

FUND UPDATE

Zank Income Fund

ARSN 637 888 307

27 March 2024

Capel Sound / Fund Update

Vasco Responsible Entity Services Limited is the Responsible Entity for the Zank Income Fund (ARSN 637 888 307) (**Fund**).

Further to the last update provided on 8 May 2023 the Responsible Entity provides the following update:

The Fund is a mortgage fund that makes loans to property investors and developers. Included in the accounts of the Fund, is a loan labelled as Capel Sound. Details of the loan and its impairment have been included in both the annual financial statements as at June 30 2023, and the December 2023 accounts.

The loan is in default and we have appointed Pitcher Partners as the Receivers who are in operational control of the property with the objective of maximising recovery from the loan.

As at 26 March 2024, there are 27 cabins operational, with the ability to generate revenue, with the expectation to open a further 5 in the coming days. Under Vasco's instructions, Pitcher Partners (Receiver) have engaged with the Mornington Peninsula Shire and we are hopeful all council issues will be resolved towards the end of April. The purpose of resolving these issues is to provide any prospective purchaser with some certainty that the park can operate as a going concern. Both Vasco and Zank believe that resolving these issues and increasing the number of available cabins should lead to a more favourable sales price.

Previous attempts to sell the property with vacant possession have not yielded satisfactory market feedback. Accordingly, we have re-engaged Jones Lang Lasalle Incorporated (JLL) to market and sell the property. JLL have been instructed to now emphasise the revenue generating capability of the property, which is anticipated to appeal to a wider group of purchasers. The sales process is expected to commence on the 15th of April and the Expression of Interest period to last 4 weeks with the potential extension of 2-3 weeks to negotiate offers.

Assuming a successful sales campaign, we would expect to be in a position to re-affirm the Funds total asset value, which should facilitate the ability to accept applications and redemptions from 1 July 2024.

If the sales campaign is unsuccessful, we will endeavour to obtain an independent valuation on the property/business, with the aim to determine the asset's carrying value and facilitate the ability to accept applications and redemptions from 31 July 2024.



All the above assumptions are working off the assumption that no other loans have a detrimental impact on the value of the Fund.

Please be assured Vasco is continuing to work in the best interest of investors.

If you have any questions about the Fund, please do not hesitate to contact the Investment Manager on +61 1300 501 817 or at invest@zank.com.au.