



# SJH HOTEL FUND INFORMATION MEMORANDUM

7 April 2021

**Trustee** Vasco Trustees Limited ACN 138 715 009 AFSL 344486

**Investment Manager** SJH Hospitality Fund Pty Ltd ACN 613 625 700

**Administration Manager** Vasco Fund Services Pty Ltd ACN 610 512 331



## IMPORTANT INFORMATION

This Information Memorandum (IM) is dated 7 April 2021.

This IM details the features, benefits, risks and general information about the SJH Hotel Fund (**Fund**).

The trustee for the Fund and issuer of this IM is Vasco Trustees Limited ACN 138 715 009 AFSL number 344486 (**Trustee** or **Vasco** or **Issuer**).

The Trustee has appointed SJH Hospitality Fund Pty Ltd ACN 613 625 700 (**Investment Manager**) as the investment manager of the Fund.

The Investment Manager is a corporate authorised representative (No. 001277594) of D H Flinders Pty Ltd ACN 141 601 596 AFSL number 353001 (**D H Flinders**). The Investment Manager has been authorised by D H Flinders to only provide the financial services required in its role as investment manager of the Fund and not in relation to any other fund or financial services.

The Trustee has also appointed Vasco Fund Services Pty Limited ACN 610 512 331 (**Administration Manager**) as the administration manager of the Fund.

By accepting this IM, the recipient agrees to be bound by the terms and conditions set out in this IM.

### *Retirement and replacement of trustee*

Investors are advised that due to a proposed restructure within the Vasco group, the Trustee is expected to be replaced by Vasco Custodians Pty Ltd a related party of the existing Trustee in due course.

### *COVID-19*

The Covid-19 pandemic has had a significant effect on the hospitality industry, including the assets of the Fund. Please read the risks statement contained in section 8.1 of this IM. None of the Trustee, Investment Manager or the Administration Manager guarantees the repayment of investments or the performance of the Fund. We strongly recommend that Investors obtain independent financial advice before investing in the Fund.

## UNIT CLASSES

The Trustee of the Fund may issue Units in different Unit Classes which offer investors different rights, features or benefits.

Where relevant, the specific information of a Unit Class that may differ from, or elaborate on, the information contained in this IM will be set out in the relevant Supplementary Information Memorandum.

Currently the Fund has one additional Unit Class in issuance, being a Preference Unit Class. Section 2.5 of the IM contains more information about these Units.

The terms of this IM only relate to the purchase of Ordinary Units in the Fund.

## GLOSSARY

Certain capitalised words and expressions used in this IM are defined in the Glossary. All references to dollar amounts in this IM are to Australian Dollars (**AUD**), unless otherwise stated.

## IMAGES

Any images in this IM do not depict assets of the Fund unless otherwise indicated.

## UPDATED INFORMATION

Information in this IM may change. Updated information regarding this IM will be made available on the Trustee's website or otherwise by issuance of a replacement or supplementary information memorandum published on the Trustee's website at [www.vascofm.com](http://www.vascofm.com)

## QUESTIONS

Any questions regarding this IM should be directed to the Investment Manager on +61 415 508 600 or the Trustee on +613 8352 7120 or at [info@vascofm.com](mailto:info@vascofm.com) or at Level 5, 488 Bourke Street, Melbourne, Victoria, 3000, Australia.

## ASIC

This IM has not been lodged with ASIC and ASIC takes no responsibility for the content of this IM.

## RESTRICTIONS ON DISTRIBUTION

This IM does not constitute, and may not be used for the purposes of, an offer of units or an invitation to apply to participate in the Fund by any person in any jurisdiction in which such offer or invitation is not authorised or in which the person endeavouring to make such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or invitation.

No action has been taken to register or qualify interests in the Fund, the invitation to participate in the Fund, or to otherwise permit any public offering of Fund interests in any jurisdiction other than Australia and Singapore.

It is the responsibility of prospective Investors to satisfy themselves as to full compliance with the relevant laws and regulations of any territory in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consent and adhering to any other formality prescribed in such territory.

By receiving and viewing this IM, the recipient is warranting that they are legally entitled to do so and the securities laws of their relevant jurisdiction do not prohibit them from acquiring interests in the Fund. Further, the person receiving and viewing this IM from the Issuer warrants that, if they reside in Australia, they are a wholesale client as defined in section 761G of the Corporations Act and, if they reside in Singapore, they are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act (collectively, “Qualifying Investors”).

## INVESTORS FROM AUSTRALIA

With respect to Australian jurisdiction, this IM has been prepared on the basis that prospective Investors are wholesale clients or sophisticated investors, not retail clients (all within the meaning of the Corporations Act). Accordingly, this IM is not a product disclosure statement and does not contain all of the information that would be included in a product disclosure statement issued under the Corporations Act.

## INVESTORS FROM SINGAPORE

With respect to Singaporean jurisdiction, this IM has been prepared on the basis that prospective Investors are also accredited investors or certain other persons prescribed under s305 of the Securities and Futures Act. Accordingly, this scheme is not authorised or recognised by the Monetary Authority of Singapore and Units in this scheme are not allowed to be offered to the retail public.

Further, this IM is not a prospectus as defined in the Securities and Futures Act and, accordingly, statutory liability under the Securities and Futures Act in relation to the content of prospectuses does not apply, and the offered should consider carefully whether the investment is suitable for them.

The Issuer is regulated by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001 (Cth). ASIC is located at 120 Collins Street, Melbourne VIC 3000, Australia and can be contacted on 1300 300 630.

## INDEMNITY

Vasco Trustees, as the Trustee of the Fund, is indemnified out of the Fund against all liabilities incurred by it in performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Trustee. Subject to the law, Vasco Trustees may retain or pay out from the assets of the Fund any sum necessary to affect such an indemnity.

## INVESTOR TO UNDERTAKE OWN DUE DILIGENCE

Information contained in this IM has been provided to prospective Investors to assist them to make an assessment of whether or not to invest in the Fund. In relation to the information contained in this IM, the Trustee, Investment Manager, Administration Manager, or their related parties, officers, employees, consultants, advisers or agents do not warrant or represent that:

- all information which is relevant to the making of an investment in the Fund has been provided in this IM;
- all information provided under this IM is accurate or correct or does not contain misleading or deceptive statements.

Whilst the Investment Manager has undertaken due diligence in relation to the Fund and the information which has been presented in this IM, it is possible that due to factors such as the passage of time or the uncertainty in forecast details that the information contained in this IM may be inaccurate at the date of release of the IM or at a later time.

**None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents have carried out an independent audit or independently verified any of the information contained in this IM. The Trustee has not sought to verify any statements contained in this IM about the investments proposed by the Investment Manager, the Investment Manager's business or the business of any other parties named in this IM.**

Prospective investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. In addition, prospective investors should read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this IM.

To the maximum extent permitted under the law, the Trustee disclaims any liability arising from any information provided in the IM.

By making an investment in the Fund, an investor warrants and represents to the Trustee that they have undertaken their own due diligence in relation to investment in the Fund, including without limitation, in relation to the structure of the Fund, its investments and the likelihood of returns from the Fund.

## IMPORTANT WARNING STATEMENTS

### *No performance guarantee*

None of the Investment Manager, the Trustee, Administration Manager, nor their associates or directors or any other person guarantees the performance or success of the Fund, the repayment of capital invested in the Fund or any particular rate of return on investments in the Fund.

There can be no assurance that the Fund will achieve results that are comparable to the track record of the Trustee or Investment Manager and their advisers 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 Trustee, the Investment Manager, the Administration Manager, or any of their associates.

An investment in the Fund is subject to investment risks which are described in Section 7 of this IM, 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 approved deposit taking institution (ADI).

Prospective Investors should read the whole of this IM before making a decision about whether to invest in the Fund. The information contained in this IM is general information only and not personal financial product advice and therefore does not take into account the individual objectives, financial situation, needs or circumstances of investors.

Past performance should not be perceived as an indication of future performance as returns are variable and may be lower than expected.

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

Should it be required to protect all investments in the Fund, the Trustee, may use its discretion to delay or suspend redemptions from the Fund.

Investors should refer to Section 4.5 under the heading "Redemptions" for details of the withdrawal rights.



## ***No representation other than this IM***

Except where expressly disclosed, the information contained in the IM has not been independently verified or audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Trustee or Investment Manager and their advisers as to the accuracy or completeness of any part of this IM, nor will they have any responsibility to update or supplement this IM.

No person is authorised to give any information or to make any representation in connection with the Offer of Units in the Fund described in this IM, which is not in this IM. This IM supersedes any prior IM or marketing materials given prior to the issue of the IM to the extent of any inconsistency. Any information or representation in relation to the Offer of Units in the Fund described in this IM not contained in this IM may not be relied upon as having been authorised by the Trustee, the Investment Manager or their advisers.

## **FORWARD LOOKING STATEMENTS**

Certain information contained in this IM constitutes “forward-looking statements” that can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “target,” “intend,” “continue,” or “believe” or the negatives thereof or other variations thereon or comparable terminology.

Furthermore, any projections or other estimates in this IM, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change.

Due to various risks and uncertainties, including those set forth under “Risks” in Section 8, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

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

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

## **CONFIDENTIALITY**

Neither this IM nor any other information provided by the Trustee or Investment Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Trustee is obtained. Any reproduction of all or part of this IM is strictly prohibited without the written consent of the Trustee. In the event that the recipient does not participate in the Fund, this IM, along with all related materials, must be returned to the Trustee immediately upon demand.

## **SUMMARY OF KEY DOCUMENTS ONLY**

This IM contains a summary of the terms of the Fund and certain other documents. However, prospective Investors should refer to the complete legal documentation for the Fund (available upon request from the Trustee). Investments in the Fund are governed by the Constitution for the Fund and associated documents and nothing in this IM limits or qualifies the powers and discretions conferred upon the Trustee and Investment Manager under those documents. This IM 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 IM, then the Constitution and associated documents will prevail to the extent of the inconsistency.

## **INDEPENDENT FINANCIAL ADVICE**

You should obtain independent professional advice specific to your circumstances and requirements from a licensed investment advisor.





The Kent Hotel



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# 1. KEY FEATURES

The table below is only a summary of the key features of an investment in the Fund. It is not intended to be exhaustive. You must read the whole of this IM to obtain more detailed information before making a decision to invest in the Fund.

This IM details the features, benefits, risks and general information about an investment in the Fund.

Feature	Description	Further Details
Trustee	Vasco Trustees Limited. Vasco Custodians Pty Ltd, a related party of the current trustee is expected to be appointed trustee during 2021.	5.2
Investment Manager	SJH Hospitality Fund Pty Ltd	5.1
Administration Manager	Vasco Fund Services Pty Ltd	5.2
Investment structure	The Fund is an open-ended unlisted unregistered managed investment scheme structured as a unit trust. The Fund provides Investors with an opportunity to acquire Units in the Fund which entitles them to returns (primarily income distributions, dividend income and capital gains) generated by the Fund.	2.2
Investment Strategy	The Fund invests via special-purposes vehicles ( <b>Hotel Trusts</b> ) in hotel real estate and businesses that operate hotels. The Hotel Trusts will be controlled and operated by entities related to the Investment Manager.	2
Targeted Return	<p>The Investment Manager is targeting an income return to Investors of approximately 7.5% per annum over the medium to long term (after all fees and expenses but before withholding tax payable by foreign resident Investors).</p> <p>Investors should note that the Fund's return, which includes distributions declared and movements in unit price, for the 12 month period to 31 December 2020 has been -7.67% on equity invested. The Investment Manager considers this negative return a reflection of the impact of COVID-19 and expects that returns will stabilise this year.</p> <p>Investors will also be exposed to movements in the capital value of the Hotels.</p> <p>This is a targeted return only and is not a forecast or a guaranteed return.</p>	4.1
Minimum Investment Amount	\$50,000 subject to the Trustee's discretion to accept lesser initial or additional amounts for new investors	-



Feature	Description	Further Details
Maximum Fund Size	There is no maximum fund size	-
Issue of Units	Units will ordinarily be issued within 10 Business Days of the end of the month in which a completed Application and the investment amount are received. However, where the Trustee is waiting on valuation information, such as at the end of any calendar quarter, it may take up to 90 days before issuance of Units is finalised.	4.2
Distributions	Quarterly, subject to the available liquidity.	4.5
Redemptions	An investment in the Fund should be considered illiquid. Only where liquidity is available will the Trustee honor Withdrawal Requests pro-rata on a quarterly basis. There is no minimum investment term.	4.4
Qualifying Investors	The Offer is only available to persons who, if they reside in Australia, are a wholesale client as defined in the Corporations Act and, if they reside in Singapore, are an accredited investor or certain other person prescribed under section 305 of the Securities and Futures Act.	4.7
Entry and exit fees	There are no entry or exit fees, but there is a buy/sell spread.	6.1
Buy and sell spreads	The current buy spread factored into the Application Price is 5.25%. The current sell spread factored into the redemption price is 3.02%. The buy and sell spreads may be updated from time to time and are published by notice by the Trustee.	6.1
Fees and Costs	There are Fees and Costs payable in relation to the management of the Fund, which are outlined in detail in Section 7.1. The Investment Manager, Trustee and Administration Manager are entitled to receive fees for their respective services to the Fund. The Investment Manager will also earn fees through its control of related parties which own and operate the Hotel Assets.	6.1
Borrowings	The Fund (as at 31 January 2021) has an LVR of 54.69%, with borrowings cross collateralised against the assets of each Hotel Trust. Current Fund borrowings (as at 31 January 2021) are \$20,701,627 in total.	2.6
Risks	It is important that you read and consider the risks associated with and investment in the Fund before deciding whether to invest. For example, distributions or capital returns are not guaranteed.	7

## 2. INVESTMENT STRATEGY

### 2.1 FUND STRUCTURE

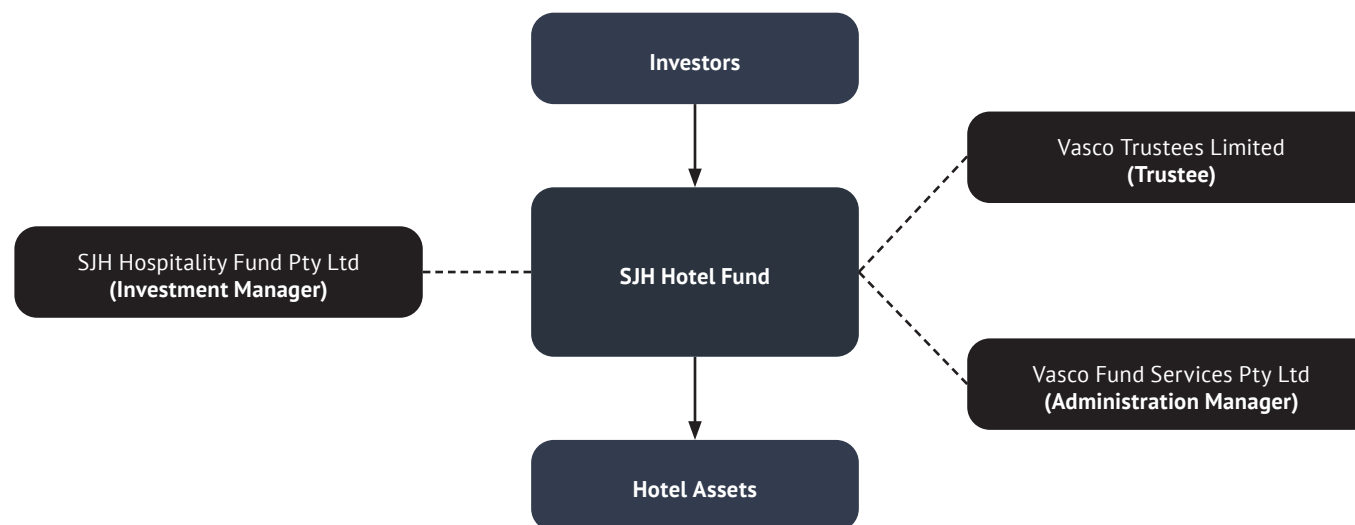
Legally, the Fund is an unlisted, unregistered managed investment scheme structured as a unit trust and established by a Constitution dated 21 July 2016 (as amended from time to time) which regulates the relationship between the Trustee and Investors.

Vasco Trustees Limited is the trustee of the Fund (**Trustee**). The Trustee replaced SJH Hospitality Fund Pty Ltd as trustee of the Fund on 18 October 2019.

The Trustee has appointed SJH Hospitality Fund Pty Ltd (**Investment Manager**) as the Fund's investment manager, having responsibility for managing the Fund's investments.

The Trustee has also appointed Vasco Fund Services Pty Limited as the Fund's administration manager, having responsibility for, among other things, processing applications and fund accounting.

The following diagram illustrates the structure of the Fund and relevant parties involved:



## 2.2 INVESTMENT STRUCTURE

The Fund currently invests via special-purposes vehicles (**Hotel Trusts**) in hotel real estate and businesses that operate hotels and related hospitality businesses in Australia.

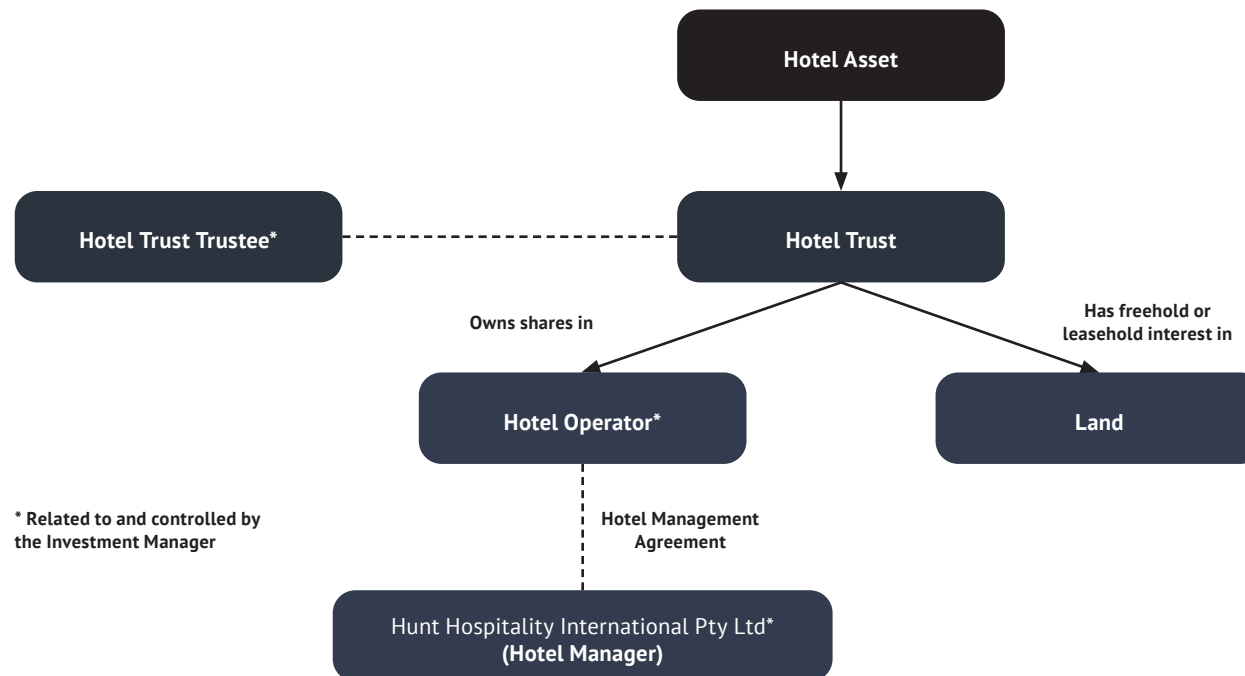
It is intended that each Hotel Trust will own or take a lease on the land on which the respective hotels are situated as well as own all the shares of a separate company (**Hotel Operator**) that owns the individual hotel business.

Each Hotel Operator has appointed Hunt Hospitality International Pty Ltd (**Hotel Manager**) to run and operate each hotel.

The trustee of each Hotel Trust (**Hotel Trust Trustee**) will be a company owned by the Fund and controlled by related parties of the Trustee. The Hotel Operators and Hotel Managers are also expected to all be related parties of the Investment Manager. A separate Hotel Trust will be established for each set of Hotel Assets, being the land and hotel business owned by the Hotel Operator.

The Hotel Trust Trustee, the Hotel Operator and the Hotel Manager are related parties of the Investment Manager.

The following diagram illustrates the structure of the Fund's investment in each of the Hotel Assets:



## 2.3 INVESTMENTS

The Fund currently owns 100% of the issued units in three Hotel Trusts that own the following businesses:

- The Kent Hotel
- Duke of Wellington Hotel
- Sea Breeze Hotel

The Fund also owns 100% of the issued shared capital of the Hotel Trust Trustees.

The Hotel Trusts for the Kent Hotel and Duke of Wellington Hotel also own the land on which the hotels are situated. The Hotel Trust for the Sea Breeze Hotel has a 25 years lease (with 23 years remaining) over the land on which the Sea Breeze Hotel is situated.

The Fund has previously invested in the following trusts:

- Lakeside Village Tavern Unit Trust – the hotel was sold 11/11/19 and is now dormant

Each of these Hotel Trusts and are described in further detail in Section 4.

## 2.4 INVESTMENT GUIDELINES

***The Investment Manager has provided the below summary of their Investment Guidelines. This information has not been independently verified by the Trustee and Investors are advised to undertake their own due diligence prior to investing in the Fund.***

### *Scope*

The Investment Manager adopts a strategy, when possible, of obtaining interests in the land on which hotel and hospitality businesses are conducted to maximise the level of control it has over the operation of the business, along with the potential for capital growth on the underlying property. The investment criteria of any prospective purchase includes:

- Investing in establishments which amalgamate food and beverage, gaming and accommodation or ensuring the portfolio of the Fund is spread across a sufficiently broad range of establishments, exposing it to each of the above streams of revenue.
- Ensuring the interests in the businesses it acquires are in areas which it thinks are amenable to drawing patronage for entertainment or other purposes, including but not limited to thoroughfares in Australian metropolitan or rural hubs.

### *Preliminary Market Study and Appraisal*

The Investment Manager's focus is on assets that are already performing well, but where they believe that their scale and systems will improve the profitability of the business.

The Investment Manager adopts a multi factor model when assessing a business which focuses on a venues' potential, complexity, personnel and risk (including regulatory risk).

Financial due diligence is undertaken on any potential venue and independent valuations are sought prior to purchase.

### *Property and Site Selection*

The Investment Manager targets venues which possess the following characteristics:

- Location – venues positioned on the high side of the street;
- Growth potential – there are opportunities to target customers in the area to increase market share;
- Car parking – current and future options;
- Barriers – the Investment Manager will screen out properties which face significant barriers to success.

### *Investment Process*

Generally an asset will be presented to the Investment Manager by a hotel broker who is instrumental in the negotiations between the vendor and the legal team of the Investment Manager.

Potential acquisitions are reviewed regularly, through on and off market discussions with agents and vendors. It is the Fund's aim to constantly review and if possible purchase new assets and sell under performing ones and or assets that have reached maximum potential without requiring major capital expenditure.

## 2.5 CHANGE IN CAPITAL STRUCTURE OF THE FUND AND ISSUANCE OF PREFERENCE UNITS

As disclosed in an earlier supplementary information memorandum, in order to complete the purchase of the



Kent Hotel and to undertake targeted capital expenditure on its hotel assets, the Investment Manager formed the view that it was desirable for the Trustee to issue a new class of Units in order to secure additional investment into the Fund: An amount of \$2,050,000 was invested into the Fund by way of a new class of preference Units (**Preference Units**).

Such investors were deemed to be Preference Unit investors.

The class of Preference Units have rights and obligations including the following:

- They will be entitled to a cumulative distribution of up to 12% p.a. (after fees and expenses) for the period in which the Preference Units are in issue. Any unpaid distributions carry forward to subsequent distribution periods until paid. The terms of the Preference Units permit accelerated payment of a distribution entitlement.
- Since November 2020 the Trustee has had the right to redeem the Preference Units at their issue price, plus any accrued and unpaid distribution by notice to the Preference Unit holder.
- Since 1 January 2021, the Preference Unit Holders can elect for the Preference Units to be converted to ordinary Units on a one-to-one basis (i.e. one Preference Unit converts into one ordinary Unit), except if Unit Price of ordinary Units is less than \$1.3865 in which case Preference Units will convert at the higher resulting conversion ratio resulting in more than one ordinary unit being issued for each preference unit.
- The Preference Units have preference on a return of capital and income over all other classes of Units.

The Investment Manager determined the rate of distribution for the Preference Units after going to market and seeking suitable alternative financing arrangements to

purchase the Kent Hotel.

Distributions for ordinary Investors will be determined after the Preference Units distribution. That is to say each ordinary Unit will be entitled to a pro rata part of the remaining part of each distribution (i.e after the Preference Units distribution) based on the number of ordinary Units held.

## 2.6 BORROWINGS

The Fund may borrow up to a maximum loan-to-value ratio (**LVR**) of 60% of the Fund's gross asset value. Any one or more of the Fund's assets may be used to secure any loan.

The Fund (as at 31 January 2021) has an LVR of 54.69%, with the borrowings cross-collateralised against all of the Hotel Assets. As at 31 January 2021, the Fund has a total debt facility of \$20,701,627 across a number of loan facilities (**Loan Facility**). The Loan Facility is due to be refinanced in November 2022.

## 2.7 VALUATION POLICY

The Trustee maintains and complies with a written valuation policy which is reviewed at least every three years or as market circumstances dictate. This policy may be updated from time to time and is available upon request.

## 2.8 INVESTING SURPLUS FUNDS

From time to time the Fund may have excess capital which is not immediately required or able to be suitably invested

or funds which are being held pending distribution to Investors. In those circumstances the Trustee may invest those funds in cash and cash equivalents (i.e. term deposits offered by ADIs) or such other similar creditworthy and liquid investments as determined by the Investment Manager from time to time.

## 2.8 FUTURE INVESTMENT PLANS

The Investment Manager anticipates generating future capital growth for the Fund through further capital expenditure and the targeted acquisition of new hotels or the sale of existing Hotel Assets.

The Investment Manager will also continuously look for operational improvements.

The Investment Manager will consider a range of factors in determining their future investment strategy, including the Fund's existing structural position, competition, future growth opportunities, customer demographics, development applications/planning permission lodged in the suburbs, town planning, and existing operational opportunities.

Capital for future acquisitions is expected to be raised through a blend of means, including additional investment into the Fund by existing Investors, new Investors, and the sale of existing Hotel Assets.

The Investment Manager will consider selling existing Hotel Assets where it considers the appropriate opportunity to do so to be in the best interest of the Fund, at its discretion, in order to realise expected capital gains or manage underperforming assets.

## 3. CURRENT PORTFOLIO

### 3.1 EXISTING ASSETS

The Fund currently owns 100% of the issued units in three Hotel Trusts, each of which owns or has a lease in the land on which the relevant hotel sits and the businesses which operates each hotel. The Fund also owns 100% of the issued share capital of the Hotel Trust Trustees.

The Fund also owns all of the units in the Lakeside Village Tavern Unit Trust, which previously owned and operated the Lakeside Village Tavern. This business was sold in November 2019 and it is anticipated that the Lakeside Village Tavern Unit Trust will also be wound up.

This information is current as at the date of this IM. The Investment Manager expects the Fund's portfolio to change over time, as they seek additional investment opportunities or look to realise assets to generate returns to Investors and purchase other assets. For up-to-date information about the Fund's portfolio, contact the Investment Manager.





Location	59-61 Beaumont St, Hamilton NSW 2303
Description	<p>Venue features include a public bar, TAB, gaming room, smoking solutions, bistro, bistro kitchen, office, store room, male, female and disabled amenities. Second story bar, courtyard and balcony</p> <p>Attached to council car park for over 50 cars. Adjacent to a suburban shopping precinct, close to train station, entertainment center and horse racing track and football stadium</p> <p>24 poker machine entitlements</p> <p>3am liquor license 6 days per week, 10-midnight Sunday</p> <p>Multiple AHA Award for Excellence Nominee and winner</p>
Fund's interest	The Fund owns all of the shares in the Hotel Unit Trust Trustee and all of the units in the Hotel Trust. The Hotel trust owns the land on which the Kent Hotel is located, as well as all the shares in the hotel Operator which owns the hotel business. The Hotel Operator has appointed the hotel Manager to run the business operations of the Kent Hotel.
Hotel Trust Trustee	KHUT Pty Ltd ACN 626706536
Hotel Trust	Kent Hotel Unit Trust
Hotel Operator	Kent Hotel (NSW) Pty Ltd ACN 626741517
Hotel Manager	Hunt Hospitality International Pty Ltd
Valuation	Last valued at \$23.7m (as at 30th June 2020)

# THE KENT



Location	69 Regent Street, New Lambton NSW 2305
Description	<p>Venue features include a high street location, public bar, TAB, gaming room, smoking solution, bistro kitchen, office, storeroom and male, female and disabled amenities.</p> <p>Capacity to host functions with over 80 attendees</p> <p>7 accommodation rooms</p> <p>24 Poker machine entitlements (9 leased)</p> <p>Latest gaming software and hardware</p> <p>Multiple AHA Award for Excellence Nominee.</p>
Fund's interest	The Fund owns all of shares in the Hotel Trust Trustee and all of the units in the Hotel Trust. The Hotel Trust owns the land on which the Duke of Wellington Hotel is located as well as all the shares in the Hotel Operator who owns the hotel business. The Hotel Operator has appointed the Hotel Manager to run the business operations of the Duke of Wellington Hotel.
Hotel Trust Trustee	DOWUT Pty Ltd ACN 613 862 310
Hotel Trust	Duke of Wellington Unit Trust
Hotel Operator	Duke of Wellington Hotel (NSW) Pty Ltd
Hotel Manager	Hunt Hospitality International Pty Ltd
Valuation	Last valued at \$9.75m (as at 30 June 2020)

the duke  
OF WELLINGTON

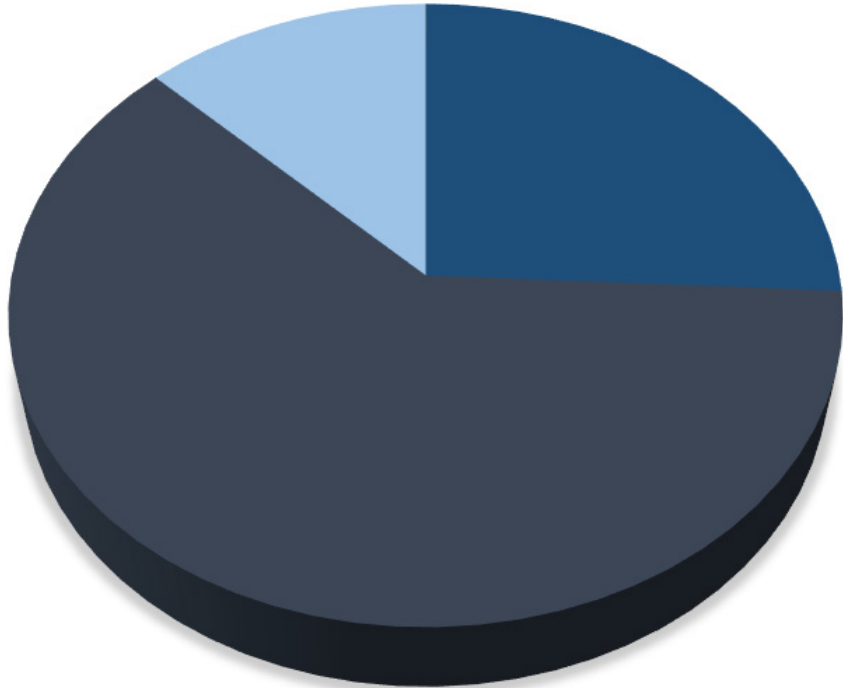







Location	1 Stockton St, Nelson Bay NSW 2315
Description	<p>Prominent 3,181sqm retail site with corner positioning in the built-up waterfront township of Nelson Bay – strong permanent population that swells during the spring and summer months.</p> <p>50 on site carparks</p> <p>17 poker machine entitlements</p> <p>Latest gaming software and hardware</p> <p>Midnight liquor licence</p> <p>17 motel rooms with ensuites</p> <p>2 executive suits with water views</p> <p>100 seat restaurant</p> <p>Public Bar</p> <p>Tab</p> <p>Drive Through Bottleshop</p> <p>Veranda overlooking Nelson Bay and Marina</p>
Fund's interest	The Fund owns all of the shares in the Hotel Trust Trustee and all of the units in the Hotel Trust. This trust has entered into a 25-year lease to operate the business on the land which the Sea Breeze Hotel is located and also owns all the shares in the Hotel Operator who owns the hotel business. The lease is due to expire on 21 October 2043. The Hotel Operator has appointed the Hotel Manager to run the business operations of the Seabreeze Hotel.
Hotel Trust Trustee	SBUT Pty Ltd ACN 626 706 385
Hotel Trust	Seabreeze Hotel Unit Trust
Hotel Operator	Sea Breeze Hotel (NSW) Pty Ltd ACN of 626 741 451
Hotel Manager	Hunt Hospitality International Pty Ltd
Valuation	The leasehold interest was last valued at \$4.4m (as at 30 June 2020)



**CURRENT INVESTMENT ASSET ALLOCATION\***



-  The Kent Hotel
-  The Duke of Wellington Hotel
-  Seabreeze Hotel

\* As at 31st December 2020.





## 4. OFFER DETAILS

### 4.1 TARGETED RETURN

The Investment Manager is targeting an income return to Investors of approximately 7.5% per annum over the medium to long term (pre-tax, after all fees and expenses but before withholding tax payable by foreign resident Investors).

Investors will also be exposed to movements in the capital value of the Hotels.

Investors should note that the Fund's return, which includes distributions declared and movements in unit price, for the 12 month period to 31 December 2020 has been -7.67% on equity invested. The Investment Manager considers this negative return a reflection of the impact of COVID-19 and expects that returns will stabilise this year.

This is a targeted return only and is not a forecast or a guaranteed return.

### 4.2 ISSUE OF UNITS

Units will ordinarily be issued within 10 Business Days of the end of the month in which a completed Application and the investment amount are received. However, where the Trustee is waiting on valuation information, such as at the end of any calendar quarter, it may take up to 90 days before issuance of Units is finalised.

Further detail about applying for Units in the Fund is outlined in Section 12.

### 4.3 UNIT PRICE

The Unit Price is based on the underlying value of the Fund's assets and is calculated in accordance with the terms of the Constitution.

This price of a Unit calculated at the time of withdrawal may be different from the price originally paid for the Unit as the Fund's assets are re-valued.

The Unit Price will be updated on the Trustee's website from time to time.

The Trustee has implemented a Unit Pricing and Distributions Policy for the Fund - see section 5.6 for more details.

### 4.4 REDEMPTIONS

An investment in the Fund should be considered illiquid. Only where liquidity is available will the Trustee aim to honor Withdrawal Requests on a quarterly basis.

Where there is insufficient liquidity in a given quarter to satisfy all Withdrawal Requests, Investors will be redeemed along with all other Investors who have previously submitted a valid Withdrawal Request pro-rata each quarter until their Withdrawal Request is satisfied in full.

Withdrawal requests must be lodged at least 20 days prior to the end of the quarter. Withdrawal forms are available online at [www.vascofm.com](http://www.vascofm.com) or upon request.

Under the terms of the Constitution, in certain situations, the Trustee is able to, amongst other things, suspend all redemptions or compulsorily redeem Investor's Units where it believes that doing so is in the best interests of Investors in the Fund as a whole.

### 4.5 DISTRIBUTIONS

Distributions are expected to be calculated on a calendar quarterly basis.

Where distributions are calculated earlier than the end of the financial year, investors should allow up to 30 Business Days after the date which distributions are calculated to for the Fund to pay distributions to Investors.

Where distributions are calculated for the last quarter of the financial year, Investors should allow up to 90 Business Days after the date which distributions are calculated for the Fund to pay distributions to Investors.

Where the Fund does not have enough cash to pay a distribution declared based on taxable income, the Trustee reserves the right to compulsorily reinvest investors distributions for additional Units in the Fund.

The Trustee may also decide not to distribute amounts which it reasonably considers necessary required to meet any outgoings or liabilities (actual or contingent) in respect of the Fund including any amounts required for tax withholdings. Taxes paid or withheld that are allocable to one or more Investors will be deemed to have been distributed to such Investors for the purposes of determining the above calculations.

The Trustee will continue following the practice of the previous trustee in paying a set distribution, subject to cash flow, of 1.875% per quarter (equating to 7.50% per annum) based on the number of days they were invested in the Fund any given quarter (referred to as 'Standard Distribution'). The Trustee will also pay a distribution of any surplus income over and above the Standard Distribution to all Investors in the Fund at the end of the Financial Year (referred to as 'Surplus Distribution').

For clarity, subject to cash flow, cash distributions will be paid for Quarter 1, 2, and 3 on a cents per unit day basis. The distribution for Q4 will be on a rolled up basis being the balance of taxable income of the fund for the year.

The The Unit Pricing & Distributions Policy also clarifies the terms on which these distributions will be calculated and the impact these calculations may have on the Unit Price struck by the Trustee each quarter. Importantly investors should note that the Standard Distribution may include a distribution of capital where the Fund has not generated enough income during the quarter.

## 4.6 UNIT PRICING & DISTRIBUTIONS POLICY

The Trustee had implemented the approach to Unit Pricing followed by the Fund's previous trustee, SJH Hospitality Fund Pty Ltd (SJH) up to 31 December 2020. This involved the Trustee issuing units in the Fund up to 31 December 2019 at the Unit Price struck by the previous trustee at 30 June 2019.

The Trustee of the Fund has since issued and published a Unit Pricing and Distributions Policy (**Policy**) to provide Investors with more information about the approach they can expect the Trustee to follow in terms of Unit Pricing and distribution calculations for the Fund from and since 1 January 2020.

Importantly, the Policy provides that:

- The Trustee will continue following the practice of the previous trustee of striking a Unit Price quarterly in advance. This approach to Unit Pricing is subject to the Trustees absolute discretion to strike a price more often where it considers doing so in best interest of investors in the Fund; such as, for example, upon a material change in the value of the Fund's assets.
- The Trustee will continue following the practice of the previous trustee in paying a set distribution, subject to cash flow, of 1.875% per quarter (equating to 7.50% per annum)

based on the number of days they were invested in the Fund any given quarter (referred to as 'Standard Distribution' in the Policy). The Trustee will also pay a distribution of any surplus income over and above the Standard Distribution to all Investors in the Fund at the end of the Financial Year (referred to as 'Surplus Distribution' in the Policy).

The Policy also clarifies the terms on which these distributions will be calculated and the impact these calculations may have on the Unit Price struck by the Trustee each quarter. Importantly investors should note that the Standard Distribution may include a distribution of capital where the Fund has not generated enough income during the quarter.

The Trustee has sought legal advice confirming that the terms of the Policy are within the terms of the Fund's Trust Deed.

This Policy may be updated from time to time and Investors should read the most recent version of this Policy prior to investing.

This Policy is available at [www.vascofm.com](http://www.vascofm.com) or by contacting the Trustee at [info@vascofm.com](mailto:info@vascofm.com)

## 4.7 QUALIFYING INVESTORS

This Offer is generally only available to Qualifying Investors, meaning wholesale clients within the meaning of the Corporations Act 2001. A wholesale client generally means an Investor who:

- invests \$500,000 or more in the Fund or
- if investing less than \$500,000:
  - provides a certificate from a qualified accountant (substantially in a form provided by and available from the Trustee) that states that the Investor has net assets of at least \$2.5 million or has a gross income for each of the last two financial years of at least \$250,000; or
  - is a professional investor (including the holder of an Australian financial services licence, a person who controls more than \$10 million or a person that is a listed entity or a related body corporate of a listed entity).

The Trustee has the discretion to accept applications from people who are not Qualifying Investors, provided these people are otherwise permitted by law to participate in the Offer. The Trustee reserves the right to reject an application without providing a reason.



## 5. MANAGEMENT OF THE FUND AND UNDERLYING ASSETS

### 5.1 THE INVESTMENT MANAGER

SJH Hospitality Fund Pty Ltd is the Investment Manager of the SJH Hotel Fund.

Since the Fund's inception the Rutherford Hotel was purchased for \$4.2 million and sold for circa \$6.52 million within three years. It has also seen The Lakeside Village Tavern purchased for \$7.35 million and sold for over \$12 million within a similar time frame.

The Investment Manager has provided the following information about their senior management team:

#### *Stephen Hunt*

Stephen Hunt has forged a career in the Hospitality industry for over 20 years, he has owned and operated Hunt Hospitality International since 2009. Stephen is a third-generation publican who, along with his family, has been a part of the hospitality industry since the 1940s. He has experience in multi-venue management as an operational manager for the Independent Pub Group in the successful takeover of three venues in the Hunter in 2009.



Stephen has a proven track record in maximising a venue's potential – something that is evident in the transformations he's achieved for previous establishments.

Venues managed by Stephen have received multiple AHA NSW Awards for Excellence over the past few years.

Stephen completed his Master's degree in 2013, as well as executive education courses at Harvard in 2014 and 2017 before receiving his Graduate Certificate in Applied Finance in 2017.

#### *Annette Pulbrook*

Over 20 years ago, Annette joined an accounting practice in Newcastle, working her way to become the first female partner out of 13 partners. During this time, Annette had a speciality with clients in the hospitality sector.

Annette established FinBiz Advisers to incorporate financial and business advice to her clients in the way that suits the hardworking ethos of her and her team. Her experience in providing management advice to various successful hotels and restaurants throughout the state puts her in a prime position to provide financial guidance to the board.



#### *Tim Wearne*

Tim began his career as an Accountant at KPMG before making the move into the financial services world. For over 15 years Tim has been working in senior executive positions at some of Australia's largest financial services companies with roles including National Manager, CEO and most recently COO of Australia's largest asset finance business.

Tim founded and grew his own leasing business which was eventually acquired by an ASX listed group and is currently an Executive Director of Keeping Company Pty Ltd, a leading full service Accounting and Advisory firm.



## 5.2 TRUSTEE AND ADMINISTRATION MANAGER

Vasco Trustees Limited (**Trustee**) is the trustee of the Fund and Vasco Fund Services Pty Ltd (**Administration Manager**) is the administration manager of the Fund.

The Trustee and the Administration Manager are part of an corporate trustee and fund services group that provides responsible entity, trustee and fund administration to Australian and international investment managers.

The Vasco team have significant experience in the Asia Pacific region in the management of equity funds, fixed income funds, REITs, private equity real estate funds, real estate securities funds, and mortgage and real estate debt funds.

Some of the funds Vasco's executives have developed include the \$2.5 billion Australian Unity Healthcare Property Trust ARSN 092 755 318 and the \$1.5 billion AIMS AMP Capital Industrial REIT listed on the Singapore Securities Exchange.

The Managing Director of Vasco was responsible for establishing the real estate funds management businesses of Australian Unity Funds Management Limited and MacarthurCook Limited.

Clients of Vasco have included Golden Age Development Group, Lauders Development Group, China Asset Management (HK), Cyan SIV Emerging Companies Fund, Infrastructure Partners Investment Fund, Vital Healthcare Property Fund, EMR Capital Pty Ltd, Phillip Asset Management Limited and Morgan Stanley Real Estate.

## 5.3 HOTEL TRUST TRUSTEES

The trustees for each of the Hotel Trust (**Hotel Trust Trustee**) have been set up to manage the hotel assets, being an interest in the land (either leasehold or freehold) on which hotels are situated and the hotel businesses owned by the Hotel Operators (**Hotel Assets**). All of the hotel operators are companies directly controlled by related parties of the Investment Manager.

The Hotel Trust Trustees are operated by directors of the Investment Manager.

Each Hotel Trust Trustee is responsible for managing the relevant Hotel Trust according to

the terms of the trust deed for each Hotel Trust.

The Hotel Trust Trustees of each of the current Hotel Trusts are all owned and controlled by the Trustee and are as follows:

- **LVTUT Pty Ltd** is the trustee of the **Lakeside Tavern Unit Trust** which previously owned the Hotel Assets associated with the **Lakeside Tavern Hotel**.
- **DOWUT Pty Ltd** is the trustee of the **Duke of Wellington Hotel Unit Trust** which owns Hotel Assets associated with the **Duke of Wellington Hotel**.
- **SBUT Pty Ltd** is the trustee of the **Sea Breeze Hotel Unit Trust** which owns the lease and Hotel Assets associated with the **Sea Breeze Hotel**.
- **KHUT Pty Ltd** is the trustee of the **Kent Hotel Unit Trust** which owns Hotel Assets associated with the **Kent Hotel**.

## 5.4 HOTEL OPERATOR

Each Hotel Trust owns the following companies which own the hotel business (**Hotel Operator**). These entities are owned by the Hotel Trust Trustees outlined above and are controlled by the Investment Manager.

- **Lakeside Tavern Unit Trust:** Lakeside Village Tavern Pty Ltd ACN 614 233 564
- **Duke of Wellington Hotel Unit Trust:** Duke of Wellington Hotel (NSW) Pty Ltd ACN 614 233 439
- **Sea Breeze Hotel Unit Trust:** Sea Breeze Hotel (NSW) Pty Ltd ACN 626 741 562
- **Kent Hotel Unit Trust:** Kent Hotel (NSW) Pty Ltd ACN 626 741 517

## 5.5 THE HOTEL MANAGER

Hunt Hospitality International Pty Ltd (HHI) is a separate entity owned by Stephen Hunt, one of the directors of the Investment Manager. HHI has been appointed as the Hotel Manager of each of the hotel establishments in the Current Portfolio of hotel venues detailed in Section 4 under a Hotel Management Agreement with each Hotel Operator. Stephen's team is currently managing The Kent Hotel in Hamilton, The Duke of Wellington in New Lambton and the Sea Breeze Hotel in Nelson Bay.

## 6. FEES AND EXPENSES

### 6.1 INVESTOR AND FUND FEES AND COSTS

#### *Account fees*

Fees and costs incurred directly by each Investor on entry and exit

Type	Amount	How the fee is paid
<b>Application fee</b>	NIL	
<b>Buy/Sell Spread</b>	<p>The current buy spread is 5.25%. The current sell spread factored is 3.02%.</p> <p>The buy and sell spreads will be periodically reviewed and updated based on the actual, or estimated, transaction costs incurred by the Fund and are available on the Trustee's website.</p> <p>See Section 7.2 below for more detail.</p>	<p>Factored into the Application Price and Redemption Price calculation on the issuance or redemption Units.</p> <p>The buy and sell spreads are retained within the Fund and are not fees paid to the Trustee or Investment Manager.</p>
<b>Withdrawal fee</b>	NIL	

#### *Fund fees*

Fees and costs paid by the Fund

Type	Amount	How the fee is paid
<b>Investment Managers Fee</b>	<p>The Investment Manager is entitled to an <b>Investment Management Fee</b> of 0.50% per annum of the Fund's gross asset value, subject to a minimum annual fee of \$150,000.</p>	<p>Paid to the Investment Manager monthly in arrears.</p>
	<p>The Investment Manager is entitled to a <b>Debt Arrangement Fee</b> of up to 0.50% of the total amount borrowed by the Funds pursuant to a debt facility.</p>	<p>Calculated on the total amount of money borrowed by the Fund or a sub-trust pursuant to a debt facility and is payable to the Investment Manager within 30 days of the funding of the debt facility.</p>
	<p>The Investment Manager is entitled to <b>reimbursement of Expenses</b> incurred by the Investment Manager in connection with potential Investments (including investments that are not consummated) such as costs associated with the acquisition, financing, holding, sale, proposed sale or valuation of any Investment and including the repayment of such financings, the costs of establishing and maintaining any borrowing facility, associated fees and expenses, fees of auditors, fees of due diligence consultants (including, without limitation, financial, physical and environmental consultants).</p>	<p>Paid to the Investment Manager monthly in arrears.</p>

Type	Amount	How the fee is paid
<b>Acquisition fee</b>	The Hotel Manager is entitled to an <b>Acquisition Fee</b> of 1.21% of the value of any additional hotels added to the group.	Paid to the Hotel Manager upon the purchase of units in any new Hotel Trust and shares in any new Hotel Trust Trustee
<b>Indirect management fees and costs</b>	<p>The Investment Manager or their related parties will earn fees other than those directly payable by the Fund by virtue of their control of Hotel Trusts and entities in which it invests, including:</p> <ul style="list-style-type: none"> <li>■ The Hotel Manager will earn a <b>Hotel Management Fee</b> and a <b>Performance Fee</b> pursuant to the HMA with each Hotel Operator.*</li> <li>■ The Hotel Operators and Hotel Trusts will pay <b>Accounting and Financial Advisory Fees</b> to Finbiz Advisors, a related party of the Investment Manager.*</li> </ul>	
<b>Trustee fees</b>	<p>The Trustee will be entitled to an <b>Annual Fee</b>, subject to a minimum fee of \$25,000, equal to:</p> <ul style="list-style-type: none"> <li>■ 0.10% per annum of the Fund's gross asset value on amounts up to \$100 million; plus</li> <li>■ 0.05% per annum of the Fund's gross asset value on amounts greater than \$100 million but less than \$200 million; plus</li> <li>■ 0.03% per annum of the Fund's gross asset value on amounts greater than \$200 million.</li> </ul> <p>The Trustee also receives a disbursements fee calculated at \$100 per Investor on account of disbursement expenses.</p>	Calculated from execution of the Constitution and paid to the Trustee monthly in arrears on commencement of the Fund
	Where the Trustee is terminated or replaced for any reason, the Trustee will be entitled to a <b>Termination Fee</b> of \$9,500.	Paid to the Trustee prior to termination or replacement.
<b>Administration fee</b>	<p>The Administration Manager will be entitled to an <b>Administration Fee</b> of:</p> <ul style="list-style-type: none"> <li>■ \$15,000 where the Fund has total assets of less than \$25m and there are less than 25 unitholders;</li> <li>■ \$20,000 where the Fund has greater than \$25m of assets but less than \$50m of assets or where there are between 25 and 50 unitholders;</li> <li>■ \$25,000 where the Fund has greater than \$50m of assets or 50 unit holders;</li> </ul> <p>The Administration Manager is also entitled to an additional administration fee of \$5000 per annum (+ GST) for each additional Unit Class of the Fund.</p> <p>All fees payable to the Administration Manager will increase by 5% on 1 January of each year.</p>	Paid to the Administration Manager monthly in arrears.

\* Refer to section 9.1.3 Hotel Management Agreement for more information.



## 6.2 ADDITIONAL EXPLANATION OF FEES AND COSTS

### *Buy and Sell Spreads*

Buy and sell spreads are calculated based on the actual or estimated costs the Fund may incur when buying or selling assets, such as stamp duty on a property purchase or brokerage fees on the sale of a business. They will be influenced by the Investment Manager's experience of the costs involved in trading these assets or the costs that the Fund has actually paid, and will be reviewed whenever necessary to ensure they remain appropriate.

The buy and sell spreads are retained within the Fund and are not fees paid to the Trustee or Investment Manager. The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts.

The buy and sell spreads may be updated from time to time and will be published online at [www.vascofm.com](http://www.vascofm.com)

### *Payment of fees and costs*

The Investment Manager has agreed to pay the Fund fees and expenses described in Section 7.1 (other than the management fees) at such times as when they are unable to be paid from the assets of the Fund and may be reimbursed from the Fund for these payments.

### *Expenses*

The Trustee and the Investment Manager is entitled to be paid or reimbursed for all expenses properly incurred in connection with performing their duties and obligations in the day to day operation of the Fund. Such expenses include, but are not limited to, any additional costs associated with the administration or distribution of income, asset management, legal advice and legal defense costs, and the management of defaults and arrears.

The Constitution for the Fund contains a full description of the expenses the Trustee is entitled to be paid or reimbursed for.

Any additional expenses incurred by the Trustee as outlined in the Constitution, including those expenses associated with establishing and operating the Fund.

### *Changes to fees and other costs*

The Trustee may change the above fees and expenses charged to Investors or by the Fund by providing at least one month's written notice published on its website, subject to any fee limits in the Constitution. The Trustee may agree with any Unit holder a fee arrangement with that Unit holder which are different to the fees set out above.

### *Goods and services tax*

Unless otherwise stated, all fees quoted in the IM are quoted exclusive of GST.

### *Waiver, deferral or rebate of fees*

The Investment Manager may accept lower fees and expenses than it is entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid. In addition, Investment Manager may waive, negotiate or rebate their fees, for example, in the case of a large investment amount.

## 7. RISKS

All investments involve varying degrees of risk.

While there are many factors that may impact on the performance of any investment, the section below summarises some of the major risks that prospective Investors should be aware of when investing in the Fund.

Before investing, prospective Investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, particular needs and circumstances.

Prospective 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. Prospective 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, prospective 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).

### 7.1 COVID-19 RELATED RISKS

The Covid-19 pandemic has had a significant effect on the hospitality industry, including the assets of the Fund.

#### *General*

All of the Fund's Hotels were partially closed for the period of 23 March 2020 and June 1 2020 and only re-opened at partial capacity on 15 May 2020, with each venue limited in capacity as prescribed by State Government from time to time. Based on each properties sqm size, all the funds Hotels gaming rooms comply for maximum number of machines to be trading. Covid-19 is likely to continue to have a material effect on Fund earnings for the foreseeable future, and it is not currently possible for the Investment Manager to predict the impact of Covid-19 on the Fund's earnings and capital value.

#### *Asset valuation risk*

Given the Covid-19 pandemic there is a risk that the values of the Fund's Hotels have decreased. While the Investment Manager expects asset prices to recover, there is no guarantee that this will occur.

#### *Borrowing risk*

Given the Covid-19 pandemic and possible reduction in asset values, as well as a reduction in Fund earnings, there is an increased risk that the Fund's lender's may require some borrowings be repaid, or that a loan facility may be in default. Currently the Investment Manager has confirmed that the Fund has not breached any banking covenant and the hotels are not due for a valuation until September 2022.

## 7.2 MARKET RISK

There is a risk that the market value of the Fund's assets will fluctuate. This may occur as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events, environmental and technological issues.

## 7.3 RELATED PARTY RISK

The Trustee may from time to time face conflicts between its duties to the Fund as trustee, its duties to other funds that it manages and its own interests. The Trustee will manage any conflicts in accordance with its conflicts of interest policy, the Constitution, ASIC policy and the law.

The Investment Manager is not a related party of the Trustee. The contractual arrangements between the Trustee and the Investment Manager are negotiated at arm's length between the parties.

Related parties of the Investment Manager also own Units in the Fund.

The Trustee may from time-to-time enter into transactions with related entities, which will be on arm's length terms. For example, the Administration Manager is a related party of the Trustee.

Investors acknowledge that the Fund will make investments in or through related parties of the Investment Manager, such as the trustees of each of the Hotel Trusts and the Hotel Operators. Investors also acknowledge that the entities appointed to manage the hotels, the Hotel Managers, are also related parties of the Investment Manager.

It is not the responsibility of the Trustee to assess the merits of each investment recommended by the Investment Manager, but rather to review that each investment is contemplated by this IM and the Trust Deed. The Trustee will rely solely on the confirmation of the Investment Manager that the Hotel Trusts are investing according to the guidelines specified in this IM and will not undertake any independent review that this is in fact the case. Furthermore, the Trustee does not maintain day to day management regarding the investments made or managed by the Hotel Trusts in which the Fund has invested.

Accordingly, the Trustee provides no guarantee that an investment in the Hotel Trust as recommended by the Investment Manager or the investments made by the Hotel Trusts controlled by the Investment Manager will be made on arm's length terms.

## 7.4 UNDERLYING INVESTMENT RISK

There may be external influences from time-to-time, including unforeseen items of expenditure which have not been budgeted for and loss of revenue, which adversely affect the income of the Fund. These may result in a reduction of distributions and returns.

There are additional risks specific to the Hotel Trusts and the investments they make which includes risks relating to the operation of hotel business and the related party nature of the Fund.

## 7.5 INDUSTRY SPECIFIC RISKS

The community and government focus on gaming activities, and the potential for increased gaming taxes are risk factors that should be considered when making an investment. The potential for increased local competition to individual assets is an additional risk factor.

Tobacco industry reform is often at the forefront of the agenda for legislators and as such this presents a risk for businesses with interests in the hotel and hospitality industry. Sales revenue from tobacco products and patronage of establishments may also decrease, which would have an influence on the returns generated by the Fund.

Changes in legislation and government policies that regulate liquor and gaming venues or gaming laws may adversely impact on the profitability of the Fund. By way of example, reductions in the number of gaming machines, restrictions on trading hours, increases in taxes and levies imposed on gaming machines, smoking restrictions and advertising restrictions may negatively impact on the profitability of venues.

Conversely, the reduction or removal of regulatory barriers to entry into the industry may also negatively impact on the profitability of the hotels through increased competition. As the current Portfolio of hotel venues are used as pubs and gaming venues, changes in liquor and gaming laws or their interpretation may affect the trading and performance of the operators and thereby the value of the Fund.

Increased competition in the hotel and gaming sector in the regions of Australia in which the Fund is invested would see the establishments owned by the Hotel Trusts compete for customers with a wide variety of other hotels or entertainment venues. Some of these could be, or could become, better equipped and could have access to greater financial resources than the hotels owned by the Hotel Trusts. Competitor actions could be difficult to predict and may adversely impact on the profitability of the Fund.

## 7.6 SPECIFIC PROPERTY RISKS

### *Natural disasters*

The interests of the Fund are currently concentrated on four separate assets located in regional areas. Property, by its nature, is subject to general property market risks and local risk factors. Numerous hotels in regional areas across Australia over the past few years have been adversely affected by natural events such as floods and bushfires which have the potential to cause significant damage to either the bar, bottle shop, bistro or accommodation of hotels.

Patronage is central to the success of hotel businesses as their attendance generates income through food and beverage purchases and gambling. Events such as flooding can prevent patrons attending venues which would have a direct and negative impact on the income of an establishment. Furthermore, factors affecting agriculture such as climactic conditions, global warming and commodity prices may also adversely affect the revenue generated.

### *Tourism*

Investments in the hotel and hospitality industry are naturally susceptible to movements and trends in the tourism markets of the respective regions hotels are located. Demand may fluctuate unfavourably and this will affect the rate of return on an investment and the value of the investment.

The success of the Fund will be predicated on the demand for and supply of other establishments in the region. Although the Hunter Valley continues to attract tourists interested in its vineyards and other natural splendours, there is no guarantee that it will continue to do so. Any similar hotel business in the locality of the hotels is likely to have an effect on the success of the Fund.

### *Hotel Manager*

The success of the Fund is heavily dependent upon the ability of the Hotel Manager. Despite the fact Hunt Hospitality International Pty Ltd has been relatively successful to date and is led by a capable individual with years of experience in the industry, there is no guarantee that its past performance is indicative of its future performance.

### *Sector Concentration*

The Fund will be predominantly invested in hotels and ancillary hospitality businesses. As a result of this exposure, adverse events to these property sectors may impact the gross asset value of the Fund and the future growth prospects of the current Portfolio of hotel venues.

### *Environmental*

As with any property, there is a risk that one or more of the properties which the Fund has an interest in either itself or via Hotel Trusts may be contaminated now or in the future. Government environmental authorities may require such contamination be remediated. There is always a residual risk that the Fund or the Hotel Trusts may be required to undertake any such remediation at their own cost. Such an event would adversely impact upon the Fund's financial performance. Environmental laws impose penalties for environmental damage and contamination which can be material in size.

In addition, if any remediation is required to be undertaken on a property is not completed properly, this may adversely affect the ability of the Fund or the Hotel Trust to sell the relevant property or to use it as collateral for future borrowings. Should new or more stringent environmental laws or regulations be introduced in the future, any remediation costs required to be incurred by the Fund or the Hotel Trusts may increase materially in order to comply with the new laws or regulations.

Exposure to hazardous substance at a property owned directly or indirectly by the Fund could result in personal injury claims. Such a claim could prove greater than the value of the contaminated property. An environmental issue may also result in interruptions to the operations of a property.



## ***Work Health and Safety***

There is a risk that liability arising from work health and safety matters at a property may be attributable to the Fund or Hotel Trusts as the landlord or tenant as the case may be. To the extent that any liabilities may be borne by the Fund or Hotel Trusts, this may impact upon the financial performance of the Fund to the extent it is not covered by insurance. In addition, penalties may be imposed upon the Fund or Hotel Trusts which may have an adverse impact on the Fund.

## **7.7 FUND RISK**

These are risks specific to managed funds. These risks include that the Fund could terminate, the fees and expenses of the Fund could change, or the Trustee may be replaced as trustee and the Investment Manager may be replaced is investment of the Fund.

## **7.8 INVESTMENT RISK**

The value of an investment may rise or fall, distributions may or may not be paid and Investor's capital may or may not be returned. No guarantee is made by the Trustee or Investment Manager, or any of their directors, associates or consultants on the performance of the Fund.

## **7.9 LIQUIDITY RISK**

If an Investor was to seek to redeem its Units in the Fund the Trustee's ability to effect a redemption will be subject to the Fund having sufficient liquidity. In practice this may be dependent upon Fund cash reserves, undrawn available debt facilities, the issue of new Units, the sale of assets or a combination of all of these. There is no guarantee the Fund will be able to redeem an Investors Units in whole or in part. Given the Fund is unlisted it can be expected that there is only a limited or negligible secondary market for Units.

## **7.10 BORROWING/DEBT RISK**

The Trustee on the Investment Manager's instruction has borrowed money from a major bank to invest in the Hotel Assets. This process, known as gearing, magnifies the effect of gains and losses on your investment and is considered more risky than similar investments that are not geared. If the value of the Hotel Assets or the income they produce falls significantly, the Fund may be unable to meet its loan obligations which may result in the sale of the assets.

The current gearing ratio of the Fund (it's LVR) is currently 54.69% (\$20,701,627 in total as at 31st January 2021), which could be considered a high proportion of debt to assets.

Changes to interest rates or lender credit margins impact borrowing costs and ultimately impact the level of income an Investor will receive.

There is also a risk that the Investment Manager may not be able to refinance the Fund's borrowings when borrowing facilities mature. If this occurs, the Fund may lose value from selling Hotel Assets in poor market conditions in order to repay the borrowed amount.

The Fund also maintains an overdraft facility as part of its borrowing arrangements in order to support working capital and to manage the timing of interest repayments.

The Investment Manager's intended approach is to actively manage the Fund's borrowings in conjunction with the lenders to help manage this risk.

If the preference unitholder determined to exercise its right to have its preference units redeemed (an obligation of approx. \$2.05m), the Fund would require additional equity and/or debt in order to repay the preference unitholder. The terms of this replacement equity/debt may not be on the same terms as the current preference units.

## 7.11 MANAGEMENT RISK

The Trustee and Investment Manager may elect to retire or may be replaced as the Trustee or Investment Manager of the Fund or the services of key personnel of the Trustee and Investment Manager may become unavailable for any reason.

There is always a risk that the Trustee and Investment Manager may fail to identify and adequately manage the investment risks in the Fund's portfolio and thus affect the ability to pay distributions or reduce the value of the Units.

Operational risks of the Trustee, the Investment Manager and the Administration Manager include the possibility of systems failure, regulatory requirements, documentation risk, fraud, legal risk and other unforeseen circumstances.

The Fund is relying on the ability of the Investment Manager and its investment professionals to achieve the Fund's objectives. If the Investment Manager and their investment professionals were not to continue in their respective roles, the Fund may not be able to achieve its objectives.

## 7.12 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 Investment Manager 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 the ASIC, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Consumer and Competition Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations and this may result in the loss of authorisations of the AFSL held by the Trustee or D H Flinders thereby preventing or constraining the continued operation of the Fund.

## 7.13 CYBER RISK AND EXPOSURE

Investors should be aware that while the Trustee has implemented technologies, processes, and practices designed to protect its networks, devices, programs, and data (or Information Technology Systems) such Information Technology Systems may still be subjected to malicious attack, damage, or unauthorized access.

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

In the event serious harm is a likely outcome of a breach of the Trustee's Information Technology Systems, the Trustee will notify the affected individuals and recommend steps that ought to be taken in response to the breach. The Trustee or Investment Manager may also be required to notify any regulatory authority as required by law.

## 7.14 TAX RISK

Tax regulations can change and changes can be adverse. Prospective investors should consider their own circumstances before investing.

Where the Fund does not have enough cash to pay a distribution declared based on taxable income, the Trustee reserves the right to compulsorily reinvest investors distributions for additional Units in the Fund. Reinvested distributions constitute taxable income to the investors – there is a risk income tax will be payable where there has not been a cash distribution received.

Capital Returns are made where the cash distribution exceeds the income of the fund. Any return of capital will be reduction of the cost base to the investor, impacting the ultimate capital gain on the sale of the investment.

## 7.15 FEES AND EXPENSES

The Fund will incur fees and expenses regardless of whether it is successful. The Fund will pay investment management fees, Trustee fees and administration fees whether or not it receives its returns or the funds raised are fully utilised. The Fund must therefore ensure that sufficient liquidity is maintained in order to meet these and other expenses.

The Trustee and Investment Manager expects to incur significant costs and expenses in seeking to source, evaluate, structure, negotiate, close, monitor and exit an investment including, but not limited to, financial, legal, technical, regulatory, commercial advisers, engaged to assist the Trustee and Investment Manager in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment. There can be no assurance that the Fund will be successful in being able to recover these fees and expenses from a successful investment.

These amounts may be significant and could have an adverse impact on the return that Investors might otherwise realise.

## 7.15 THINLY-CAPITALISED MANAGEMENT

The Investment Manager does not have any material independent financial resources. If an action or claim is brought against the Investment Manager and such claim is not covered by the professional indemnity arranged by or on behalf of the Investment Manager, the Fund cannot assure that the Investment Manager will have sufficient financial resources to cover any amounts payable under any such claim. Indemnity insurance should be sort.

## 7.16 OTHER RISKS

It is important to note that not all risks can be foreseen. It is therefore not possible for the Trustee or Investment Manager to protect the value of the Fund's investment from all risks. Prospective 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.

**Neither the Trustee nor Investment Manager guarantees the repayment of investments or the performance of the Fund. We strongly recommend that Investors obtain independent financial advice before investing in the Fund.**

## 8. TAXATION INFORMATION

Each Investor's taxation position will depend on their individual circumstance and Investors should seek their own taxation advice in relation to the taxation of income distributed by the Fund, whether interest, dividends, capital gains, etc.

### 8.1 TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER

It is not compulsory for an Investor to quote a Tax File Number (TFN), claim a valid exemption for providing a TFN, or (in certain circumstances) provide an Australian Business Number (ABN). However, if an Investor does not provide a TFN, exemption or ABN, tax will be required to be deducted from the Investor's distributions at the highest marginal tax rate plus Medicare levy and any other applicable Government charges (currently 47%).

### 8.2 STAMP DUTY ON THE TRANSFER OF UNITS

No marketable securities duty is payable on the transfer of Units in the Fund. Land rich or landholder duty may be payable in the issue, redemption or transfer of Units in any Australian jurisdiction where the Fund owns or has an interest in land.

### 8.3 AUSTRALIAN GOODS AND SERVICES TAX (GST)

GST should not be payable on the issue or redemption of Units nor on any of the distributions to Investors. GST may apply to the fees and expenses charged to the Fund. The Fund may be entitled to claim input tax credits and / or reduced input tax credits for any GST paid.

### 8.4 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, you should note that the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain Investors to the Australian Taxation Office (ATO). In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number (TIN). We will only use such information for this purpose from the date the Fund is required to do so.

### 8.5 COMMON REPORTING STANDARDS (CRS)

CRS is the standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Trustee is a 'Reporting Financial Institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).



## 9. ADDITIONAL INFORMATION

### 9.1 SUMMARY OF MATERIAL DOCUMENTS

The following is a summary of material documents relevant to the Fund. The material documents are:

1. Constitution
2. Administration Agreement
3. Hotel Management Agreement
4. Investment Management

#### 1. *Constitution of Fund*

The Constitution is the primary document that governs the way the Fund operates and sets out many of the rights, liabilities and responsibilities of both the Trustee and Investors.

Each Unit gives you an equal and undivided interest in the Fund. However, a Unit does not give you an interest in any particular part or asset of the Fund. Subject to the Constitution, as an Investor you have the following rights:

- The right to share in any distributions.
- The right to attend and vote at meetings of Investors.
- The right to participate in the proceeds of winding up of the Fund.

The Constitution contains provisions about convening and conducting meetings of Investors. Under the Constitution, the Trustee may create different Unit classes which may have different rights and obligations. As at the date of this IM, there is no intention to create multiple Unit classes.

The Trustee can amend the Constitution without Investors' approval provided it reasonably considers the change will not adversely affect Investors' rights.

The Constitution can also be amended by a special resolution passed by Investors.

#### 2. *Administration Agreement*

The Administration Agreement is between the Administration Manager and the Trustee under which the Administration Manager provides fund administration and accounting services to the Fund.

#### 3. *Hotel Management Agreement*

The Hotel Operators have appointed the Hotel Manager under Hotel Management Agreements for each of the Hotels.

The Hotel Manager is paid the Hotel Management Fee for services rendered under the Hotel Management Agreements, which is equal to the greater of:

- 1.5% of the latest independent valuation of each Hotel, calculated yearly and paid weekly; or
- the previous financial years' Hotel Management Fee adjusted for inflation at CPI (Sydney) All Groups.

The Hotel Manager is also entitled to a Performance Fee each year equal to 20% of the combined net profit of the Hotel Operators above an 18.5% gross profit.

For the financial year ending 30 June 2020, the Hotel Management Fee and Performance Fee totalled approximately \$1.1m.

The CFO is a member of the board and receives advisory fees. The board is also paid an annual fee.

#### 4. *Investment Management Agreement*

The Investment Management Agreement is between the Investment Manager and the Trustee under which the Investment Manager provides marketing and investment management services.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Trustee if the Investment Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Trustee to terminate if, for example, the Investment Manager becomes insolvent.

The Investment Manager is permitted to terminate the agreement in certain circumstances, such as if the Trustee ceases to be the trustee for the Fund.

## 9.2 PRIVACY

The application process requires you to provide personal information to the Trustee. The Trustee collects this personal information so that it can process and administer any application for investment in the Fund you make. Additionally, the Trustee collects this information in order to administer, manage and generally service your investment in the Fund.

The Trustee will normally collect personal information directly from you. However, in certain circumstances, the Trustee may collect personal information about you from third parties, such as the Administrator Manager or third party service providers of the Trustee.

If you do not provide the personal information requested by the Trustee or provide incomplete or inaccurate information, the Trustee may not be able to accept or process your application for an investment in the Fund or may be limited in the services or assistance the Trustee can provide with respect to the administration of any investment you subsequently make in the Fund.

The Trustee may disclose your personal information to organisations such as the Administrator Manager, any third party service provider it may engage to provide custody, administration, technology, auditing, mailing, printing or other services and our professional advisers (including legal and accounting firms, auditors, consultants and other advisers).

Such third parties may use and disclose your personal information for a purpose described in this Privacy Statement which may involve the transfer of your personal information outside of Australia (including to countries where there may be less stringent data protection laws) to process personal information on our behalf. Where this is the case, it may not be possible to ensure that the overseas recipient does not breach the Australian Privacy Principles ('APP') in relation to your personal information.

In providing us with your personal information, you consent to the possibility that your personal information may be transferred outside of Australia for processing and agree that APP 8.1 shall not apply to the disclosure, nor will the Trustee be liable under the Privacy Act 1988 (Cth) ('Privacy Act') in the event that the recipient does not act consistently with the APPs.

The Trustee may also collect certain personal information from you and/or disclose your personal information to government or regulatory bodies where permitted or required to do so by law. For example, the Trustee may be required to collect and disclose certain information in order to comply with the identification and verification requirements imposed under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. For certain Investors, the Trustee may also be required to collect and disclose certain personal information to the ATO in order to comply with the Foreign Account Tax Compliance Act

If you notify the Trustee that you have a financial adviser, either on your Application Form or in writing (at a later date), you consent to the Trustee disclosing to that financial adviser details of your investment in the Fund and/or other related personal information.

The Trustee will take reasonable steps to ensure that the personal information about an Investor or other relevant person that it collects, uses or discloses is accurate, complete and up to date. You or another relevant person can request access to your personal information or a copy of the Trustee's Privacy Policy by telephone or writing to the Privacy Officer at:

**Privacy Officer**  
**Vasco Trustees Limited**  
**Level 5, 488 Bourke Street,**  
**Melbourne, Victoria 3000,**  
**info@vascofm.com**  
**+61 3 8352 7120**

The Trustee's Privacy Policy is also available on its website: [www.vascofm.com](http://www.vascofm.com)

## 9.3 ANTI-MONEY LAUNDERING LAW

The Trustee is required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (“AML/CTF Law”). This means that the Trustee will require potential Investors to provide personal information and documentation in relation to their identity when they invest in the Fund. The Trustee may need to obtain additional information and documentation from Investors to process applications or subsequent transactions or at other times during the period of the investment.

The Trustee may need to identify:

- a. an Investor prior to purchasing Units in the Fund. The Trustee will not issue Units until all relevant information has been received and an Investor’s identity has been satisfactorily verified; and
- b. anyone acting on behalf of an Investor, including a power of attorney.

In some circumstances, the Trustee may need to re-verify this information.

By applying to invest in the Fund, Investors also acknowledge that the Trustee may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of Units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause the Trustee to commit or participate in an offence under, any AML/CTF Law, and the Trustee will incur no liability to Investors if it does so.

## 9.4 TRANSFER OF UNITS

You can transfer the ownership of your Units at any time provided that the transferee meets the requirements of an Investor in the Fund and has been approved by the Trustee.

Under the Constitution, the Trustee has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units. Please note that a transfer of Units may have taxation consequences. See Section 8 of the IM for further information.

## 9.5 CONSENTS

Written consent to be named in the IM in the form and context in which they are named have been provided by the following parties who and have not withdrawn their consent prior to the date of this IM:

- SJH Hospitality Fund Pty Ltd
- Vasco Fund Services Pty Ltd
- SJH Hospitality Pty Ltd
- Rutherford Hotel (NSW) Pty Ltd
- LVTUT Pty Ltd
- Lakeside Village Tavern Pty Ltd
- DOWUT Pty Ltd
- Duke of Wellington Hotel (NSW) Pty Ltd
- SBUT Pty Ltd
- Sea Breeze Hotel (NSW) Pty Ltd
- KHUT Pty Ltd
- Kent Hotel (NSW) Pty Ltd
- Hunt Hospitality International Pty Ltd

## 10. GLOSSARY

<b>Administration Manager</b>	Vasco Fund Services Pty Ltd ACN 610 512 331
<b>AFS licence</b>	Australian financial services licence.
<b>Application Form</b>	The application form included in or accompanied by this IM.
<b>Application Money</b>	The money paid by an applicant for Units.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Business Day</b>	A day on which banks are open for business in Melbourne, except a Saturday, Sunday or public holiday.
<b>Constitution</b>	The deed establishing the Fund dated 21 July 2016 as amended from time to time.
<b>Corporations Act</b>	Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act.
<b>Fees and Costs</b>	The relevant fees and costs outlined in Section 6.
<b>Fund</b>	SJH Hotel Fund, established pursuant to the Constitution.
<b>GST</b>	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
<b>Hotel</b>	The hotels described in Section 3.1 as updated from time to time and described on the Trustee's website under 'Current Portfolio for the SJH Hotel Fund'.
<b>Hotel Assets</b>	The assets owned by each Hotel Trust, being an interest (freehold or leasehold) in land, shares in the Hotel Operator and shares in each Hotel Trust Trustee.
<b>Hotel Manager</b>	Hunt Hospitality International Pty Ltd ACN 610 940 148

<b>Hotel Operators</b>	The companies established to operate each hotel business as set out in Section 6.4.
<b>Hotel Trusts</b>	The trusts in which the Fund has invested, and which own the Hotel Assets; see Section 4.1.
<b>Hotel Trust Trustees</b>	The trustees of the Hotel Trusts, as set out in Section 6.3.
<b>IM</b>	This information memorandum.
<b>Investment Management Agreement</b>	The investment management agreement between the Trustee and the Investment Manager.
<b>Investment Manager</b>	SJH Hospitality Fund Pty Ltd ACN 627 975 259, an authorised representative (No. 001277594) of D H Flinders Pty Ltd ACN 141 601 596 AFSL 353001 ( <b>D H Flinders</b> ).
<b>Investor</b>	A holder of Units.
<b>LVR</b>	Loan to value ratio. This measures the level of debt against the gross assets of the borrower. For example, an LVR of 56.39% means that for every \$100 of assets the borrower has \$56 of debt.
<b>Offer</b>	The offer under this IM to acquire Units.
<b>Targeted Return</b>	The Investment Manager is targeting an income return to Investors of approximately 7.5% per annum over the medium to long term (pre-tax, after fees and expenses but before withholding tax payable by foreign resident Investors). This is a targeted return only and is not a forecast or a guaranteed return.
<b>Trustee</b>	Vasco Trustees Limited ACN 138 715 009 AFSL number 344486
<b>Unit</b>	A Unit in the Fund.
<b>Withdrawal Request</b>	A withdrawal request by an Investor to withdraw from the Fund.



## 11. HOW TO APPLY FOR UNITS

An application for Units can only be made by completing and lodging the Application Form that is included below (**Application**).

Instructions relevant to completion of the Application Form are set out in the form.

A completed original Application Form, including relevant identification documents, should be lodged by sending it to the Administration Manager at the following address:

**SJH Hotel Fund**  
**Vasco Fund Services Pty Ltd**  
**Level 5, 488 Bourke Street**  
**Melbourne, Victoria 3000**  
**Australia**

An Application constitutes an offer by the applicant to subscribe for Units on the terms and subject to the conditions set out in this IM.

If the Application Form for Units is not completed correctly or if the payment of the application monies is for the wrong amount, the Application may still be treated as a valid Application at the sole discretion of the Trustee. However, where the payment is for less than the number of Units applied for, the Application will be deemed to be for the lower number of Units.

The Trustee reserves the right to reject an Application (in whole or in part) without reason.

All application monies received in relation to the Offer will be held in the account of the Trustee until allotment.

Any interest earned on application monies will be retained by the Trustee and will not form part of the Fund's assets.



# Application Form

## SJH Hotel Fund



Use this Application Form if you wish to invest in:

### SJH Hotel Fund

This current Information Memorandum (IM) dated 7 April 2021 for the SJH Hotel Fund (Fund) includes information about purchasing units in the Fund. Any person who gives another person access to the application form must also give the person access to the IM and any incorporated information. You should read the IM and any incorporated information before completing this Application Form.

The trustee of the Fund is Vasco Trustees Limited (Vasco) ABN 71 138 715 009, AFSL 344486. Vasco or a financial adviser who has provided an electronic copy of the IM and any incorporated information, will send you a paper copy of the IM and any incorporated information and this Application Form free of charge if you so request.

## Customer identification

If you are a new investor, you are also required to complete the relevant Customer Identification Form depending on what type of investor you are e.g. individual or super fund. The Customer Identification Forms are available on our website [www.vascofm.com](http://www.vascofm.com) or by calling us on +61 3 8352 7120.

Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) legislation obliges us to collect identification information and documentation from prospective investors.

Investors are required to complete this Application Form together with the relevant Customer Identification Form and send these to us with the required identification documentation. We will not be able to process your Application without a correctly completed Customer Identification Form and the required identification documentation.

## Important Information for Financial Advisers

When using the Customer Identification Form, please complete Sections 1 or 2 and 3.

If you are a financial adviser who has identified and verified the investor, by completing the Customer Identification Form together with Section 11 and the verification procedure and in the consideration of Vasco accepting the investor's application:

- you agree to identify and verify all new investors, using this Customer Identification Form for identifying new investors
- you agree to retain a copy of the completed forms and all identification documents received from the investor in the investor's file for seven (7) years after the end of your relationship with the investor
- you agree to advise Vasco in writing when your relationship with the investor is terminated and agree to promptly provide Vasco all identification documents and/or the record of identification received from the investor at this time, or as otherwise requested from Vasco, from time to time.

## Contact details

Mail your completed application form and identity verification documents to:

Vasco Trustees Limited  
Level 5, 488 Bourke Street  
Melbourne VIC 3000

If you have any questions regarding this form or the required customer identification requirements, please contact us on +61 3 8352 7120.

## Checklist

Before sending us your application please ensure you have:

- ☐ completed this form in full;
- ☐ for new investments, completed the relevant 'Identity Verification Form' available on our website [www.vascofm.com](http://www.vascofm.com);
- ☐ if paying via direct debit, transfer money to the account details provided in section 6;
- ☐ if paying via cheque, ensure cheque is made payable to 'Vasco Trustees Limited <ATF SJH Hotel Fund>' and attach it to this application form; and
- ☐ read the declaration and provided all relevant signatures.

## SJH Hotel Fund



## 1. Investment details

Please proceed to section 6. If you provide any information in any other section, this will override any previous information provided.

- ☐ Individual investor or joint investors – also complete ‘Customer Identification Form – Individuals and Sole Traders’
- ☐ Sole Trader – also complete ‘Customer Identification Form – Individuals and Sole Traders’
- ☐ Super Fund – also complete ‘Customer Identification Form – Superannuation Funds and Trusts’
- ☐ Trust – also complete ‘Customer Identification Form – Unregulated Trusts and Trustees’
- ☐ Australian company – also complete ‘Customer Identification Form – Australian Companies’
- ☐ Foreign company – also complete ‘Customer Identification Form – Foreign Companies’
- ☐ Other – contact us on +61 3 8352 7120 for other Customer Identification Forms.

### 3A. Individual investor/joint investors/sole trader

[illegible][illegible]

We are only required to act on instructions from the investors listed in 3A and 3B. Vasco is not bound to take any notice of any interest of any person listed in 3C.

#### 4. Contact details

This is the address where all correspondence will be sent.

[illegible]

## 5. Tax information

It is not against the law if you choose not to give your TFN or exemption reason, but if you decide not to, tax may be taken out of your distributions at the highest marginal tax rate (plus Medicare levy).

5a. Individual investor or entity	5b. Investor 2 (joint investors)
TFN <input style="width: 100px;" type="text"/>	TFN <input style="width: 100px;" type="text"/>
Tax exemption <input style="width: 100px;" type="text"/>	Tax exemption <input style="width: 100px;" type="text"/>
ABN <input style="width: 100px;" type="text"/>	

#### 5c. Non-residents

If you are an overseas investor, please indicate your country of residence for tax purposes.

[illegible]

## 6. Investment allocation and payment options

Please indicate how you will be making your new or additional investment and the amount you wish to invest.

I/we are making my/our investment via:

☐ Direct Credit/EFT → see below.

☐ **Bank Cheque** → make cheque payable to 'Vasco Trustees Limited <ATF SJH Hotel Fund>'.

[illegible]

The minimum initial investment is \$50,000.

**Cheque Instructions:** Bank Cheques or drafts must be made payable to Vasco Trustees Limited ATF SJH Hotel Fund. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted. Your cheque(s) should be crossed NOT NEGOTIABLE. Mail or deliver your completed Application Form with your cheque(s) to:

Vasco Trustees Limited  
Level 5, 488 Bourke Street  
Melbourne, VIC, 3000  
P +61 3 8352 7120 F +61 3 8352 7199 E [info@vascofm.com](mailto:info@vascofm.com)

### Direct Credit / EFT Instructions

Alternatively you can direct credit your application funds to:

Vasco Trustees Limited ATF SJH Hotel Fund

Vesco Trustees Limited AN 500 Hotel Fund  
Macquarie Bank

BSB 182 512

Account number 967583675

Please note the applicants name when transferring the funds.

Please ensure all funds transferred are net of all bank charges.



## 7. Annual report

- ☐ A copy of the annual report for the Fund will be provided on the Vasco website [www.vascofm.com](http://www.vascofm.com). Please cross (X) this box if you wish to receive a paper copy of the annual report(s) for the Fund. If you choose to have an annual report mailed to you, it will be mailed to the address provided in section 4 or your current address on file for existing investors. For additional investments, a nomination in this section overrides any previous nominations.

## 8. Income distributions

Please indicate how you would like your income distributions to be paid by crossing (X) one box only. If this is a new investment and no nomination is made, distributions will be reinvested. A nomination in this section overrides any previous nominations. There may be periods in which no distribution is payable, or we may make interim distributions. We do not guarantee any particular level of distribution.

- ☐ Please reinvest my/our income distributions.
- ☐ Please credit my/our nominated bank account provided in section 10 with my/our income distributions.

## 9. Qualifying Investor Confirmation

In order to participate in the Offer you must be a Wholesale Investor. Please complete this section so that the Trustee can determine whether you are eligible to participate in the Offer. Investors from Singapore must also provide a Singapore Accredited Investor Certificate available from the Trustee.

### Part 1 – Investor category

Each Applicant must mark the box (X) which best describes the category of investor they are.

Applicant 1      Applicant 2  
(if joint application)

- |                          |                          |                                                                                                                                                                                                        |
|--------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | I am applying for \$500,000 or more worth of Units.                                                                                                                                                    |
| <input type="checkbox"/> | <input type="checkbox"/> | I have net assets of at least \$2.5 million (please arrange for a Qualified Accountant to complete Part 2 of Section 9 of this Application Form).                                                      |
| <input type="checkbox"/> | <input type="checkbox"/> | I have earned at least \$250,000 per annum gross income for each of the last two financial years (please arrange for a Qualified Accountant to complete Part 2 of Section 9 of this Application Form). |
| <input type="checkbox"/> | <input type="checkbox"/> | I have or control gross assets of at least \$10 million (please provide a Statutory Declaration).                                                                                                      |
| <input type="checkbox"/> | <input type="checkbox"/> | I hold Australian Financial Services Licence No. (please provide AFSL no.) <input type="text"/>                                                                                                        |

### Part 2 – To be completed by a Qualified Accountant

Insert full name and address of Qualified Accountant

Name	<input type="text"/>
Address	<input type="text"/>
Suburb	<input type="text"/>
State	<input type="text"/>
Postcode	<input type="text"/>
Country	<input type="text"/>
Phone (after hours)	<input type="text"/>
Mobile	<input type="text"/>
Email	<input type="text"/>
Professional classification (eg. CPA)	<input type="text"/>
Phone (business hours)	<input type="text"/>
Facsimile	<input type="text"/>
Membership No:	<input type="text"/>

## 9. Wholesale Investor Qualification (continued)

### Declaration by Qualified Accountant

I, the Qualified Accountant named above, certify that the following is true and correct:

- (a) I am a Qualified Accountant;
- (b) this certificate is given at the request of the Applicant described above in relation to the Units in the Fund to be issued by the Trustee; and
- (c) please indicate which option below applies by marking the relevant box for each Applicant:

#### Option 1

Applicant 1      Applicant 2  
(if joint  
application)

The Applicant is known to me and for the purposes of section 761G (7)(c) of the Corporations Act, the Applicant either personally or in conjunction with a company or trust controlled by the Applicant, has:

- ☐      ☐      net assets of at least \$2.5 million; or
- ☐      ☐      a gross income for each of the last two financial years of at least \$250,000 a year.

#### Option 2

Applicant 1      Applicant 2  
(if joint  
application)

The Applicant is a company or trust controlled by a person known to me for the purposes of section 761G (7)(c) Corporations Act, who has:

- ☐      ☐      net assets of at least \$2.5 million; or
- ☐      ☐      a gross income for each of the last two financial years of at least \$250,000 a year.

Signature of Qualified  
Accountant

Date

/ / 

## 10. Nominated bank account (must be an Australian financial institution)

Unless requested otherwise, this will also be the bank account we credit any withdrawal proceeds and/or distributions if you requested these to be paid to you and not reinvested. By providing your nominated account details in this section you authorise Vasco to use these details for all future transaction requests that you make until notice is provided otherwise. **For additional investments, a nomination in this section overrides any previous nominations.**

Financial institution

Branch

Account name

Branch number (BSB)

 - 

Account number

## 11. Declaration and applicant(s) signature(s)

Please read the declarations below before signing this form. The signatures required are detailed at the bottom of this form.

I/We declare that:

- all details in this application and all documents provided are true and correct and I/we indemnify the Trustee of the Fund against any liabilities whatsoever arising from acting on any of the details or any future details provided by me/us in connection with this application;
- I/we have received a copy of the current IM and all information incorporated into the IM to which this application applies and have read them and agree to the terms contained in them and to be bound by the provisions of the current IM (including the incorporated information) and current trust deed (each as amended from time to time);
- I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
- I/we have received and accepted this offer in Australia;
- the details of my/our investment can be provided to the adviser group or adviser named at the end of this form or nominated by them by the means and in the format that they direct;
- if this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it);
- sole signatories signing on behalf of a company confirm that they are signing as sole director and sole secretary of the company;
- I/we acknowledge that if Vasco reasonably believes an email or facsimile communication it receives is from me/us Vasco is entitled to rely on that email or facsimile communication and will not be liable for any loss it may suffer if it is later found the email or facsimile communication was fraudulent;
- unless alternative authority for signature is notified to and accepted by Vasco, the person/persons that signs/sign this form is/are able to operate the account on behalf of the company and bind the company for future transactions, including in respect of additional deposits and withdrawals, including withdrawals by telephone and fax;
- I/we acknowledge that I/we have read and understood the information under the heading 'Privacy policy' in the IM. I am/We are aware that until I/we inform Vasco otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to my/our financial adviser providing such further personal information to Vasco as is required or reasonably deemed necessary by Vasco under applicable law;
- I/we understand that if I/we fail to provide any information requested in this Application Form or do not agree to any of the possible use or disclosure of my/our information as detailed on the IM, my/our application may not be accepted by Vasco and we agree to release and indemnify Vasco in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided;
- I/we acknowledge that none of Vasco, or any other member of Vasco or any custodian or investment manager, guarantees the performance of the Fund or the repayment of capital or any particular rate of return or any distribution;
- I/we are bound by the trust deed and that an application for Units is binding and irrevocable;
- I/we have not relied on statements or representations made by anybody, other than those made in the IM;
- I/we agree and acknowledge no cooling off period applies and I/we have had the opportunity to seek independent professional advice on subscribing for Units;
- I/we agree and acknowledge Vasco is required to comply with the anti-money laundering laws in force in a number of jurisdictions (including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)) and I/we must provide Vasco with such additional information or documentation as Vasco may request of me/us, otherwise my/our Application for Units may be refused, Units I/we hold may be compulsorily redeemed, and any disposal request by me/us may be delayed or refused and Vasco will not be liable for any loss arising as a result thereof;
- I/we have provided a tax file number, and if not, I/we consent to Vasco withholding tax at the highest marginal tax rate plus the Medicare levy;
- I/we acknowledge and agree to having read and understood the risks of investing in the Fund as described in the IM and understand that the risks associated with the Fund's investments may result in lower than expected returns or the loss of my/our investment;
- I/we acknowledge that the Fund is not currently registered with the Australian Securities and Investments Commission, but may be at some future point in time. By investing in the Fund, I/we consent to the Fund being registered at some future point should the Trustee consider it appropriate. I/we also consent to registration taking place without the Trustee holding a meeting of Investors to approve the application for registration.

I/We also warrant and acknowledge that:

- All information contained in my/our Application is true and correct;
- I/we are not a Politically Exposed Person (PEP) as defined by the AML/CTF legislation;
- I/we are a "wholesale client" for the purposes of section 761G or 761GA of the Corporations Act and relevant information has been provided to confirm this and by investing in this Fund I/we will not cause any breach of the Corporations Act by or for Vasco;
- if the Applicant is a SMSF, it is compliant and investing in this Fund complies with the Superannuation Industry Supervision Act 1993 (Cth); and
- I/we hold the appropriate authorisations to become an Investor in the Fund and that offer cannot be revoked.

## 11. Declaration and applicant(s) signature(s) (continued)

Refer to list of signatories on page 8 of this application form

### Investor 1

Signature	<div></div>	Date	<div></div>
Surname	<div></div>		
Given name(s)	<div></div>		
Capacity	<div><input type="checkbox"/> Sole Director <input type="checkbox"/> Director <input type="checkbox"/> Trustee <input type="checkbox"/> Other <div></div></div>		

### Investor 2 (joint investors)

Signature	<div></div>	Date	<div></div>
Surname	<div></div>		
Given name(s)	<div></div>		
Capacity	<div><input type="checkbox"/> Director <input type="checkbox"/> Company Secretary <input type="checkbox"/> Trustee <input type="checkbox"/> Other <div></div></div>		

### Signing Authority

Please tick to indicate signing requirements for future instructions  
(e.g. withdrawals, change of account details, etc.)

☐ Only one required to sign.

☐ All signatories must sign.

**PLEASE NOTE:** All signatories must provide certified copies of their drivers license or passport in addition to any identification documents required by the Customer Identification Form required for the Investor.

## 12. Adviser use only

By submitting this form with this section completed by your advisor you consent to your advisor receiving information about your investment in the Fund

Office name	<div></div>
Surname	<div></div>
Given name(s)	<div></div>
Title (Mr/Mrs/Miss/Ms)	<div></div>
Phone (business hours)	<div></div>
Email	<div></div>
Advisor group name	<div></div>
Advisor group AFSL	<div></div>
Advisor Signature	<div></div>
Date	<div></div>

### Important notes

This application must not be handed to any person unless the relevant IM and access to the information incorporated into the IM is also being provided. Vasco may in its absolute discretion refuse any application for Units. Persons external to Vasco or other entities who market Vasco products are not agents of Vasco but are independent investment advisers. Vasco will not be bound by representations or statements which are not contained in information disseminated by Vasco. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act.



## Signatories

The table below provides guidance on completing the Declaration and applicant(s) signature's section of the application form. Before signing the application form please ensure you have read the declaration.

Type of investor	Names required	Signature required	TFN/ABN to be provided
<b>Individual and/or joint investors</b>	i. Full name of each investor (please do not use initials).	Individual investor's; or each joint investor's	Individual investor's; or each joint investor's
<b>Sole trader</b>	i. Full name of sole trader; and ii. Full business name (if any).	Sole trader's	Sole trader's
<b>Australian or foreign company</b>	i. Full company name as registered with the relevant regulator; and ii. Name of each director of the company; and iii. Full name of each beneficial owner*	i. Sole director's; or ii. Two directors'; or iii. One director's and company secretary's	Company's
<b>Trust/Superannuation fund</b> If you are investing on behalf of a superannuation fund, we will assume the superannuation fund to be a complying fund under the Superannuation Industry (Supervision) Act.	i. Full trust/superannuation fund name (e.g. Michael Smith Pty Ltd ATF Michael Smith Pty Ltd Super Fund); and ii. Full name of the trustee(s) in respect of the trust/super fund. Where the trustee is an individual, all information in the 'Individual and Sole Traders' section must be completed. If any of the trustees are an Australian company, all information in the 'Australian company' section must also be completed; and iii. Names of beneficiaries (if identified in Trust Deed). iv. Full name of the settlor** v. Full name of each beneficial owner	Individual trustee(s) 'as trustee for' If any of the trustees are an Australian company, the signatures set out in the 'Australian company' section are also required.	Superannuation fund's or trust's
<b>Account designation</b>	Name of the responsible adult, as the investor.	Adult(s) investing on behalf of the person/minor	Adult(s)
<b>If the investment is being made under Power of Attorney (POA)</b> Please ensure an original certified copy of the POA is attached to the application form. Each page of the POA must be certified.	i. Full name of each investor(s) (as listed in section 3); and ii. Full name of person holding POA (underneath signature).	Person holding Power of Attorney <b>In the case that the POA document does not contain a sample of the POA's (i.e. Attorney's) signature, please provide a certified copy of either the POA's driver's licence or passport containing a sample of their signature.</b>	Individual investor's; or each joint investor's

\* Beneficial owner means an individual who ultimately owns or controls (directly or indirectly) the investors. Owns mean ownership (either directly or indirectly) of 25% or more of the investor.

\*\*This is not required in some circumstances.

## SCHEDULE A: OFFERING LEGENDS

It is the responsibility of any persons wishing to subscribe for interests to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective Investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of interests, and any foreign exchange restrictions that may be relevant hereto.

### AUSTRALIA

This IM may not be circulated or distributed and no offer for subscription or purchase of the Units offered hereby, nor any invitation to subscribe for or buy such interests has been made or issued, directly or indirectly, in Australia, other than to prospective Investors who are wholesale clients as defined in section 761G of the Corporations Act in an offer exempt from the disclosure requirements of Part 7.9 of the Corporations Act. Further, the Units offered hereby may not be resold in Australia within a period of 12 months after the date of issue otherwise than by means of an offer exempt from the disclosure requirements of Part 7.9 of the Corporations Act.

This IM is not a prospectus or product disclosure statement under the Corporations Act and is not required to be, and has not been, lodged with the Australian Securities and Investments Commission. To the extent that information in this IM constitutes financial product advice, it is general financial product advice only and does not consider the specific objectives, financial intentions or needs of any particular person. Each person considering subscribing for interests should read this IM in full before making a decision to acquire any interests. There is no cooling-off regime in Australia that applies in respect of the issue of the Units.

### SINGAPORE

The Fund is a restricted scheme as referred to in section 305 of the Securities and Futures Act and an application for registration will be submitted to the Monetary Authority of Singapore prior to any offer made to investors in Singapore. This IM has been prepared on the basis that prospective Investors from Singapore are accredited investors or certain other persons prescribed under section 305 of the Securities and Futures Act. Accordingly, this scheme is not authorised or recognised by the Monetary Authority of Singapore and Units in this scheme are not allowed to be offered to the retail public. Further, this IM is not a prospectus as defined in the Securities and Futures Act and, accordingly, statutory liability under the Securities and Futures Act in relation to the content of prospectuses does not apply, and the offeree should consider carefully whether the investment is suitable for them. The Trustee and the Fund are regulated by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001 (Cth). ASIC is located at 120 Collins Street, Melbourne VIC 3000, Australia and can be contacted on 1300 300 630.

## INVESTMENT MANAGER

### *SJH Hospitality Fund Pty Ltd*

Unit 4, 6 Howard Street,  
Warners Bay NSW 2282 Australia  
Telephone: 02 4947 1668  
Email: [admin@finbiz.com.au](mailto:admin@finbiz.com.au)

## TRUSTEE

### *Vasco Trustees Limited*

Level 5, 488 Bourke Street  
Melbourne VIC 3000 Australia  
Telephone: +613 8352 7120  
Email: [info@vascofm.com](mailto:info@vascofm.com)

## ADMINISTRATION MANAGER

### *Vasco Fund Services Pty Ltd*

Level 5, 488 Bourke Street  
Melbourne VIC 3000 Australia  
Telephone: +613 8352 7120  
Email: [info@vascofm.com](mailto:info@vascofm.com)

## HOTEL MANAGER

### *Hunt Hospitality International Pty Ltd*

59-61 Beaumont Street,  
Hamilton NSW 2303 Australia  
Telephone: 02 4961 3303  
Email: [admin@hunthosp.com](mailto:admin@hunthosp.com)



SJH Hospitality Fund Pty Ltd, the Investment Manager, leverages a corporatised approach to the management and integration of venues, which drives significant operational improvements.

### IT SYSTEM INTEGRATION

- Standard IT systems across all venues to manage point of sale and inventory
- Regular updates to head office on sales, labour costs, inventory and ingredient management
- Mitigates risk of fraudulent behaviour
- Protects margins
- Provide cost and efficiency benefits, which may not be available to smaller operators

### TEAM MANAGEMENT

- Approximately 140 staff
- Simplifies management of labour costs via fixed rates
- Quality staff attracted by potential career progression across group

### ORGANIC

- Driven by industry growth drivers
- Periodic maintenance capital expenditure
- New product offerings

### CAPEX

- Targeted conservative capex on a venue-by-venue basis to be rolled out over the next 5 years

### ACQUISITIONS

- Fragmented industry provides consolidation opportunity
- Contracted synergies and operational benefits increase as portfolio grows
- Possible attractive venue acquisition opportunities



## ADDENDUM: HUNT HOSPITALITY

Hunt Hospitality International, the Hotel Manager, is owned and operated by Stephen Hunt, a third generation publican who, along with his family, has been a part of the hospitality industry since the 1940s.

The Hunt Hospitality team is currently managing:

- The Kent Hotel in Hamilton
- The Duke of Wellington in New Lambton
- The Seabreeze Hotel in Nelson Bay
- The Ocean View Hotel in Urunga
- Finnian's Tavern in Port Macquarie

They have a proven track record in maximising a venue's potential – something that is evident in transformations they've achieved in the past.

Stephen has been a judge for the NSW Tourism Awards of Excellence and is a current judge for the prestigious Australian Liquor Industry Awards. He has also been a compare and panellist and the Pub Leaders Summits.

In 2018/2019, Hunt Hospitality International proudly raised over \$100,000 for Variety, The Children's Charity.

Hunt Hospitality is focussed on nurturing employees and promoting well-being. They have recently initiated a free support program for mental health, and regularly offer training programs to expand employee skill sets.

### BUSINESS STRATEGY

- Businesses operating multiple venues have a significant financial advantage over operators of individual venues
- Higher procurement efficiencies
- Centralised back office
- Higher rebates on contracted beverages
- Cross venue promotion



