date

Section A – Investors That Have Received Personal Financial Product Advice

Have you received personal financial product advice to invest in the Ark Cornerstone First Mortgage Fund?

- [ ] Yes – Please continue to the Declaration section
- [ ] No – Please continue to Section B.

Section B – Wholesale Client or Professional Investor

Please tick the box that applies to you:

- [ ] I am a Wholesale Client within the meaning of section 761G of the Corporations Act 2001 (Cth); or I am a professional investor within the meaning of section 9 of the Corporations Act 2001 (Cth) - Please continue to the Declaration section
- [ ] I am not a Wholesale Client – **Please continue to Section C**

Section C – Questionnaire For Non-Advised Retail Investors

Do not complete if you have received personal financial product advice (Section A) or are a Wholesale Client or Professional Investor (Section B).

All other investors should answer all of the questions.

Select at least one option per question.

1. Considering your investment objectives, what is your purpose in making an investment in the Ark Cornerstone First Mortgage Fund?

- [ ] Regular monthly income distributions
- [ ] Capital growth (returns expected to exceed inflation)
- [ ] Capital preservation / stability of my invested capital
- [ ] A return of capital guaranteed

2. What proportion of your investable assets (excluding your home) do you intend to invest in the Fund?

'Investable Assets' means assets you have available for investment, excluding your residential home and money needed for daily living expenses. Please state, as a percentage of your total Investable Assets, the amount you intend to invest in the Fund:

I intend to invest approximately:

________ % of my Investable Assets in the Fund.

3. What level of diversification are you seeking from this investment?

Please select the option that best describes the level of diversification you are looking for from this product:

- ☐ Very Low Portfolio Diversification - Exposure to a single asset or a niche asset class.
- ☐ Low Portfolio Diversification - Exposure to a small number of holdings, or a narrow asset class, sector or geographic market.
- ☐ Medium Portfolio Diversification - Exposure to a moderate number of holdings in at least one broad asset class, sector or geographic market.
- ☐ High Portfolio Diversification - Exposure to a large number of holdings across multiple broad asset classes, sectors or geographic markets.
- ☐ Very High Portfolio Diversification - Exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.

4. How would you describe your risk and return profile for this part of your portfolio?

Please select the option that best describes the level of risk and return you are looking for from this product:

- ☐ Low Risk and Return Profile - I am seeking exposure to a single, narrow asset class.
- ☐ Medium Risk and Return Profile - I am seeking exposure to a moderate range of holdings within one broad asset class.
- ☐ High Risk and Return Profile - I am seeking a product that itself provides exposure across multiple asset classes, sectors or geographic markets.
- ☐ Very High Risk and Return Profile – I am seeking a single product that is highly diversified across a broad range of asset classes, sectors and geographic markets.
- ☐ Extremely High Risk and Return Profile – I have a speculative risk appetite and accept extreme volatility, concentration risk and can withstand the total loss of this investment.

5. How long do you intend to hold your investment in the Fund?

Please state the period for which you intend to hold your investment.

I intend to hold my investment for approximately:

________ (years / months)

6. When do you need to be able to access some or all of your invested capital?

Please state the point at which you expect to need access to the money you invest in the Fund.

I expect to need access to my invested capital in approximately:

________ (years / months) from the date of my investment.

7. Ability to meet ongoing obligations if redemptions are delayed or suspended

If you could not access your invested capital when you wanted to either because the processing of withdrawals was delayed or suspended during abnormal operating conditions, would you still be able to meet your ongoing financial obligations?

- ☐ Yes — I have other resources and would not rely on being able to withdraw from the Fund to meet my financial obligations.
- ☐ No — I may need to rely on withdrawing from the Fund, and a delay or suspension could affect my ability to meet my financial obligations

8. Your Investment in the Ark Cornerstone First Mortgage Fund is not a term deposit or product guaranteed by the Australian Government under the Financial Claims Scheme. Do you require a Government-guaranteed product?

☐ Yes ☐ No

Section D – Cooling Off Rights

Subject to the exceptions provided for by the Corporations Act, if you are a retail client you may have a right under section 1019B of the Corporations Act 2001 (Cth) to return your interest in the Fund within 14 days of the earlier of:

(a) the date the confirmation requirement is met (being the date you receive, or are given access to, confirmation of your investment); or

(b) the end of the fifth business day after the day on which your interests were issued.

These cooling-off rights are subject to important exceptions. In particular, cooling-off rights:

- only apply while the Fund is liquid (for the purposes of the Corporations Act);
- will terminate if you exercise a right or power applicable to your units (or if your rights or powers in respect of the units otherwise end); and
- do not apply to units acquired through the reinvestment of distributions.

To exercise this right, notify the Manager in writing at: invest@arkcapital.com.au.

The amount returned may be adjusted in accordance with the Corporations Act to reflect any increase or decrease in the value of your investment, any tax or duties payable, and administration and transaction costs

Section E – Declarations

All of the responses and information I/we have provided in this Target Market Determination Questionnaire (including any supporting documentation I/we have provided) are true, correct and complete

I/we have received, read and understood the Product Disclosure Statement.

I/We acknowledge and agree in favour of the Responsible Entity that:

(a) nothing in this Questionnaire constitutes advice to me/us from the Responsible Entity or Manager;

(b) the Responsible Entity recommends that I/we obtain appropriate professional advice in respect of our investment in the Fund and our completion of the Target Market Determination Questionnaire.

(c) if I/we are a wholesale client I/we must provide the Responsible Entity with a valid wholesale certificate and provide the Responsible Entity with a renewed valid wholesale certificate upon its expiry.

Investor / Authorised Representative Name		
Entity Representative	☐ Individual / Joint ☐ Director / Secretary ☐ Trustee ☐ Authorised Representative	☐ Individual / Joint ☐ Director / Secretary ☐ Trustee ☐ Authorised Representative
Signature		
Date		

13

Application form

Application Form

This Application Form relates to the Product Disclosure Statement dated 3 August 2026 ("the Product Disclosure Statement") issued by Melbourne Securities Corporation Limited, ACN 160 326 545, AFSL 428289 ("the Responsible Entity") in relation to the Ark Cornerstone First Mortgage Fund ARSN: 700 022 242 ("the Fund"). The Responsible Entity has appointed Ark Capital Funds Management Pty Ltd, ACN 649 243 881, AFS Representative Number 1312503 ("the Manager") as the manager of the Fund. The Manager is an authorised representative of Ark Capital Funds Limited (ACN 604 775 573; AFSL 476209) and MSC Advisory Pty Ltd (ACN 607 459 441; AFSL 480649). All capitalised terms used in this Application Form have the meaning given in the Product Disclosure Statement or Constitution for the Fund (as applicable) unless otherwise stated.

The Responsible Entity is subject to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and associated rules and regulations ("AML / CTF Laws"). In order to comply with its obligations under the AML/CTF Laws the Responsible Entity must collect certain information about each Applicant set out in this Application Form.

To apply to invest in the Fund, you are required to complete this Application Form and provide any required supporting documents.

Please forward the original completed Application Form together with the required supporting documents:

invest@arkcapital.com.au

Alternatively, send a copy of the completed Application Form and supporting documents to:

Level 7/33 Stewart Street,
Richmond, VIC, Australia 3121

Application Form – New Investors

01 Please read the Product Disclosure Statement in full

02 Complete and return pages 1 to 3 of Target Market Determination Questionnaire Form

03 Complete and return pages 1 to 12 of this Application Form

04 Submit the required paperwork for each respective entity type

05 Transfer investment amount - bank details below

Investor Declaration

$ ____________________

The minimum investment amount is $50,000 with further investments of $10,000 thereafter (subject to Trustee discretion and approval).

Please deposit your investment amount into the following trust account with your application name as the reference:

Bank Name	NAB
Account Name	Ark Capital Funds Limited
BSB	083 347
Account Number	970 346 109

Select Investor Type

- ☐ **Individual or Joint Investors** Complete Sections A, D, E, F, G and H
- ☐ **Trust with Individual Trustees** Complete Sections A, C, D, E, F, G and H
- ☐ **Company** Complete Sections B, D, E, F, G and H
- ☐ **Trusts with Corporate Trustee(s)** Complete Sections B, C, D, E, F, G and H
- ☐ **Superannuation Fund** Complete Sections B, C, D, E, F, G and H

Section A – Individual / Joint Investor / Individual Trustee Applications

*** Section A – Required Documents**

- ☐ 100 Points of Certified ID per applicant

	☐ Single Investor/Investor 1 Details	☐ Joint Investors/Investor 2 Details
Title		
Given name/s		
Any other name you may be known by		
Surname		
Date of Birth		
TFN/TIN		
Occupation		
Australian Citizen/ Resident for Tax Purposes	☐ Yes ☐ No Other	☐ Yes ☐ No Other

Section B – Company and Corporate Trustee Applicants

Complete this section if the Applicant is a company including a corporate trustee. This information is collected to enable the Responsible Entity (and the Manager on its behalf) to meet its customer identification obligations under the AML/CTF Laws.

Part A – Company Identification

Full name of company

ACN (or ARBN if applicable)

ABN (if applicable)

TFN

Any business name(s) or other name(s) the company is commonly known by

Part B – Addresses

Registered office address

(as recorded with ASIC - not a PO Box)

Principal place of business

(if different from the registered office - not a PO Box)

Part C – Evidence of the company's existence

Please indicate the type of company and provide the supporting information below:

- ☐ Australian public company
- ☐ Australian proprietary company
- ☐ Registered foreign company
- ☐ Foreign company (not registered in Australia)

We will confirm the company's registration and existence by reference to the relevant company register (for example, a current company search of the ASIC register or, for a foreign company, the register maintained by the relevant foreign registration body).

Please provide details of the registration body and registration number for any company not registered with ASIC:

Part D — Powers that bind and govern the company

Please indicate the document(s) or rules that govern the company and the way its powers are exercised:

- ☐ Constitution
- ☐ Replaceable rules under the Corporations Act
- ☐ A combination of a constitution and replaceable rules
- ☐ Other governing rules (please specify and provide a copy)

Part E — Nature of the company's business

Please describe the nature of the company's business, including the industry or sector in which it operates:

Industry/Sector

(for example, property, financial services, retail, manufacturing, professional services, agriculture)

The Responsible Entity and the Manager may request further information or documentation at any time in order to meet their obligations under the AML/CTF Laws, and may decline to process, or delay processing, an application where the information requested is not provided.

	☐ Director 1 Details	☐ Director 2/Secretary Details
Title		
Given name/s		
Any other name you may be known by		
Surname		
Date of Birth		
Address (PO Box not acceptable)		
Occupation		
Director ID		
Australian Citizen/ Resident for Tax Purposes	☐ Yes ☐ No Other	☐ Yes ☐ No Other

Section C – Trust Applicant

Complete this section if the Applicant is a trust (with the application made by its trustee(s)). This information is collected to enable the Responsible Entity (and the Manager on its behalf) to meet its customer identification obligations under the AML/CTF Laws. The trustee(s) must also complete the relevant individual or company details section for each trustee.

Part A – Trust identification

Full name of the trust

TFN

Any business name(s) or other name(s) the trust is commonly known by and ABN of the trust (if applicable)

Part B – Type of trust

Please indicate the kind of trust:

- ☐ Discretionary (family) trust
- ☐ Bare trust
- ☐ Testamentary trust
- ☐ Charitable trust
- ☐ Unit trust
- ☐ Fixed trust
- ☐ Superannuation fund (self-managed or other – please specify)
- ☐ Other (please specify)

Please Specify

Part C — Address

Principal place of business

(if different from the registered office - not a PO Box)

Part D – Powers that bind and govern the trust

Please identify the document(s) that establish and govern the trust and the way the trustee's powers are exercised:

- ☐ Trust deed (please provide a copy, including any amending or variation deeds)
- ☐ Other governing document (please specify and provide a copy):

Please Specify

Part E — Nature of the trust's business or activities

Please describe the nature of the trust's business or activities, including the industry or sector in which it operates (if any):

Industry/Sector

(for example, property, financial services, retail, manufacturing, professional services, agriculture)

The Responsible Entity and the Manager may request further information or documentation at any time in order to meet their obligations under the AML/CTF Laws, and may decline to process, or delay processing, an application where the information requested is not provided.

Beneficial Owners

(To be completed for proprietary companies and trusts)

Provide details of ALL individuals who are beneficial owners through one or more direct or indirect shareholdings of 25% or more of the company's issued capital or who are direct or indirect beneficiaries of the trust.

If beneficiaries are not identifiable, state class of beneficiary.

	☐ Beneficial Owner 1	☐ Beneficial Owner 2
Title		
Given name/s		
Any other name you may be known by		
Surname		
Date of Birth		
Address (PO Box not acceptable)		

	☐ Beneficial Owner 3	☐ Beneficial Owner 4
Title		
Given name/s		
Any other name you may be known by		
Surname		
Date of Birth		
Address (PO Box not acceptable)		

Settlor of the Trust

Settlor / appointor / guardian / protector (or anyone who controls, administers and / or operates the trust)

Full legal name	
Known by any other name	
Date of birth	
Residential Address	
Outline description of your duties in respect of the trust	

Section D – Appointment of Authorised Representative or Attorney

Authorised representative ☐ Required ☐ Not Required

Please indicate the capacity in which this person is appointed:

☐ Authorised Representative (receives records / gives instructions on my / our behalf)

☐ Attorney under a Power of Attorney

By appointing an Authorised Representative or Attorney under this Application Form, I/we and the Authorised Representative/Attorney agree and acknowledge that:

- the Authorised Representative/Attorney must provide certified proof of identity (100 points) on the same basis required of an individual Applicant under Section A of this Application Form;
- I/we must provide a certified copy of the instrument evidencing the Authorised Representative's/Attorney's authority to act (for example, the Power of Attorney, dealer group authorisation, or letter of appointment);
- the Responsible Entity and/or the Manager may conduct screening of the Authorised Representative/Attorney (including Politically Exposed Persons, targeted financial sanctions, and adverse media screening) on the same basis as it screens the Applicant;
- the Responsible Entity and/or the Manager may request further information or documentation from the Authorised Representative/Attorney at any time to meet its obligations under the AML/CTF Laws; and
- the Responsible Entity may decline to act on instructions from, or may decline to process an application involving, an Authorised Representative or Attorney where the above information is not provided or cannot be verified.

I/we request that the Authorised Representative named below receives access to the financial records in relation to my/our investment in the Fund. I/we agree that the Authorised Representative named above has the same powers as I/we to make investments in/ or withdrawals from the Fund. I/we hereby release, discharge and agree to indemnify the Responsible Entity from and against all actions, proceedings, accounts, claims and demands arising out of its dealings with the Authorised Representative.

Authorised Representative Name	
Phone #	
Email	

Authorised Representative / Attorney declaration

I confirm that the information provided above is true and correct, and (if appointed under a Power of Attorney) that I have not received notice of revocation of that power.

Name	
Signature	
Date	

Section E – Contact Details

	☐ Contact Person/Applicant 1	☐ Contact Person/Applicant 2
Name		
Phone #		
Email Address		
Address (PO Box not acceptable)		

Section F – Bank Account Details

(For payment of Distributions)

Bank	
Account Name	
BSB	
Account Number	

Section G – Distribution Reinvestment option

☐ I/we elect to have distribution payments paid to the bank details supplied above, or;

☐ I/we elect to have our distributions reinvested in new units in the fund and acknowledge that any new units will be issued in accordance with section 4.5 of the Product Disclosure Statement.

Section H – Financial Adviser to complete (if applicable)

Name of adviser/consultant	
Company or organisation name	
Australian Financial Services Licence (AFSL) Number	
PO Box/RMB/Locked Bag/Care of [property or building name] (if applicable)	
Phone #	
Email Address	
Address	

Would you like your financial adviser to receive copies of information sent to you?

☐ Yes ☐ No

I am a financial adviser appointed by the Applicant (if yes, please check the box)

☐ Yes ☐ No

By signing below, I/my dealer group attests to the Responsible Entity that I/my dealer group:

1. Am/is enrolled with ASIC as a reporting entity in accordance with AML/CTF laws;
2. Am/is lawfully authorised to deal in units in the Fund under an AFSL;
3. Am/is appropriately authorised by the applicant to provide any instructions or information that I/my dealer group give to the Responsible Entity in relation to the applicant or their investment in the Fund;
4. Will make available to the Responsible Entity, on request, original verification and identification records in respect of the applicant;
5. Will provide details of the customer identification procedures adopted by me/my dealer group in relation to the applicant;
6. Have kept a record of the applicant's identification and verification and will retain these on file for a period of seven years after my/my dealer group's relationship with the applicant has ended;
7. Will use reasonable efforts to obtain additional information from the applicant if requested by the Responsible Entity;
8. Will not knowingly do anything to put the Responsible Entity in breach of the AML/CTF Laws;
9. Will notify the Responsible Entity immediately if I/my dealer group become aware of anything that would put the Responsible Entity in breach of AML/CTF Laws;
10. Hereby declare that I/my dealer group are not a US person as defined in the PDS;
11. Hereby declare that the applicant is not a US person as defined in the PDS;
12. Have completed an appropriate Customer Identification Procedure (CIP) which meets the requirements per type of investor as set out above;

And either

13. Have attached the relevant CIP documents;

Or

14. Have not attached the CIP documents
However, I/my dealer group confirm that I/my dealer group have completed the AML/KYC checks on the investor in accordance with the AUSTRAC requirements. I/my dealer group also agree to provide the Responsible Entity with the relevant CIP documents upon request;

Adviser signature: ____________________ Date: __________

Collection of Personal Information

To assist the Responsible Entity in the provision of its products and services, it may need to collect personal information about the Applicant such as the Applicant's name, date of birth, email address, residential address and telephone number. By providing personal information, the Applicant agrees to its use and disclosure in accordance with this statement and the Responsible Entity's privacy policy. If the Applicant does not agree, the Applicant must not provide their personal information, and may be unable to receive the Responsible Entity's products and services.

The Responsible Entity may disclose personal information to other parties including the Responsible Entity's related companies, third parties who provide the Responsible Entity services in connection with its business (e.g. IT service providers), regulatory or government authorities and authorised representatives. From time to time, these third parties may be located (and therefore the Applicant's personal information may be disclosed) overseas. The Responsible Entity's privacy policy is available on request. It contains information about how the Applicant may access and seek correction of their personal information, how they may complain about a breach of their privacy, and how the Responsible Entity will deal with that complaint.

Signing Instructions

Investor Type	Who should sign
Individual	Where the investment is in one name, the investor must sign
Joint Investors	Where the investment is in two or more names, all investors must sign
Company	Two directors or a director and a company secretary must sign, unless you are a sole director and company secretary
Trust	Each trustee must sign, or if corporate trustee then as per Company above
Partnership	Each partner or the authorised partner must sign
Power of Attorney	If signing under a power of attorney, please attach 100 points of certified Identification to this application together with a certified copy of the power of attorney If signing under a power of attorney, you must declare that you have not received a notice of revocation of that power

Applicant Acknowledgements

By signing this Application Form the Applicant(s) declare and agree that

I/we have received, read and understood the Product Disclosure Statement dated 3 August 2026 issued by the Responsible Entity in relation to the Fund.

The details given in this Application Form are true and correct and I/we agree to make the investment referred to in this Application Form.

The declarations made in this Application Form are complete and accurate.

I/we acknowledge that the Responsible Entity is not responsible for the delays in receipt of monies caused by the Applicant's bank.

If this is a joint application, each Applicant agrees, unless otherwise indicated in this Application Form, the investment is held as joint tenants and either Applicant may operate the account and bind the other for future transactions, including additional investments or redemptions.

If investing as a trustee, agent, representative, custodian, sub-custodian or nominee, I/we agree and declare that:

- all representations and agreements made in this Application Form are made by me/us
- with respect to me/us;
- with respect to the underlying investor(s);
- I/we all have the requisite power and authority from such underlying investor(s) to execute and perform the obligations under this Application Form;
- I/we will provide any additional documents and information that the Responsible Entity may reasonably request in relation to the underlying investor (s);
- I/we will make all reasonable efforts to procure that the underlying investor(s) makes all representations, warranties, confirmations, agreements and undertakings in this Application Form; and.
- If investing as a company that has only one director, I am the sole director and company secretary of the company (if the company has a company secretary).

If investing as trustee on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of superannuation funds, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act 1993 (Cth).

I/we acknowledge that by executing this Application Form, I/we must pay the application amount to the Fund on the terms set out in the PDS and the Constitution.

This application is not resultant of an unsolicited meeting with or telephone call from another person.

I/we acknowledge that if any of my/our personal details change I/we must contact the Responsible Entity or Manager.

Electronic communications and instructions

- I/we may provide instructions in relation to my/our investment to the Manager or the Responsible Entity electronically (including by email with a scanned signature), and I/we consent to the Manager and the Responsible Entity acting on such instructions in accordance with the Product Disclosure Statement;
- I/we acknowledge the risk that fraudulent instructions may be given by a person with access to my/our account information, and I/we release and indemnify the Manager and the Responsible Entity (and their related parties, officers, employees, consultants, advisers and agents) in respect of acting on instructions they reasonably believe to be genuine, in accordance with the Product Disclosure Statement.

Electronic signing

- Where I/we sign and/or submit this Application Form (and any related document) electronically, I/we agree that my/our electronic signature and submission is valid and binding on me/us to the same extent as a physical signature, and I/we consent to the use of electronic signing for that purpose.

Electronic delivery of notices and disclosures

- I/we consent to receiving all communications, notices, statements, reports, disclosures and other documents relating to my/our investment in the Fund (including confirmations, distribution and tax statements, continuous disclosure notices, and any updated or supplementary Product Disclosure Statement) electronically, including by email to the address provided in this Application Form and/or by being made available on the Manager's website at www.arkcapital.com.au with notification of availability;
- I/we acknowledge that this consent continues until I/we notify the Manager in writing that I/we wish to receive documents in another manner, and that I/we may request a paper copy of any document free of charge.

If signing under power of attorney, I declare that I have not received notice of revocation of that power (a certified copy of the power of attorney and certified ID should be submitted with this Application Form).

I/we agree to become a member of the Fund and be bound by the terms and conditions of the Product Disclosure Statement and Constitution for the Fund, as amended from time to time.

I/we acknowledge that this Application Form constitutes an irrevocable offer to invest in the Fund which:

- cannot be withdrawn, varied or revoked by me/us without the prior written consent of the Responsible Entity; and
- may be accepted or rejected (in whole or in part) by the Responsible Entity in its absolute discretion without the need to give reasons.

I/we authorise the Responsible Entity to apply the TFN or ABN provided in this Application Form and authorise it to be applied to all future Applications and redemptions of Units, including reinvestments, unless otherwise advised in writing to the Responsible Entity.

Neither the Responsible Entity or Manager, nor any of their related bodies corporate, guarantees in any way the performance of the Fund, repayment of capital from the Fund, any particular return from, or any increase in, the value of the Fund.

I/we acknowledge that an investment in Units is subject to investment risk, including the risk of difficulties in realising the investment and loss of income and principal invested.

I/we are not prohibited or restricted by applicable securities or other laws or regulation from applying, holding or withdrawing any Units in the Fund or from receiving the Product Disclosure Statement and this Application Form.

I/we agree to not disclose or cause to be disclosed any confidential information concerning the Fund, Responsible Entity or Manager, or any of their related bodies corporate, principals, officers, employees, associates, affiliates, representatives or agents (each a Relevant Person) to any person or use any such confidential information for my/our own purposes.

Neither the Responsible Entity nor the Manager make any recommendation as to the suitability of the Fund or any application for Units by the Applicant and I/we acknowledge the Product Disclosure Statement does not contain financial, investment or taxation advice that considers my/our objectives, financial situation or needs.

I/we acknowledge that none of the Responsible Entity, nor any other Relevant Person, has made any representations or warranties in connection with the Fund or the performance of the Fund.

I/we have relied on my/our own independent investigations, inquiries and appraisals, and have obtained or have had the opportunity to obtain legal, accounting, tax and financial advice, in connection with the Fund before deciding to subscribe for Units.

I/we have read the "Collection of Personal Information" section of this Application Form. I/we agree to personal information about me/us being collected, used and disclosed in accordance with the Responsible Entity's privacy policy.

I/we will not knowingly do anything to put the Responsible Entity in breach of the AML/CTF Laws and I/we will notify the Responsible Entity if we are aware of anything that may put the Responsible Entity in breach of such legislation, rules and regulations.

Compliance with AML / CTF Laws

I/we agree to provide further details or personal information to the Responsible Entity if required to meet its obligations under AML/CTF Laws and acknowledge that processing of my/our Application Form may be delayed and will be processed at the unit price applicable for the day at which all required information has been received and verified and the Units are issued.

I/we acknowledge that the Responsible Entity may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with AML/CTF Laws, FATCA, or the OECD Common Reporting Standard. I/we will provide such information and assistance that may be requested by the Responsible Entity to comply with its obligations under those laws and regulations and I/we indemnify the Responsible Entity against any loss caused by my/our failure to provide such information or assistance.

I/we undertake that I/we are not aware and have no reason to suspect that the money used to fund my/our investment is derived from or related to money laundering, terrorism financing or other similar activities, or illegal activities. I/we undertake that I am/we are not aware of and have no reason to suspect that proceeds of investments made in connection with the Fund will fund illegal activities.

I/we confirm that I/we have provided all information required and that information is accurate, complete and up to date.

I/we agree to provide the Responsible Entity with any information it reasonably requests to assist in determining and fulfilling its and the Fund's withholding obligations and to assist it in obtaining any exemption, reduction or refund of any withholding or other taxes imposed upon the Responsible Entity or the Fund, their income, or amounts paid to them.

Politically exposed Persons (PEPs) and targeted financial sanctions

Under the AML/CTF Laws, the Responsible Entity (and the Manager on its behalf) is required to establish whether an Applicant, any beneficial owner of the Applicant, any person on whose behalf the Applicant is investing, or any person acting on behalf of the Applicant, is a Politically Exposed Person or has been designated for targeted financial sanctions.

To meet this obligation, the Responsible Entity (and the Manager on its behalf) conducts screening of each Applicant, beneficial owner, and any person on whose behalf the Applicant is investing, on Politically Exposed Persons (PEPs) status/es, sanctions issued, and adverse media sources as part of its standard customer due diligence process.

By signing this Application Form, I/we acknowledge and agree that:

- the Responsible Entity and/or the Manager may request additional information or documentation (including information about source of funds and source of wealth) if screening identifies me/us, a beneficial owner, or any other relevant person as a potential match to a Politically Exposed Person, or as a person or entity designated for targeted financial sanctions;
- the Responsible Entity may decline to process, may delay processing, or may decline to proceed with, an application where a potential match cannot be resolved, or where requested information is not provided; and
- I/we must notify the Manager in writing as soon as reasonably practicable if I/we, a beneficial owner, or any person on whose behalf I/we are investing becomes a Politically Exposed Person, or becomes designated for targeted financial sanctions, at any time after this Application Form is submitted.

Signature(s) of Applicants(s)

I/we acknowledge having received, read and understood the information contained in the Product Disclosure Statement dated 3 August 2026.

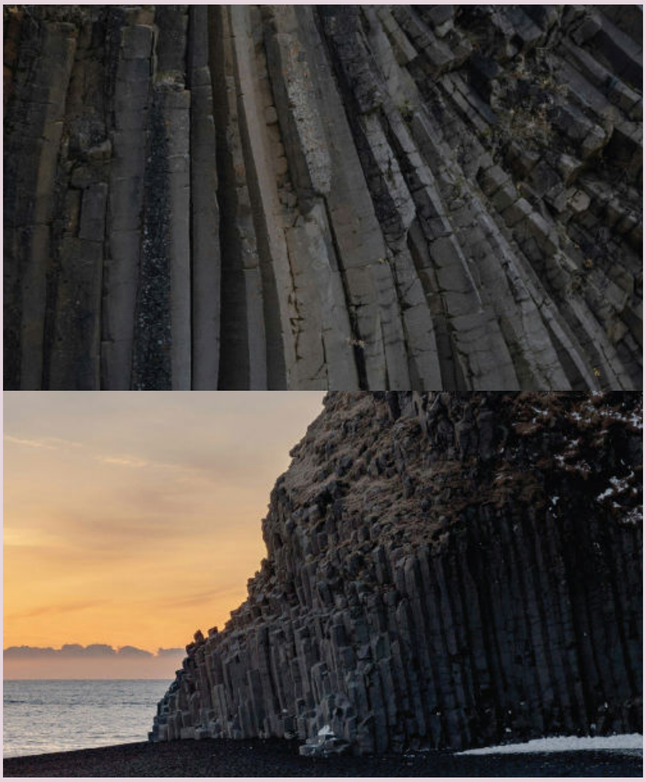
By signing this Application Form, I/we agree to be bound by the terms and conditions of the Ark Cornerstone First Mortgage Fund.

Full Name		
Capacity	☐ Individual ☐ Director ☐ Responsible Entity	☐ Individual ☐ Director ☐ Responsible Entity
Signature		
Date		

Ark Cornerstone First Mortgage Fund

2026

Target Market Determination



ARK CAPITAL™

Target Market Determination
Ark Cornerstone First Mortgage Fund

Introduction

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (Corporations Act). The TMD describes the class of consumers that comprises the target market for the Ark Cornerstone First Mortgage Fund (Fund) and matters relevant to the Fund's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the Fund being consistent with this TMD, unless the distribution is excluded conduct.

This TMD forms part of the Issuer's design and distribution arrangements for the Fund. This TMD is not a product disclosure statement (PDS) and is not a complete summary of the terms of issue of the Fund or the features of the Fund. It does not take into account any person's individual objectives, financial situation or needs. Prospective investors should carefully read the PDS for the Fund and consider obtaining advice in relation to the Fund before making a decision whether to acquire an interest in the Fund. The PDS for the Fund may be viewed online at www.arkcapital.com.au.

Unless otherwise defined in the Definitions section at the end of this document, capitalised terms have the meaning set out in the Fund's PDS.

Target Market Summary

This Fund is intended for use as a satellite or minor allocation for a consumer who is seeking capital preservation and income distributions and has a medium risk return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with an investment timeframe of 6 months to over 5 years, and who is unlikely to need to withdraw their money on less than three months' notice.

Summary of the Fund

Issuer & Responsible Entity	Melbourne Securities Corporation Limited ABN 57 160 326 545 AFSL 428289
Manager	Ark Capital Funds Management Pty Ltd ACN 649 243 881
TMD contact details	Email: Info@arkcapital.com.au Website: www.arkcapital.com.au Phone: 1300 838 834
Fund name and ARSN	Ark Cornerstone First Mortgage Fund ARSN 700 022 242
TMD issue date	3 August 2026
TMD version	1.0
Fund distribution status	Available

Description of Target Market

In the table below:

- Columns 1 and 2 (consumer attributes) and (Description) provide a description of the likely objectives, financial situation and needs of the class of consumers that are considering this Fund; and
- Column 3 (TMD indicator) indicates whether a consumer meeting the attributes described in Columns 1 and 2 is likely to be in the target market for this Fund.

The consumer attributes for which the Fund is likely to be appropriate have been assessed in the TMD indicator column using the following colour coding:

In Target Market	Not In Target Market

The Issuer has assessed the Fund and formed the view that the Fund is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market, as the features of the Fund as outlined in Column 4 are likely to be suitable for consumers with the attributes identified with a green rating in Column 3.

Generally, a consumer is unlikely to be in the target market for the Fund if any one or more of their consumer attributes correspond to a red rating in Column 3.

Consumer's Investment Objective

<table>
<tr><th>CONSUMER ATTRIBUTES</th><th>DESCRIPTION</th><th>TMD INDICATOR</th><th>FUND DESCRIPTION INCLUDING KEY ATTRIBUTES</th></tr>
<tr><td>Capital growth</td><td>The consumer:
• seeks to invest in a product expected or designed to generate capital returns over the investment timeframe; and
• prefers exposure to growth assets (eg shares or property) or otherwise seeks an investment return above the current inflation rate.</td><td>Not in Target Market</td><td rowspan="4">The Fund's objective is to provide investors with regular income and capital stability by investing substantially all of the assets of the Fund in a broad selection of mortgage-backed assets made by Sub-Schemes of the Ark Wholesale Mortgage Fund (Master Fund). Most loans will finance land, development, construction and completed stock.

Having regard to the anticipated risk profile of the underlying loans in which the Fund invests, an investment in the Fund is likely suitable for consumers seeking capital preservation. The Fund will only offer exposure to loans secured by registered first mortgages that have a maximum loan to value ratio of 67%. The underlying manager of the Master Fund also adopts a loan selection process and undertakes due diligence with a strong focus on repayment risk.

The Fund aims to provide monthly income returns. The Fund targets a return of the RBA Target Cash Rate plus 4% per annum after fees and expenses. Accordingly, the Fund is likely suitable for consumers seeking regular income returns through monthly cash distributions (which may be reinvested). However, this is a target return only and income is not guaranteed.

The Fund is not capital guaranteed. Repayment of the consumer's capital and payment of income is dependent on the underlying mortgage investment performance of the Sub-Schemes. Further, the Fund does not provide capital growth.</td></tr>
<tr><td>Capital preservation</td><td>The consumer:
• seeks to invest in a product expected or designed to have low volatility and which minimises capital loss; and
• prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (eg fixed income securities).</td><td rowspan="2">In Target Market</td></tr>
<tr><td>Income distribution</td><td>The consumer:
• seeks to invest in a product expected or designed to distribute regular income; and
• prefers exposure to income-generating assets (eg high dividend-yielding equities and fixed income securities).</td></tr>
<tr><td>Capital guaranteed</td><td>The consumer:
• seeks a guarantee or protection against capital loss, whilst still seeking the potential for capital growth; and
• would likely understand the complexities, conditions and risks that are associated with such products.</td><td>Not in Target Market</td></tr>
</table>

Consumer's Intended Product Use (% of Investable Assets)

CONSUMER ATTRIBUTES	DESCRIPTION	TMD INDICATOR	FUND DESCRIPTION INCLUDING KEY ATTRIBUTES
Standalone allocation	The consumer: • may hold the investment as up to 100% of their total Investable Assets; and • is likely to seek a product with Very High Portfolio Diversification	Not in Target Market	An investment in the Fund is only suitable for consumers intending to hold their interest in the Fund as part of a broader investment portfolio. An interest in the Fund is not suitable as a stand-alone investment. This is because whilst the Fund intends to maintain a diversified spread of investments in first mortgage backed loans made by Sub-Schemes of the Master Fund plus a small allocation to cash, it has no exposure to any other asset classes.
Major allocation	The consumer: • may hold the investment as up to 75% of their total Investable Assets; and • is likely to seek a product with at least High Portfolio Diversification.		
Core allocation	The consumer: • may hold the investment as up to 50% of their total Investable Assets; and • is likely to seek a product with at least Medium Portfolio Diversification.		
Minor allocation	The consumer: • may hold the investment as up to 25% of their total Investable Assets; and • is likely to seek a product with at least Low Portfolio Diversification.	In Target Market	
Satellite allocation	The consumer: • may hold the investment as up to 10% of the total Investable Assets; and • is likely to seek a product with Very Low Portfolio Diversification Products classified as having an 'extremely high' Risk and Return Profile are likely to meet this category only		

Portfolio Diversification Requirements

CONSUMER ATTRIBUTES	DESCRIPTION	TMD INDICATOR	FUND DESCRIPTION INCLUDING KEY ATTRIBUTES
Very Low Portfolio Diversification	The consumer seeks: • seeks a product that provides exposure to a single asset (eg. a real property) or a niche asset class (eg. crypto-assets)	In Target Market	It is acknowledged that the Fund may be held by a consumer as part of a diversified portfolio comprising of other financial products. In such circumstances, the Fund should be assessed against the consumer's attributes for the relevant portion of their portfolio, rather than the consumer's portfolio as a whole. For example, notwithstanding that a consumer is seeking to construct a moderately diversified portfolio with a 'Medium' Risk and Return Profile and minor allocation to growth assets, a financial product with a 'High' Risk and Return Profile may still be consistent with the consumer's objectives for the minor allocation to growth assets. The Fund is intended to offer exposure to a moderate number of holdings in first mortgages over Australian property. The investments are likely to be somewhat correlated, and also considered to be a single asset class. The fund is not suitable for investors seeking exposure to a large number of holdings in multiple asset classes, and where the assets not correlated.
Low Portfolio Diversification	The consumer seeks: • a product that provides exposure to a small number of holdings (eg. fewer than 25 securities) or a narrow asset class, sector or geographic market (eg. equities from a single emerging market economy)		
Medium Portfolio Diversification	The consumer seeks: • a product that provides exposure to a moderate number of holdings (eg. up to 50 securities) in at least one broad asset class, sector or geographic market (eg. Australian fixed income securities)		
High Portfolio Diversification	The consumer seeks: • a product that provides exposure to a large number of holdings (eg. 50 securities) in multiple broad asset classes, sectors or geographic markets	Not in Target Market	
Very High Portfolio Diversification	The consumer seeks: • a product that provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other		

Consumer's Risk and Return Profile

CONSUMER ATTRIBUTES	DESCRIPTION	TMD INDICATOR	FUND DESCRIPTION INCLUDING KEY ATTRIBUTES
Low	For the relevant part of the consumer's portfolio, the consumer: • has a conservative or low risk appetite; • seeks to minimise volatility and potential losses (eg has the ability to bear up to 1 negative return over a 20-year period (SRM 1 to 2)); • is comfortable with a low target return profile; and • typically prefers stable and defensive assets (eg cash).	Not in Target Market	The Fund is suitable for consumers with a medium risk tolerance for this part of their portfolio. It seeks to provide consumers with exposure to a pool of first mortgages over Australian property. There is a risk that an investor's capital may not be returned in full or in part. The Fund is not suitable for consumers who cannot tolerate any loss of capital or loss of, or delays in, payment of income returns.
Medium	For the relevant part of the consumer's portfolio, the consumer: • has a moderate or medium risk appetite; • seeks low volatility and potential losses (eg has the ability to bear up to 4 negative returns over a 20-year period (SRM 3 to 5)); • is comfortable with a moderate target return profile; and • typically prefers defensive assets (eg fixed income).	In Target Market	
High	For the relevant part of the consumer's portfolio, the consumer: • has a high-risk appetite; • can accept high volatility and potential losses (eg has the ability to bear up to 6 negative returns over a 20-year period (SRM 6)); • seeks high returns (typically over a medium or long timeframe); and • typically prefers growth assets (eg property and shares).	Not in Target Market	
Very high	For the relevant part of the consumer's portfolio, the consumer: • has a very high-risk appetite; • can accept very high volatility and potential losses (eg has the ability to bear more than 6 negative returns over a 20-year period (SRM 7)); • seeks to maximise returns (typically over a medium or long timeframe); and • typically prefers high growth assets (eg alternative investments and hedge funds).		
Extremely high	For the relevant part of the consumer's portfolio, the consumer: • has an extremely high risk appetite; • can accept significant volatility and losses; • seeks to obtain accelerated returns in a short timeframe; and • seeks extremely high risk, speculative or products which may have complex features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (eg crypto-assets).		

Consumer's Investment Timeframe

CONSUMER ATTRIBUTES	DESCRIPTION	TMD INDICATOR	FUND DESCRIPTION INCLUDING KEY ATTRIBUTES
Long term	The consumer intends to hold the investment for over 5 years.	In Target Market	The Fund is suitable for consumers seeking to hold their investment for a period of at least 6 months to over 5 years.
Medium term	The consumer intends to hold the investment between 2 to 5 years.	In Target Market	
Short term	The consumer intends to hold the investment for between 6 months to 2 years.	In Target Market	
Very short term	The consumer intends to hold the investment for less than 6 months.	Not in Target Market	

Consumer's Need To Access Capital

<table>
<tr><th>CONSUMER'S NEED TO ACCESS CAPITAL</th><th>TMD INDICATOR</th><th>FUND DESCRIPTION INCLUDING KEY ATTRIBUTES</th></tr>
<tr><td>Within 6 months of the initial investment (minimum investment term)</td><td rowspan="3">Not in Target Market</td><td rowspan="6">
Minimum investment term
An investment in the Fund is subject to a minimum investment term of 6 months. Investors are not permitted to withdraw their investment in the Fund before the end of the minimum investment term. The minimum investment term applies to an investor's initial investment only, meaning additional investments in the Fund are not subject to a minimum investment term. The Responsible Entity may vary the minimum investment term in its absolute discretion.
Process during normal operating conditions
Following the minimum investment term, and during normal operating conditions whilst the Fund is liquid, withdrawal requests may typically take between 51 and 81 days to be processed and paid (depending on when the withdrawal request is made).
Withdrawal requests must be submitted by the last day of the month to be considered for processing on the last day of the following month. Redemption proceeds will typically be paid within 21 days of the date of redemption.
There is no established secondary market for the units in the Fund.
The target market identified by the Responsible Entity is based on the assumption that normal operating conditions will apply at all times. Actual future events may vary and are outside the control of the Responsible Entity and the Manager.
Process during abnormal operating conditions or insufficient liquidity
If there is insufficient liquidity to satisfy withdrawal requests in full, withdrawal requests will be satisfied on a pro rata basis.
Under the Constitution, the Responsible Entity also has the following discretions:

up to 90 days under the Constitution to decide whether to accept or reject a withdrawal request;
up to 150 days after the date of withdrawal to pay redemption proceeds; and
it may determine to suspend withdrawals entirely.

These discretions may be exercised by the Responsible Entity during times of abnormal operating conditions. Accordingly, such withdrawals would not be processed within 3 months after the request in abnormal market conditions.
</td></tr>
<tr><td>Within 1 week of request after the minimum investment term</td></tr>
<tr><td>Within 1 month of request after the minimum investment term</td></tr>
<tr><td>Within 3 months of request after the minimum investment term</td><td rowspan="3">In Target Market</td></tr>
<tr><td>Within 1 year of request after the minimum investment term</td></tr>
<tr><td>Within 5 years of request, or longer after the minimum investment term</td></tr>
</table>

Distribution Conditions

The Fund can only be offered or issued in accordance with the relevant terms and conditions outlined in the PDS (as amended from time to time).

DISTRIBUTION CONDITIONS	RATIONALE
Direct Distribution by Financial Advisers The Fund may be distributed to consumers: • who have received personal financial product advice regarding the Fund; or • where the retail client's financial adviser is reasonably satisfied that distribution of the Fund is necessary to implement personal financial product advice given to the consumer; or • where the retail client's financial adviser has considered the screening questions and is reasonably satisfied the consumer is within the target market of the Fund.	Distribution via financial advisers will make it likely that consumers who acquire an interest in the Fund will be in the target market, as providers of personal financial product advice must consider each consumer's individual circumstances and comply with their duty to act in the best interests of their client and related obligations.
Direct Distribution by the Manager When a consumer applies for an interest in the Fund directly through the Manager, as part of the investment application process, the Manager will provide the consumer with a copy of the TMD and PDS and request the consumer to complete a questionnaire relating to their attributes. The Manager will determine if the consumer is within the target market based on the consumer's responses.	The use of a questionnaire will increase the likelihood of identifying consumers with attributes that are not within the target market for the Fund, and an investment in the Fund by those consumers can be restricted accordingly.
Platform Distribution Platform providers approved to distribute the Fund must have suitable controls in place that are likely to result in consumers who are within the target market accessing the Fund via the platform.	The Fund will only be made available via a platform where the platform operator demonstrates it has processes in place to ensure the Fund is likely to be accessed through the platform by consumers who are in the target market (for example, through the use of filtering questions on the platform). Further, consumers accessing the Fund via a platform are expected to be consumers who are more likely investing in accordance with personal financial product advice.

TMD Review

Mandatory Review Periods

Review Period	Maximum period for review
Initial review	Within 1 year and 3 months of the date of this TMD
Subsequent review	At least every 1 year and 3 months thereafter.

Review Triggers

The following circumstances will trigger a further review of the TMD outside of the mandatory review periods outlined above:

(a) Material changes in key attributes, Fund investment objectives, and/or fees;

(b) A material and sustained deviation from key attributes of the Fund;

(c) A material change to the frequency of distributions by the Fund;

(d) The determination by the Issuer of a Significant Dealing reportable to ASIC;

(e) A significant increase in withdrawals over the average withdrawals compared with the previous 12 months;

(f) A material adverse finding by ASIC in relation to the Fund; and

(g) A high number of material complaints concerning the Fund or the distribution of the Fund.

Distributor Reporting Requirements

If any of the reporting triggers outlined in the table below occur, the distributor must report the incident to the Issuer at info@arkcapital.com.au in accordance with the Distributor Complaint & TMD Reporting Policy.

REPORTING TRIGGER	REPORTING PERIOD	WHICH DISTRIBUTORS THIS REQUIREMENT APPLIES TO
Complaints (as defined in section 994A(2) of the Corporations Act) relating to the Fund. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 10 business days following end of calendar quarter. The Issuer must also be notified of any 'material complaints' (as that term is used in the Distributor Complaint & TMD Reporting Policy) during the reporting period as soon as practicable, and in any event, within 2 business days after the complaint.	All distributors
Significant Dealing outside of target market, under section 994F(6) of the Corporations Act.	As soon as practicable but no later than 10 business days after the distributor becomes aware of the Significant Dealing.	All distributors
Material distribution incidents, including: • Misleading or deceptive conduct in relation to the distribution of the product; • Concerns an investor has received personal financial product advice from an unauthorised adviser; • Receipt of an application form that contains falsified information; • Referral by an adviser with systemic misconduct issues or concerns; • Regulatory investigations that are relevant to the Fund; or • Breach of the distribution procedures.	Within 10 business days following the end of the calendar month.	All distributors

Definitions

TERM	DEFINITION
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
Need To Access Capital	This consumer attribute addresses the likely period of time between the making of a redemption request from the Fund (or access to investment proceeds more generally) and the receipt of proceeds from the Issuer in respect of the redemption request under ordinary circumstances. Both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request are relevant in this regard. To the extent that the liquidity of the underlying investments or possible liquidity constraints (eg ability to stagger or delay redemptions) could impact the timeliness of processing redemption requests, this is taken into consideration in aligning the Fund to the consumer's need to access capital.
Risk and Return Profile	A consumer's risk profile generally refers to their ability to bear loss. A consumer's return profile generally refers to their desired return taking into account the effect of fees, costs and taxes. The Issuer has adopted the Standard Risk Measure Guidance Paper for Trustees (SRM) prepared by the Financial Services Council and the Association of Superannuation Funds of Australia in determining the Risk and Return Profiles set out in this TMD. As disclosed in the SRM, the SRM is not a complete assessment of risk.
Significant Dealings	Section 994F(6) of the Corporations Act requires distributors to notify the Issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. The Issuer will rely on notifications of significant dealings to monitor and review the Fund and its distribution strategy, this TMD, and to meet its own obligation to report significant dealings to ASIC. Dealings outside this TMD may be significant because: • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the Fund; or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to a consumer (or class of consumer). In each case, the distributor should have regard to the nature and risk profile of the Fund, the actual or potential harm to a consumer, and the nature and extent of the inconsistency of a distribution with the TMD. Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if: • the consumer requires short-term liquidity; • the consumer is elderly or otherwise vulnerable; • the consumer is seeking an investment with capital stability or a cash-equivalent investment; • it constitutes more than half of the distributor's total retail product distribution conduct in relation to the Fund over the quarter; • the consumer's intended product use is 'standalone allocation'; • the consumer's intended product use is 'core allocation' or higher and the consumer's Risk and Return Profile is 'low'; or • the relevant product has a green rating for consumers with an 'extremely high' Risk and Return Profile.

Ark Capital
Funds Limited

Head Office
Level 7, 33 Stewart Street
Richmond VIC 3121

Sydney Office
Level 1, 17-19 Bridge Street
Sydney NSW 2000

Brisbane Office
Level 2, 76 Skyring Terrace
Newstead QLD 4006

Perth Office
125 St Georges Terrace
Perth WA 6000

Contact
1300 838 834
info@arkcapital.com.au
www.arkcapital.com.au