



Investment opportunity overview

Capstone Income Fund
www.capstonefunds.com.au

MacDonald Capital Pty Ltd (Investment Manager, CAR Number 1292288) is a Corporate Authorised Representative of Boutique Capital Pty Ltd (AFSL508011)

2025



IMPORTANT INFORMATION

Disclaimer

This document is dated December 2025 and is issued by Boutique Capital Pty Ltd (ACN 621 697 621, AFSL 508011) ("Trustee", "we", "our" or "us") in its capacity as trustee for the Capstone Income Fund ("Fund") in association with MacDonald Capital Pty Ltd (ACN 642 520 474) ("Manager"). This IM relates to the offer of Investor and Management Units in the Fund (the "Offer").

The regulated fundraising (product disclosure statement) requirements of the Corporations Act do not apply to this Offer. The Offer under this IM can only be made to recipients who qualify as "wholesale clients" under subsection 761G(7) of the Corporations Act or as "sophisticated investors" under section 761GA of the Corporations Act (refer to the definition of "Wholesale Client" in the glossary contained in section 9). Applications for investment in the Fund can only be made via the Application Form which must be signed and sent with the other required documents. No Applications will be accepted unless Application Monies are accompanied by an original signed Application Form.

The information contained in this IM is general in nature and has been prepared without taking into account your investment objectives, financial situation or particular investment needs. Before making a decision to invest in the Fund, it is important that you read the entire IM and consult a financial adviser or consultant regarding the appropriateness of this investment for your personal circumstances. Applicants should not treat the contents of this IM as advice relating to legal, taxation or investment matters and should consult their own advisers in this regard. The Fund is subject to risks and an investment in the Fund is only suitable for experienced investors with an awareness of the nature and likely quantum of the risk factors set out in this IM. Recipients should independently verify the material contained in this IM and must rely on their own enquiries and seek professional advice as to the appropriateness, or otherwise, of an investment in the Fund and as to the accuracy and completeness of this IM.

An investment in the Fund does not represent an investment in, or liability of, the Trustee and is subject to investment risk, including loss of capital invested. Neither the Trustee, nor its directors, employees, associates or related entities, nor any other person related to the Trustee, guarantee the performance of the Fund, the repayment of capital or any particular rate of income or capital return from, or increase in the value of, the Fund's assets. You should consider the appropriateness of the information contained in this IM and the appropriateness of an investment in the Fund having regard to your objectives, financial situation and investment needs before proceeding to invest. This will include considering the risk factors that could affect the financial performance of the Fund.

No person has been authorised to make any representation or to give any information in connection with the Offer that is not contained in this IM. Any representation or information of this kind that has been provided may not be relied upon as being authorised by the Trustee in connection with the Offer. This IM has been prepared to the best of the knowledge and belief of the Trustee. The IM contains some statements of intent and opinion, many of which may or may not be realised or be accurate. The Trustee believes the information in this IM, including statements of intent and opinion, are based on reasonable assumptions. However, to the maximum extent permitted by law, neither the Trustee, nor its directors, employees, associates or related entities, nor any other person related to the Trustee, represent or warrant the accuracy or completeness of this IM, or any information contained in it, and no responsibility or liability will be accepted by the Trustee, nor its directors, employees, associates or related entities, nor any other person related to the Trustee, for any loss or damage, howsoever arising, which results from reliance in whole or in part on such matters.

No obligation is imposed upon the Trustee, nor any of its directors, employees, associates or related entities, or any other person related to the Trustee, to advise a recipient of any change to, or error in, any of the information contained in this IM.

The distribution of this IM in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This IM does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

Certain statements, beliefs and opinions contained in this document, particularly those regarding the possible or assumed future financial or other performance of entities referred to in the document, are or may be forward-looking statements. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Manager's ability to control or predict which may cause the actual results or performance of the Fund to be materially different from the results or performance expressed or implied by such forward-looking statements. Forward-looking statements are based on assumptions and are not guarantees or predictions of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved. Similarly, no representation is given that the assumptions upon which forward-looking statements may be based are reasonable. Forward-looking statements are made having regard to the Manager's reasonable expectations as at the date of this document and the Manager disclaims any obligations or undertakings to release any update of, or revisions to, any forward-looking statements in this document.

Potential investors are encouraged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to rely on the forward-looking statements. Unless as required by law, the Manager does not intend to revise any forward-looking statements to reflect new information or future events or otherwise.



SNAPSHOT OF OPPORTUNITY

A unique opportunity exists for non-bank lenders to generate outsized returns



The Opportunity

- The market for short-term flexible finance is underserved by traditional Australian banks
- By being a flexible and prompt Fund focusing on short-term loans, non-bank lenders can **realise returns at a premium** to those received by banks



Our Strategy

- The Fund's strategy is to build a diversified portfolio of real estate debt investments to generate outsized returns relative to risk
- The Fund originates and settles loans that:
 - Primarily have first-ranking security over Australian real estate assets
 - Target sectors including residential, development, bridging loans and residual stock (**no construction**)
 - Target high interest, short-term loans
 - Strong capital preservation, with **current portfolio <60% LVR** (Loan to Value Ratio)



Our Offer

- The Fund invests in this lucrative and lower risk market to deliver to investors:
 - Consistent high-yield passive income of **9% p.a. fixed return¹, paid monthly**
 - Unique security features –Management is invested 5-10% of Fund operating as **“first loss” to investor returns**, meaning their capital is at risk before other investors
 - Managed by experienced finance and debt management team with strong track record
 - Open to wholesale investors only from \$100k

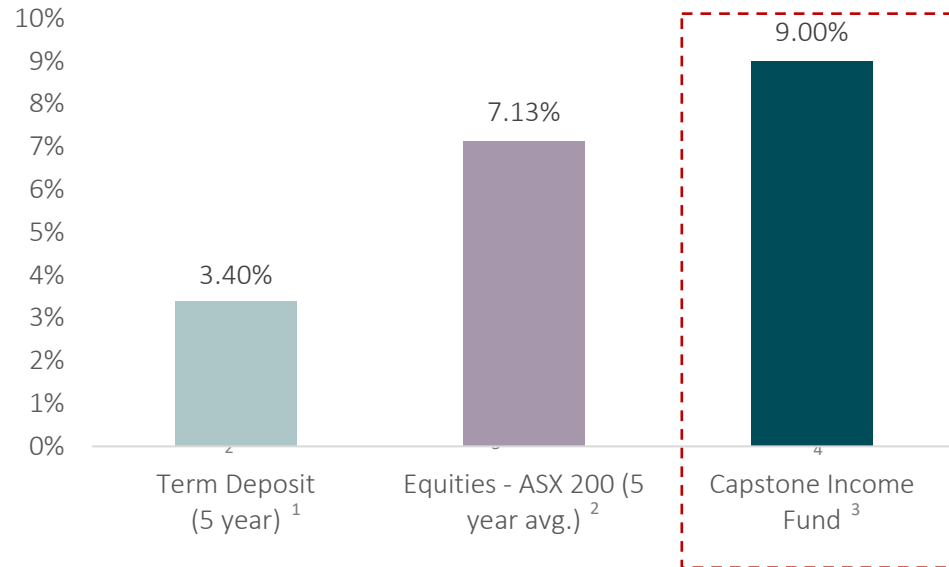
¹ Assumes distribution reinvestment. Returns are a target of the Fund and are not guaranteed. The payment of monthly cash distributions at the Target Return is a goal of the Fund.



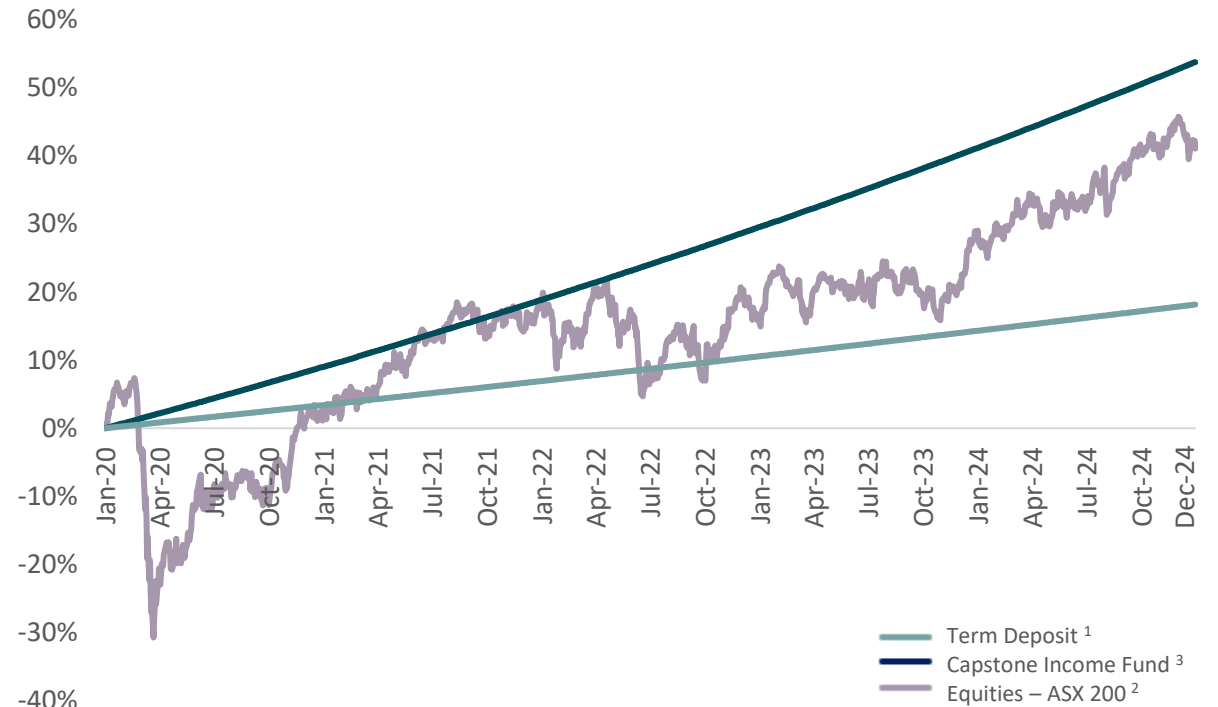
CAPSTONE INCOME FUND – RETURNS

Capstone aims to deliver greater risk adjusted returns with lower volatility than other asset classes

Yearly Returns (p.a.)



Indicative Cumulative Returns³ (5 years)



- **Capstone aims to provide superior returns to other asset classes**

- **Capstone provides a steady consistent income stream compared to equities which have volatile, uncertain returns**

¹ CBA 5-year term deposit rate as of Dec-25 (<https://www.commbank.com.au/banking/term-deposits.html>)

² ASX200 represented by the ETF IOZ.AX, compounded annual return including dividends to 31-Dec-24 (<https://au.investing.com/etfs/ishares-msci-aus200-historical-data>)

³ The Capstone Income Fund has been operating since July-23. This graph is indicative based on the 9% p.a. cumulative target return. Returns of the Fund are not guaranteed.

CAPSTONE INCOME FUND – SECURITY

Property debt funds offer unique level of security compared to other asset classes



Asset backed security

- All loans are backed by real Australian properties
- In the event of a default that cannot be remedied, the debt provider can seize and sell the property asset



Loan to Value Ratio (LVR)

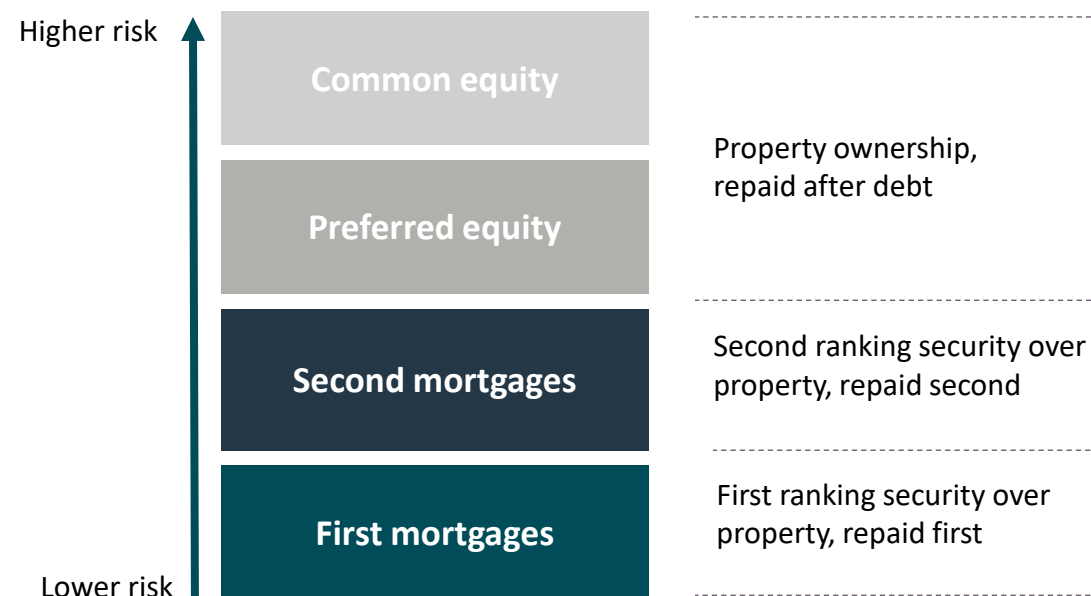
- The LVR refers to the loan value to the total property value. It is an important risk mitigation tool to ensure there is sufficient headroom to recoup investment and interest in event of a problem with the loan
- Capstone Income Fund obtains independent valuations to validate its property valuations
- The Fund's current portfolio LVR is a **conservative 60%** (i.e. there is \$100 of property value for every \$60 loaned)



Debt repaid first

- Capstone Income Fund is primarily invested in first mortgages, with first ranking security over property assets.
- In the event of a sale of the property the first mortgage holders' funds are returned first

Real estate capital structure





CAPSTONE INCOME FUND – MANAGEMENT FIRST LOSS

Capstone Management invest alongside Investors as a “first-loss” investor



Management Units

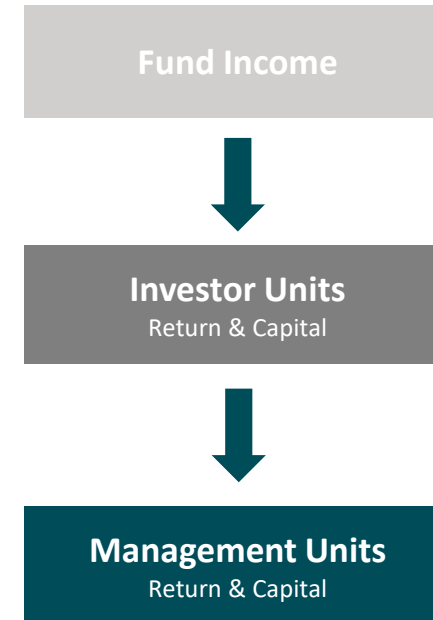
- Capstone Management are required to invest 5-10% of the total Fund
- Management Units align interest between management and investors and show Capstone’s Management commitment to the success of the Fund
- Management’s only compensation is through their return on their Management Unit Investment (the Fund has no Management Fee)



Management is First-Loss to Investors

- A unique feature of the Capstone Income Fund is that Management’s investment in the Fund is “first-loss” to investors’ capital and returns
- This means Management will not receive returns and will lose their investment first before any risk to investor returns and capital

Fund Cashflow Waterfall



- Management only receives their return after Investor returns are made
- If there is a capital loss, this is absorbed by Management Units first before any risk to Investor Capital

First-Loss Management Investment is substantial additional protection to Investor’s capital and return, unique to the Capstone Income Fund



CAPSTONE INCOME FUND – RISK MANAGEMENT

Capstone Income Fund has robust risk management processes to manage risks

Risk	Mitigations
Default: a mortgage can go into default and the borrower may or may not stop paying interest	<ul style="list-style-type: none">• A higher default interest is then charged and in the first instance the Fund will work with the borrower to find an exit (ordinarily refinancing or sale).• If a default occurs the risk of loss is mitigated by the security over real estate assets. If an exit cannot be arranged, the Fund can seize the asset and sell it to recoup the capital and interest. The Fund has first ranking security over the majority of its portfolio.
Property market risk: there is a risk that the property market may decline in value and the Fund cannot recoup its investment and interest	<ul style="list-style-type: none">• An independent valuation is sought at time of loan, a credit and market assessment is done by the team, a legal and credit due diligence is undertaken on the property and borrower, and any new loan is approved by the Investment Committee.• The Loan Value Ratio (LVR) is a key mitigant of potential property market value declines to allow significant headroom to recoup the principal and interest of the loan. The Fund specialises in short-term loans which also minimises big movements in value compared to the valuation done at loan commencement.• In addition, the Fund also receives Personal Guarantees (PGs) and General Security Agreements (GSAs) for additional security.
Due diligence risk: there may be unknown risks relating to the creditworthiness of the borrower or the value of the property	<ul style="list-style-type: none">• The Fund seeks to carry out all appropriate due diligence on its investments and also engages third parties to assist (e.g. independent property valuers to perform valuation and legal counsel to perform credit and security checks). Due diligence relates to the property and the borrowers and includes, but is not limited to, independent valuation, property encumbrances, credit worthiness, assets and liabilities, outstanding tax, anti-money laundering, identification checks etc.
Diversification: concentration in a few assets may lead to over-exposure to certain loans	<ul style="list-style-type: none">• There is a diversification mandate in the Fund for any one loan to be max 20-30% of the Fund depending on its asset class. This mitigation is to ensure risk is spread across a portfolio of diverse assets.
Liquidity: liquidity risk occurs when there is insufficient cash available in the Fund to pay investor returns or fund redemptions	<ul style="list-style-type: none">• The Fund is required to have robust cash management processes in order to meet its monthly distribution requirements to investors. This is further protected by the Management 'first loss' provision.• Investors can redeem at any time subject to the cash liquidity of the Fund. The Fund maintains a level of cash liquidity in its bank and has loans returning each month that can be used to fund redemptions. The size of the redemption will impact the timeframe to process.
Deployment risk: there is a risk that the Fund's portfolio is not fully or constantly deployed	<ul style="list-style-type: none">• This is a risk only to investor returns, not capital investment. This is managed by having a robust broker network and repeat borrowers to have an extensive pipeline of investment opportunities. Any risk to investor returns is further mitigated by the Management 'first loss' provision as Management capital is at risk before investors' capital.



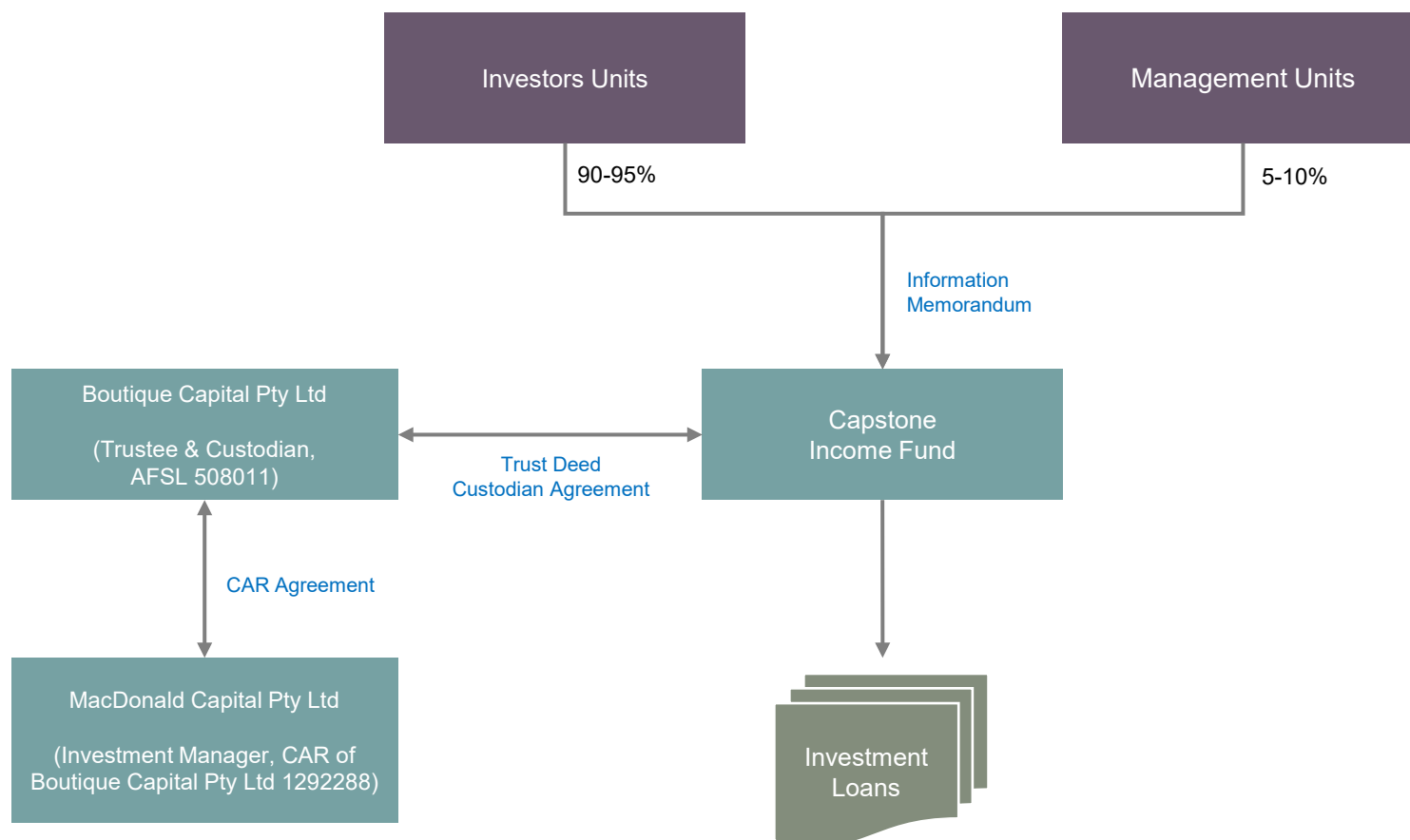
FUND KEY TERMS

Fund name	<ul style="list-style-type: none">• Capstone Income Fund (the “Fund”)
Manager	<ul style="list-style-type: none">• MacDonald Capital Pty Ltd (ACN 642 520 474) (the “Manager”)
Trustee	<ul style="list-style-type: none">• Boutique Capital Pty Ltd (ACN 621 697 621, AFSL 508011) (the “Trustee” and AFSL provider)
Custodian	<ul style="list-style-type: none">• Boutique Capital Pty Ltd (ACN 621 697 621, AFSL 508011) (the “Custodian”)
Investment type	<ul style="list-style-type: none">• A unit trust offering recurring income returns
Structure	<ul style="list-style-type: none">• Single Australian-domiciled open ended unit trust• Two classes of Units, Investor Units (90-95%) and Management Units (5-10%)
Investment objective	<ul style="list-style-type: none">• The Fund’s Investment Objective is to achieve a fixed annualised total return to Investor Unitholders of 9.0% (net of expenses), and provide monthly cash income, capital preservation and portfolio diversification. This is a Target Return and this return is not guaranteed.• Investor Unitholder return of 9.0% p.a. is paid in preference to Management Unit returns• Investor Unitholder capital is returned in preference to Management Unit capital• In this way Management Units are fully subordinated to Investor Units where Management Units take first loss, aligning interests between Management Units and Investor Units and providing Investor Unitholders a unique capital preservation feature
Investment strategy	<ul style="list-style-type: none">• The Manager seeks to invest the Fund’s capital into a diversified portfolio of Investment Loans, where each loan has Australian property assets as security• All Investment Loans have an LVR equal to or lower than 75%• The majority of the loans will be registered first mortgages
Minimum application amount	<ul style="list-style-type: none">• AUD \$100,000
Redemptions	<ul style="list-style-type: none">• There is no lock-up period. Investors can make redemption request at any time which will be paid monthly, subject to cash availability of the Fund. If a redemption request is made then no new investments may be made by the Fund until the outstanding redemption requests have been fulfilled.
Risks	<ul style="list-style-type: none">• An investment in the Fund is subject to risks including possible delays in deployment, payment and loss of capital invested
Reporting	<ul style="list-style-type: none">• The following reports will be provided to all unitholders: (i) a quarterly report with key Fund performance information; and (ii) Annual tax statements
Distributions	<ul style="list-style-type: none">• The Manager intends to make distributions of net income monthly. Investor Units have the option to have distributions reinvested in Investor Units rather than paid in cash on the distribution date.
Management fees	<ul style="list-style-type: none">• No management fee. Management will only receive compensation on the return of their Management Units that have been invested alongside Investor Units.



FUND STRUCTURE

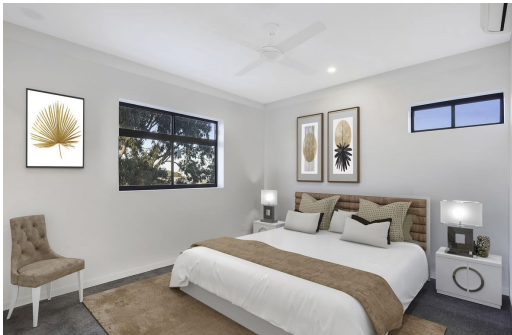
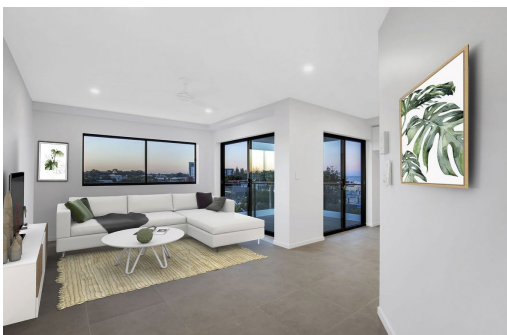
Bespoke structure to enhance capital preservation and align interests of Investors and Fund Managers



- Investors Units are **preferred** to Management Units (i.e. Investor Units gets distributions and capital returned before Management Units)
- Investor Units receive a fixed target return of **9.0% p.a.** for the life of the Fund¹
- All assets of the Fund are held by a third-party custodian (Boutique Capital Pty Ltd) ensuring assets are secure and the investments made by the Fund are within the defined investment criteria.
- Capstone Income Fund acts under the compliance and regulatory framework of an Australian Financial Services Licence (AFSL)



INVESTMENT LOAN EXAMPLE – REDCLIFFE



Description

- An established boutique property developer recently completed 14 lifestyle units with a ground floor commercial space in Redcliffe, QLD, 39km from the Brisbane CBD.
- Post construction, the property developer was seeking to refinance from their higher interest rate construction loan, to a short-term residual stock loan while they complete sale of the completed units

Loan Type

- Residual stock, established residential

Loan Security

- First mortgage - 4 residential units and one ground floor retail unit
- General Security Agreement (GSA) - over all the borrowing entities assets
- Personal Guarantee (PG) - over the director of the borrowing entity

Security Value

- \$3,950,000

Loan Value

- \$2,610,000

LVR

- 66%

Loan Tenor

- 12 months

Interest

- Prepaid for three months, paid monthly in advance thereafter

Exit Strategy

- Sale of security properties.
- Three of the security properties had exchanged contracts at the time of the loan, and were then waiting on the final settlement to occur for most of the loan to be repaid. The remaining two properties are being marketed for sale and are expected to exchange contracts within 3-6 months.



INVESTMENT CRITERIA

Investment loans will satisfy the following criteria:

Defined Investment Criteria*	1st Mortgage Land, Residential, Commercial	1st Mortgage Development	2nd Mortgage / Caveat Land, Residential, Commercial
Eligible Security	Residential, Commercial, Land	Residential, Commercial, Land	Residential, Commercial, Land
Security Ranking	1st Mortgage	1st Mortgage	2nd Mortgage / Caveat
Additional Security	GSA & Personal Guarantee	GSA & Personal Guarantee	GSA & Personal Guarantee
Loan Types	Non-coded (corporate)	Non-coded (corporate)	Non-coded (corporate)
Loan Purpose	Refinance, property purchase, equity release, preparation for development	Property Development	Refinance, property purchase, equity release, preparation for development
Loan Amount – Max**	Max 30% of fund in any one loan	Max 20% of fund in any one loan	Max 20% of fund in any one loan
Loan Term	2 months to 36 months	2 months to 36 months	2 months to 36 months
Security Ratio - Max	75% LVR	65% GRV (Gross Realisable Value)	75% LVR

Target Investment Criteria	Fund-Wide Target
Portfolio LVR – Target Ratio	65% - 70%
Current LVR (May-25)	<60%
2 nd Mortgage – Target Percentage	0% - 25%
Current 2 nd Mortgage Percent (Dec-25)	14%

* Periodically assessed by Investment Manager and adjusted if required to remain market competitive

** At time of loan settlement. Applicable after the first year of the Fund's operation.



MANAGEMENT TRACK RECORD

The Capstone Income Fund has MacDonald Capital as the Investment Manager – a fund manager with an established track record

- MacDonald Capital has been undertaking the origination, settlement and monitoring of a portfolio of investment loans for 8 years and sees a strong pipeline of investment opportunities into the medium term.
- MacDonald Capital is the investment manager of the Vantage Point Credit Partners fund, which has been a successfully operating mortgage fund for the past 4 years.
- MacDonald Capital has developed extensive commercial arrangements and relationships within the Australian investment loans industry and has a history of deploying capital into high quality investment loans secured against real estate, providing strong risk-adjusted returns of >9% with a weighted average LVR of ~61% and no instances of losses of capital.
- MacDonald Capital's principals are committed to investing and holding at least 5-10% of the issued units in the Fund ("Management Units") as true "skin in the game" alongside Investor Unitholders.
- All loans require the unanimous approval of the Capstone Income Fund's investment committee with a formal credit process and detailed analysis undertaken for each investment loan.



INVESTMENT TEAM

Capstone Fund's team is experienced in project finance, lending, risk management and deals



**Fund Manager,
Corporate Authorised
Representative**



Alexander MacDonald
Director

Alex's background is infrastructure and property development advisory and investment banking.



Frances MacDonald
Director

Frances' background is strategy, M&A, corporate planning and governance.



Jarrod Brown
Advisor

Jarrod's background is 30 years in wealth and funds management across banking and private credit.



Shane Burns
Chief Financial Officer

Shane is an Australian tax and accounting expert, acting as the group's CFO.



**Our Trusted Partner,
Custodian &
Administrator**



Peter Nash
AFSL Responsible Manager
Peter's background is in financial services, product and risk.



Sarah Poulos
Finance Manager
Sarah is an experienced CFO and Chartered Accountant.



Justin Smith
Compliance Program
Justin's background specialises in financial risk and compliance.



Divya Vengali
Senior Accountant
Divya is a Certified Public Accountant.

