

FUND UPDATE

Zank Income Fund

ARSN 637 888 307

25 July 2024

Capel Sound / Fund Update

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

Further to the last update provided on 27 March 2024, the Responsible Entity provides the following update:

Capel Sound

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 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 noted in the 27 March 2024 update, the Responsible Entity engaged Jones Lang Lasalle Incorporated (JLL) to market and sell the property. The sales process took place from the 15th of April 2024 and the Expression of Interest period lasted 4 weeks ending 15th May 2024. While the sales process brought out several potential interested parties and stretched out to mid-July, no acceptable offers have been received to date.

In light of no acceptable offers eventuating, we obtained an independent valuation on the land/business to assist in determining the asset's carrying value. This valuation has resulted in an additional write down of the Capel Sound asset.

The Responsible Entity, the Investment Manager and Pitcher Partners are continuing to look at avenues to best release the value in the asset.

Withdrawal Offer

As detailed in the 27 March 2024 update, the Responsible Entity is now in a position to determine the carrying value of Capel Sound and as such intend on making a Withdrawal Offer to investors in the Fund as outlined in Section 5.9 of the Product Disclosure Statement (PDS) of the Fund dated 30 January 2020, as supplemented by the Supplementary PDS dated 30 October 2020, Second Supplementary PDS dated 31 May 2021, Third Supplementary PDS dated 24 May 2022 and Fourth Supplementary PDS dated 28 February 2023.

Further notice of this Withdrawal Offer will be sent Thursday, 25 July 2024. The offer is intended to open on the Thursday, 25 July 2024 and close Thursday, 15 August 2024. A copy of the withdrawal form is available on our website.

The Fund will not be accepting new applications at this stage but intend on opening up for applications in due course.

Distributions

The Fund still intends on paying a distribution following the conclusion of the financial year audit and the corresponding tax considerations associated with the audit. We will provide further clarity when applicable. For transparency and clarity, audited accounts need to be lodged with ASIC in accordance with their reporting deadline of 30 September 2024.

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.