

MONARK

Realising the remarkable

Monark High Yield Debt Fund – Series 2 Quarterly Investor Update

31 March 2026

QUARTERLY INVESTOR UPDATE

Please Note

Information contained in this investor update

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QUARTERLY INVESTOR UPDATE

Dear Investor

Welcome to the Monark High Yield Debt Fund – Series 2 (the Fund, Series 2) update for the quarter ended 31 March 2026

Executive summary

The Fund's remaining portfolio continues to perform strongly, providing investors with a since-inception Internal Rate of Return (IRR) of 13.7% per annum.

The portfolio is now invested in seven facilities. The details and progress of each are provided later in this update.

During the quarter, the Fund's investments in the Wanda Terraces, Caulfield North, and The Carlile, Armadale, facilities were fully repaid. Part repayments were received from the Fund's Point Nepean Road, Rye, and Whitehorse Road, Deepdene facilities. This enabled the payment of three distributions: 1.57 cents per unit on 21 January, 0.73 cents per unit on 24 March, and 1.23 cents per unit on 2 April, just after the end of the quarter.

Investors have received distributions totalling approximately 66 cents per unit (inclusive of April's payment).

We expect to make further distributions during the June quarter.

As a reminder, the Fund is "self-liquidating" which means it does not reinvest repaid facilities but distributes the proceeds to investors.

In the *Investment Environment* section of this update, we take a quick and critical look at the investment appeal of traditional asset classes, noting that each class now "asks you to accept more risk for less reward".

Finally, we continue to see a number of attractive opportunities that meet the criteria and quality we seek for our High Yield Debt Funds. Series 4, launched on 15 August 2025, is almost 80% deployed with the balance expected to be called before the end of the financial year.

Should this momentum continue, we expect to launch Series 5 in July this year.

We hope you enjoy reading this report and continue to remain engaged with the progress of your investment in the Fund.

QUARTERLY INVESTOR UPDATE

Investment environment

Today investors are confronted with an uncomfortable truth: almost every traditional asset class now asks you to accept more risk for less reward.

That is not how investing is supposed to work. Yet here we are.

For years, investors could rely on a relatively simple menu. Cash was safe. Bonds provided income and ballast. Shares delivered growth. Property offered leverage, yield and tax advantages. Diversification did the rest.

Today, each of those pillars looks less stable than advertised.

Cash, once the sanctuary of the cautious, now offers a strange bargain: nominal yield with guaranteed erosion. If inflation runs above after-tax deposit returns, then cash is not preserving wealth. It is simply losing it politely. The statement arrives monthly, neat and reassuring, while purchasing power slips quietly out the back door.

Bonds, traditionally the grown-up in the room, now face their own identity crisis. Sovereign debt levels across much of the developed world remain extraordinary. Governments have discovered that borrowing is politically easier than discipline, and central banks have discovered that credibility is harder to maintain than to declare. If inflation remains sticky, bondholders suffer. If growth weakens and deficits widen, bondholders may still suffer. Investors are now asked to call that “defensive.”

Equities remain the default home for optimism, but optimism has become expensive. A narrow group of mega-cap companies continues to carry broad indices, while valuations in many cases assume years of flawless execution, benign regulation, technological dominance and uninterrupted margins. History tends to be unkind to certainty, particularly when it is expensive.

Then there is residential and commercial property equity. Australians have long treated property as both religion and retirement strategy. But even sacred assets are not immune to mathematics. Higher construction costs, insurance costs, land taxes, holding costs and interest rates all matter. Commercial property faces additional questions around office utilisation, tenant demand and cap rate pressure. Residential property remains structurally supported by population growth and constrained supply, but affordability is now a national sport in which fewer can participate.

The traditional portfolio mix remains popular. It just works less elegantly.

We suggest that in this environment it pays to focus less on market narratives and more on contractual outcomes.

That is one of the core attractions of private debt.

Private debt is not glamorous. Nobody boasts at dinner parties about a well-structured mortgage facility. There are no memes, no cult followings, very few TikTok clips paying homage to the asset class.

QUARTERLY INVESTOR UPDATE

At its best, private debt is refreshingly simple. Capital is advanced to a borrower for a defined purpose, on agreed terms, for a defined period, at an agreed return, and with security over (in the case of all Monark facilities) tangible assets. Rather than hoping a market rerates your position, you are being paid for time, risk and structure.

That distinction is often underappreciated. Equity investors need prices to rise, earnings to expand, or buyers to pay more tomorrow than today. Lenders typically need something far less heroic: the borrower to repay, refinance, or the underlying asset to hold sufficient value.

One requires optimism. The other requires discipline.

Australia also offers structural advantages that should not be ignored. Population growth remains supportive. Housing undersupply is persistent in many markets. Planning constraints are real. Quality well-located land is finite. Even where property cycles soften, these factors can provide resilience to underlying collateral values over time.

Of course, not all private debt is created equal. The phrase itself can conceal sins. A poor loan made privately is still a poor loan.

Manager selection therefore matters enormously.

A capable debt manager does more than provide funds. They challenge assumptions, inspect collateral, verify costs, monitor progress and prepare for inconvenience before inconvenience arrives. They understand that the best credit outcome is often achieved long before funds are advanced.

That approach can be especially valuable in an era like this one. Construction stress remains real. Bank credit can be selective and slow. Borrowers often need certainty, speed and commercial pragmatism. Skilled non-bank lenders can fill that gap while pricing risk appropriately and structuring robust protections.

For investors, the result can be attractive fund performance, minimal (if any) correlation to listed markets, and a return stream driven by negotiated loan terms rather than daily headlines.

We believe that in an increasingly irrational world, where large question marks hang over traditional asset classes, lending against quality Australian real estate may be one of the more rational opportunities available for today's investor.

QUARTERLY INVESTOR UPDATE

Fund notes

The Fund's remaining portfolio continues to perform strongly, providing investors with an IRR of 13.7% per annum.

The portfolio is now invested in seven facilities. The details and progress of each are provided later in this update.

The Fund's net assets total \$22.1 million, \$18.1 million of this is investor capital and \$4.0 million accrued interest. The unit value is 58.8 cents.

During the quarter, the Fund's investments in the Wanda Terraces, Caulfield North, and The Carlile, Armadale, facilities were fully repaid. Part repayments were received from the Fund's Point Nepean Road, Rye, and Whitehorse Road, Deepdene facilities. This enabled the payment of three distributions: 1.57 cents per unit on 21 January, 0.73 cents per unit on 24 March, and 1.23 cents per unit on 2 April, just after the end of the quarter.

Investors have received distributions totalling approximately 66 cents per unit (inclusive of April's payment).

Details, including the split between the capital and income components for this and all earlier distributions, are provided on pages 12 and 13.

We expect to make further distributions during the June quarter.

As at 31 March 2026, investors have now received distributions totalling 64.8 cents per unit. With a current unit value of 58.8 cents per unit, the Fund is delivering approximately 1.24x on capital committed. With seven more facilities still to repay, we expect the times cash committed will continue to increase.

QUARTERLY INVESTOR UPDATE

In summary

The strategy behind the High Yield Debt Fund Series continues to deliver exceptional risk-adjusted returns for investors.

Series 1 is delivering an IRR of 14.3% and is now well into its mature phase, with \$1.10 per unit returned to investors. We expect the remaining facilities to repay over the course of the 2026 calendar year.

Series 2 continues to perform well, currently providing investors with an IRR of 13.7% per annum. Investors in Series 2 have received distributions totalling approximately 65 cents per unit to date.

Series 3 is now fully deployed and achieving its target return IRR of 15% per annum. The fund paid its first distribution of four cents per unit on 25 March 2026.

Series 4, launched on 15 August 2025, has continued to make excellent progress, both from a performance and deployment perspective. The fund has achieved an IRR of 15.1% per annum from inception to 31 March 2026. At quarter end 78 cents per unit had been called and deployed. A further 11 cents per unit was called in April with the balance expected to be called before the end of the financial year. Series 4 is projected to pay its first distribution in early May 2026.

We continue to see excellent opportunities for the type of funding provided by the High Yield Debt Fund Series and expect to launch Series 5 in July this year.

We take the responsibility of managing your investment with us seriously and thank you for partnering with us.

QUARTERLY INVESTOR UPDATE

Key Metrics



\$37.7M

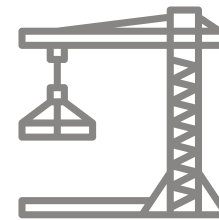
Capital called



\$24.4M

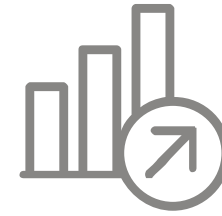
Fund distributions

Of the \$37.7M invested, \$24.4M (65 cents per unit) has been repaid to 31 March 2026. This includes capital of \$19.5M (52 cents per unit) and \$4.9M (13 cent per unit) of income.



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Number of portfolio investments



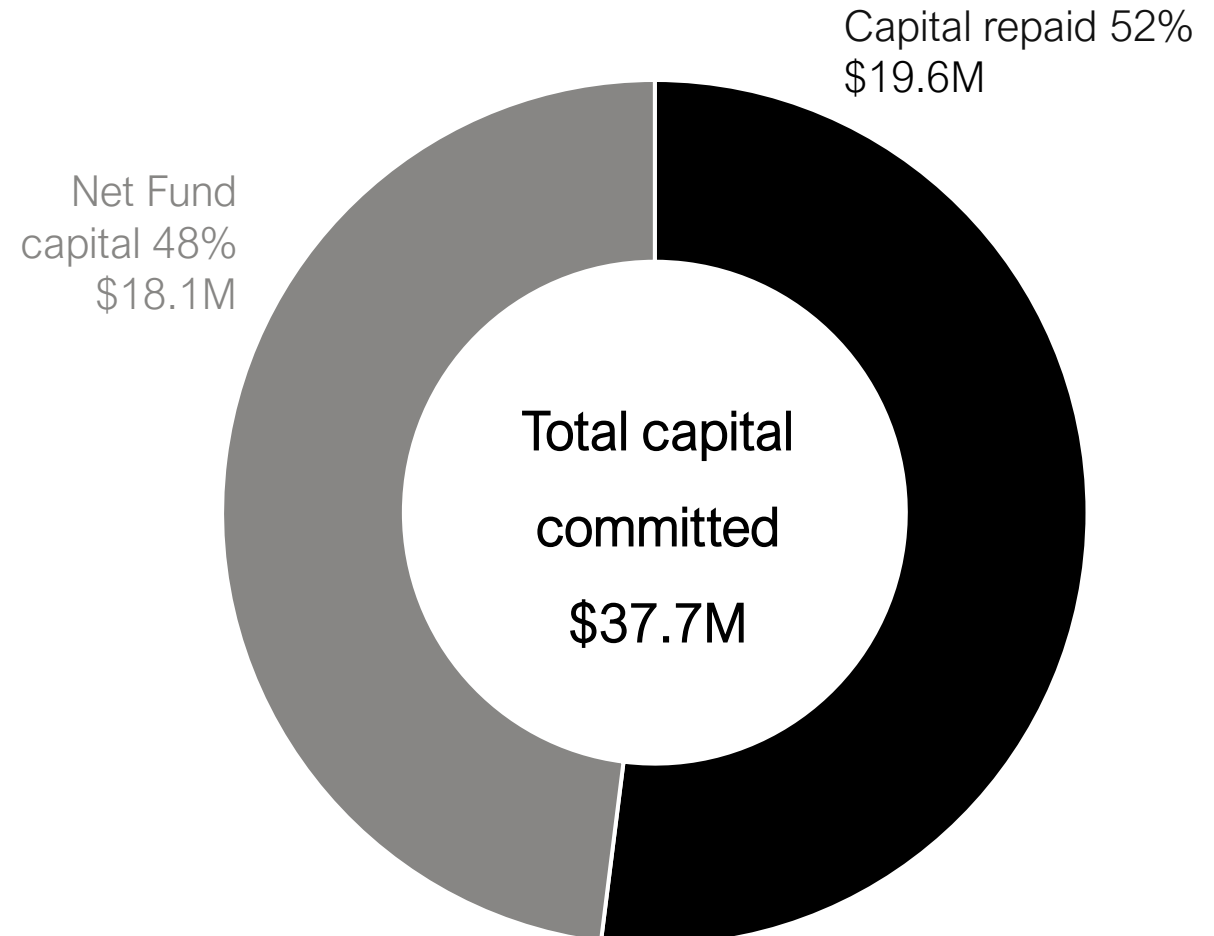
13.7%

Annual Fund IRR (net of fees and costs) from inception, 1 August 2023 to reporting date, 31 March 2026

QUARTERLY INVESTOR UPDATE

Fund Capital

	Fund	Per unit
Total capital committed	\$37.7M	\$1.00
Capital movements		
Net Fund capital – 1 January 2026	\$18.8M	50c
Capital called during current quarter	-	-
Capital repaid during current quarter	\$0.7M	2c
Net Fund capital – 31 March 2026	\$18.1M	48c
Capital not yet called	-	-



QUARTERLY INVESTOR UPDATE

Fund Performance

The Fund's net IRR from Inception to Reporting Date is 13.7%.

	Fund	Per unit
Capital called	\$37.7M	100c
Capital repaid	(\$19.6M)	(52c)
Net Fund capital	\$18.1M	48c
Net income distributed	\$4.9M	13c
Net income accrued	\$4.0M	11c
Total net income since inception	\$8.9M	24c
Annual Fund IRR from inception (1 August 2023) to 31 March 2026 ¹	13.7%	

¹ The Fund's final IRR will be determined after the repayment of all transactions in its portfolio.

QUARTERLY INVESTOR UPDATE

Detailed Investor Cashflows – Capital Called

Date	Cents per unit
1 August 2023	12c
19 December 2023	15c
24 January 2024	15c
14 June 2024	19c
Financial year ending 30 June 2024	61c
2 August 2024	39c
Financial year ending 30 June 2025	39c
Total capital called	\$1.00

QUARTERLY INVESTOR UPDATE

Detailed Investor Cashflows – Fund Distributions*

Date	Total cents per unit	Income cents per unit	Capital cents per unit
8 November 2024	9.00c	0.82c	8.18c
13 February 2025	1.57c	0.26c	1.31c
22 May 2025	6.80c	0.60c	6.20c
11 June 2025	4.09c	0.49c	3.60c
Financial year ending 30 June 2025	21.46c	2.17c	19.29c

*Investors' tax liability is determined by your pro rata entitlement to the income earned by the trust and is not necessarily related to the capital and income components of actual cash distributions. Investors will be provided with an Annual Tax Statement, which we expect to issue within 60 days of financial year end.

QUARTERLY INVESTOR UPDATE

Detailed Investor Cashflows – Fund Distributions*

Date	Total cents per unit	Income cents per unit	Capital cents per unit
22 August 2025	12.81c	4.04c	8.77c
17 November 2025	11.00c	2.78c	8.22c
3 December 2025	3.05c	0.52c	2.53c
19 December 2025	14.20c	2.94c	11.26c
21 January 2026	1.57c	0.41c	1.16c
24 March 2026	0.73c	0.06c	0.67c
Financial year ending 30 June 2026	43.36c	10.75c	32.61c
Total distributions paid to date	64.82c	12.92c	51.90c

*Investors' tax liability is determined by your pro rata entitlement to the income earned by the trust and is not necessarily related to the capital and income components of actual cash distributions. Investors will be provided with an Annual Tax Statement, which we expect to issue within 60 days of financial year end.

QUARTERLY INVESTOR UPDATE

Unit Value

	Fund	Per unit
Net Fund capital	\$18.1M	48.1c
Net income accrued	\$4.0M	10.7c
Net asset value	\$22.1M	58.8c
		Per unit
Unit value as at 31 March 2026		58.8c
Total distributions (capital and income) per unit to 31 March 2026		64.8c
Total growth per unit		\$1.24

QUARTERLY INVESTOR UPDATE

Series 2 Portfolio as at 31 March 2026

Facility	Balance of initial investment	Weighting
1. Land Subdivision, Deanside VIC	\$4.5M	26%
2. Underbank Estate, Bacchus Marsh VIC	\$4.3M	25%
3. Marella, Hampton VIC	\$2.1M	12%
4. Bridport Street, Albert Park VIC	\$2.0M	12%
5. Elanora Place, Parkdale VIC	\$1.8M	10%
6. Whitehorse Road, Deepdene VIC	\$1.3M	8%
7. Point Nepean Road, Rye VIC	\$1.2M	7%
	\$17.2M	100%

PORTFOLIO REVIEW

Land Subdivision, Deanside

131-171 Deanside Drive, Deanside VIC

The land of 12.12 hectares, located at 131 – 171 Deanside Drive, has a net developable area of 6.7 hectares. The project involves the construction and development of 124 residential lots, providing affordable housing stock with an average lot price of \$395k - a price point currently attracting strong demand. Monark is a shareholder in the project. The Monark Prime Credit Fund has provided a senior debt facility to this project.

Key Information:

Developer	Solvey
Balance of initial investment	\$4.5 million

Project Update

- Due to the material delays in securing the Cultural Heritage Management Plan (CHMP), Monark has elected not to participate in the development of this project. The Developer has agreed to purchase Monark’s investment in the project.
- A contract of sale has been executed with final settlement due on 20 June 2026.



PORTFOLIO REVIEW

Underbank Estate, Bacchus Marsh

174 Mortons Road, Bacchus Marsh, VIC

Funding provided to refinance an existing Monark senior debt facility, for the construction of stages 21-24 and S901 (147 lots) and estate related works. The Monark Prime Credit Fund has provided a senior debt facility to this project.

Key Information:

Developer	Kataland
Builder	Winslow
Balance of initial investment	\$4.3 million

Project Update

- In 2010, the Borrower acquired a 176 ha englobo site, which was approved for a master planned community comprising up to 1,200 lots over 40 stages, as well as communal amenities including sporting facilities, community clubhouse, town centre, and parks.
- To date, 432 lots have been delivered, 265 of which Monark has financed over the last 4 years.
- At financial close of the current stages under construction, the Developer had presold a further 120 lots.
- Subdivision works on site are significantly progressed with Stages 21-22 expected to be completed by May 2026 and Stages 23-24 by July 2026.



PORTFOLIO REVIEW

Marella, Hampton

31 – 35 Alicia Street, Hampton VIC

Funding for the development and construction of a four-level, 32 apartment residential building designed by renowned architects Cera Stribley.

The project, to be developed by Lowe Living, will be built over a two-level basement car park with 63 resident parking bays and six visitor bays. Monark is a shareholder in the project.

Key Information:

Developer	Lowe Living
Builder	Lowe Create
Balance of initial investment	\$2.1 million

Project Update

- Currently, five pre-sales and one reservation have been secured.
- Financial close of the senior debt construction facility provided by NAB occurred in December 2025.
- Excavation works are largely complete with blockwork, structural footings and concrete slab works underway..



PORTFOLIO REVIEW

Bridport Street, Albert Park

146–150 Bridport Street, Albert Park VIC

The developer has strategically acquired and amalgamated three sites to develop a mixed-use development comprising luxury apartments, all with basement carparking, to be constructed above office and retail areas. The project is located in a high-profile shopping strip in the blue-ribbon suburb of Albert Park. Designed by well-regarded architecture firm Cera Stribley. Monark is a shareholder in the project. The Monark Prime Credit Fund has provided a senior debt facility to this project.

Key Information:

Developer	Jacmax Projects
Balance of initial investment	\$2.0 million

Project Update

- After a series of VCAT applications and hearings, the Developer has secured planning approval to construct a four-level apartment building. This is a very positive outcome.
- The marketing launch took place in March 2026 and over 100 enquiries were received in a week. The Developer and agent are now engaging with interested parties.
- The sales contract is expected to be available to purchasers within weeks, following which presales can be secured.
- The Developer has continued to work with a preferred builder. A construction contract is expected to be secured during the next quarter.



PORTFOLIO REVIEW

Elanora Place, Parkdale

152 Como Parade, Parkdale VIC

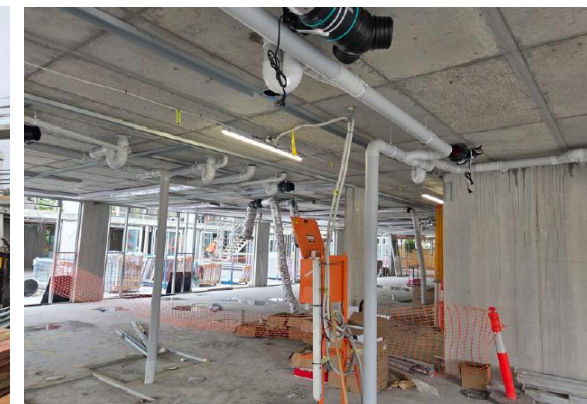
Funding for the development and construction of a 40-unit apartment project designed by multi award-winning architects, Jackson Clements Burrows. The apartments are proposed to be built over a single level common basement providing 78 traditional car bays. Monark is a shareholder in the project.

Key Information:

Developer	Low e Living
Builder	Low e Create
Balance of initial investment	\$1.8 million

Project Update

- To date the developer has secured 18 unconditional sales representing 45% of the project.
- NAB provided senior construction funding for the project with financial close for the facility occurring in August 2025.
- Construction is progressing well with basement works complete and services installation underway. The ground floor is being framed with window installation underway, level two slab has been poured, and final AFS panels (used for rapid concrete wall installation) are currently being put in place.



PORTFOLIO REVIEW

Whitehorse Road, Deepdene

18 – 30 Whitehorse Road, Deepdene VIC

The Property is located in a desirable location within the affluent suburb of Deepdene. The facility was intended to fund the development of a mixed-use building comprising a health club, retail space, residential hotel (20 serviced apartments), 25 dwellings, and a two-level basement. The Monark Prime Credit Fund has provided a senior debt facility to this project.

Key Information:

Developer	APH Holdings
Balance of initial investment	\$1.3 million

Project Update

- In late 2024 the Developer (APH Holdings) went into administration.
- In March 2025, Monark stepped in as mortgagee-in-possession to facilitate a sale to a local developer.
- A contract of sale was executed and a 10% deposit paid.
- Settlement is scheduled to take place in June 2026.



PORTFOLIO REVIEW

Point Nepean Road, Rye

2123-2135 Point Nepean Road, Rye VIC

The project is designed by Cera Stribley architects and is aimed at owner-occupiers / downsizers who are seeking high quality but low maintenance beachside retreats and are priced out of the Mornington / Sorrento & Mount Martha markets. The development consists of 20 apartments and ground floor commercial/retail spaces. Monark is a shareholder in the project. The Monark Prime Credit Fund has provided a senior debt facility to this project.

Key Information:

Developer	Curtis York
Builder	Sinjen
Balance of initial investment	\$1.2 million

Project Update

- To date six out of the 20 available units have been sold, representing 36% of the project by value.
- The Developer has executed an Agreement for Lease with Snap Fitness for the entire ground floor retail space and is currently preparing documents to tender for the buildout of the space.
- Westpac has provided a Senior Debt Construction Facility with financial close occurring in December 2025.
- Jellis Craig is actively marketing the project with a full marketing campaign across several media platforms.
- Construction commenced in December 2025 with piling, earthworks and civil works now completed, and level one formwork underway.



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