

Waratah Hotel Group

Distribution and Dividend Reinvestment Plan

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Glossary

Term: Definition or Explanation

Companies: Waratah Hotels Limited ACN 117 204 225 and Waratah Hotels No 2 Limited ACN 619 064 998.

Distribution: A distribution from the Trust or a dividend from one or both of the Companies, or both.

Distribution Period: Quarterly.

Distribution Rate: The Distribution divided by the total number of Securities.

DRP: Distribution and Dividend Reinvestment Plan.

Investor: A holder of Securities.

Waratah Hotel Group: The Trust and the Companies as a consequence of the stapling of the Securities.

Waratah Hotel Group's Registrar: Waratah Funds Management Limited ACN 606 091 543 (or its successor).

Responsible Entity: Waratah Funds Management Limited ACN 606 091 543 (or its successor).

Specified Date: The business day immediately following the end of the income period to which the Distribution relates.

Security: A unit in the Trust and an ordinary share in each of the Companies stapled together.

Security Price: The issue price per Security as at the Specified Date. (For more information on the calculation of the Security Price, please refer to Waratah Hotel Fund's Unit Pricing Policy, available upon request from the Responsible Entity.)

Trust: Waratah Hotel Fund ARSN 123 286 304.

General

Please note that where a fraction results from application of the formula in Rule 10 (an amount remains after crediting a whole number of Reinvestment Securities), this amount shall be carried forward and will be added to the total amount available for application for Securities $((V \times W) - T$ in the formula) in respect of the next Distribution.

Should an Investor cease their involvement with the DRP, any carried forward amount will be forfeited by the Investor, given the amount will be less than the Security Price and likely less than the transaction costs involved in paying it out as cash.

Outline of the DRP

The DRP allows you to reinvest your cash Distributions in additional Securities without transaction costs.

This Booklet sets out the terms and conditions of the Waratah Hotel Group's DRP. To assist you with the understanding of this document, we have defined certain terms in the Glossary on the inside front cover.

If you do nothing, you will continue to receive your Distributions in the form of cash only.

If you wish to take advantage of the DRP, please complete the DRP Election Form enclosed with this Booklet and return it to the Waratah Hotel Group's Registrar as soon as possible. You may nominate part or all of your Securityholding for participation in the DRP. Your nominated participation will apply to all subsequent Distributions until altered by you through the lodgement of a new DRP Election or Withdrawal Form.

The DRP is not available to Investors with registered addresses outside Australia as it is not practical to obtain necessary approvals in other jurisdictions.

Securities under the DRP are issued by reference to the Security Price of the Waratah Hotel Group's Securities as at the Specified Date for the relevant Distribution less the discount, if any, determined by the Responsible Entity and Companies from time to time.

Your entitlement to new securities is calculated as follows:

$$\frac{\text{Securities Participating} \times \text{Distribution Rate}^1}{\text{Security Price}^2}$$

Securities will be issued under the DRP at or about the same time as Distributions are paid and will rank equally in all respects with existing issued Securities, including Distribution entitlements. You will pay no brokerage, commission or stamp duty on the issue of these Securities. A holding statement will be sent to you with each issue of new Securities giving details of your participation in the DRP. The DRP Election and Withdrawal Form is enclosed with this Booklet. Additional Forms are available from the Waratah Hotel Group's Registrar. A more detailed explanation of the terms and conditions of the DRP follows.

In the event of any conflict between a DRP Election or Withdrawal Form, the DRP Booklet and the Rules of the DRP (please refer to page 5), the Rules will prevail to the extent of the conflict.

¹ Less any tax required to be deducted by the Waratah Hotel Group.

² Security Price of the Waratah Hotel Group's securities as at the Specified Date, less the discount, if any, determined by the Responsible Entity and Company from time to time.

Although this Booklet outlines the main features of the DRP, it is not intended to and does not provide financial, taxation or legal advice. As Investors have different financial needs and taxation circumstances, you should choose your form of Distribution carefully.

If you are not sure which Distribution option is best, you should consult your own financial, taxation or legal advisers.

Enquiries

If you have any enquiries, other than taxation, about how the DRP operates and how you can participate, please write, telephone or email the Waratah Hotel Group's Registrar.

Questions and Answers

Who can participate?

All Investors may participate in the DRP unless an Investor has a registered address outside of Australia.

Is participation optional?

Yes. The decision is entirely yours.

How do I join the DRP?

You will need to complete the DRP Election Form enclosed and return it to the Waratah Hotel Group's Registrar.

When will my participation begin?

It will begin when the first Distribution payment occurs after receipt of your DRP Election Form provided it is received by the Record Date for that Distribution. Participation will continue until altered or terminated by you in writing.

Do I have to reinvest all my Securities?

No. You have three options:

1. You can elect to have all your Securities participate.

If you elect full participation, all Securities held will participate in the DRP for future Distributions.

2. You can elect to have a certain number of Securities participate.

If you elect partial participation and specify the number of Securities to participate, Distributions on those Securities only will be reinvested and those Securities that are not participating will receive a Distribution in the form of cash.

3. You can elect to have a certain percentage of your Securities participate.

If you elect partial participation and specify your desired level of participation as a percentage, the actual number of Securities that participate will be determined by that percentage so as to achieve your desired participation level.

Of course, you can also choose not to participate at all, in which case you will continue to receive your Distributions in cash.

Do new securities issued under the DRP automatically participate?

This will depend on the level of your participation.

If all your Securities participate, then new Securities issued under the DRP will automatically participate.

If you have specified a certain number of Securities that are to participate, any new Securities issued to you will not participate (subject to minimum participation levels). If you want these new Securities to participate you will need to complete a new DRP Election Form.

If you have specified your desired level of participation as a percentage of your Securityholding, that percentage of any new Securities issued to you will automatically participate (subject to minimum participation levels). In this way, the percentage level of participation will remain unchanged at your desired level.

If I buy more Securities and I am a partial participant, do I need to lodge a new DRP Election Form?

This will depend on whether you have indicated your desired level of participation as a number of Securities or as a percentage of your total Securityholding.

If you have specified a percentage, that percentage of the new Securities you have bought will automatically participate. This way your percentage level of participation will remain unchanged.

However, if you have specified a given number of Securities that are to participate, any new Securities you buy will not participate. If you want the Securities purchased to participate, you will have to submit a new DRP Election Form.

What happens if I have more than one Securityholding?

You will need to lodge a separate DRP Election Form for each separate Securityholding and you must correctly identify the Securityholding on the DRP Election Form.

Can I change my participation at any time?

The DRP Election Form is used for the purpose of full or partial participation as well as initial participation in the DRP. The DRP Withdrawal Form is used for terminating participation in the DRP

Simply complete the DRP Election or Withdrawal Form, or request one from the Waratah Hotel Group's Registrar by telephone. These instructions take effect from the next Distribution payment, subject to being received by the Waratah Hotel Group's Registrar by the close of business on the record date for that Distribution.

At what price will the Securities be allotted?

Securities will be allotted based on the Security Price of the Waratah Hotel Group's Securities as at the Specified Date for the relevant Distribution less the discount, if any, determined by the Responsible Entity and Companies from time to time.

What fees will be charged on the issue of Securities under the DRP?

You will not be charged brokerage fees, commission or stamp duty for any allotment of Securities under the DRP.

Can I sell my Securities when I choose?

Subject to the usual restrictions attaching to a sale of Securities (given the Securities are unlisted and there is no ready market for the Securities) you can sell any or all of your Securities at any time. The Securities will automatically be withdrawn from the DRP when the Waratah Hotel Group registers a valid transfer document.

If you sell your Securities between the ex-distribution date and the record date, you should lodge a DRP Withdrawal Form with the Waratah Hotel Group's Registrar by the record date to ensure you do not receive any unwanted DRP Securities.

If you are a partial participant in the DRP and you sell any of your Securities then, unless otherwise notified, any Securities not participating in the DRP will be taken to have been sold first, followed by any Securities participating in the DRP. If you have specified a percentage participation, you will be taken to have sold such proportion of participating and non-participating Securities as necessary to maintain your desired percentage participation.

Should I inform the Waratah Hotel Group's Registrar of any sale?

If you have sold all of your Securities, it is not necessary to separately advise the Waratah Hotel Group's Registrar of your resultant withdrawal from the DRP. However, if you have sold only some of your Securities and do not wish those Securities sold to be deducted from the DRP in the order mentioned above, then you should notify the Waratah Hotel Group's Registrar in writing.

What about taxation?

For Australian income tax purposes, Distributions reinvested under the DRP are treated as distributions and dividends received by you in the same manner as a cash distribution and dividend.

Neither the Responsible Entity nor the Companies take any responsibility for the taxation liabilities of Investors and recommend you obtain professional taxation advice.

How do I keep track of my participation?

Within 10 business days of allotment of the Securities, a separate statement will be issued showing:

- the number of your Securities participating in the DRP;
- the cash Distribution entitlement; and
- the number and effective price of Securities issued under the DRP.

Can the DRP be modified, suspended or terminated?

The Responsible Entity and the Companies may together modify the DRP at any time. They may also suspend or terminate the operation of the DRP. If the DRP is to be suspended or terminated then Investors will receive one month's written notice.

It should also be noted that the Responsible Entity and the Companies may arrange for the DRP to be underwritten at any time on terms and conditions that it deems appropriate.

Rules of the DRP

Rule 1: Preliminary

1. These Rules constitute the terms and conditions of the DRP pursuant to the constitutions of the Trust and the Companies.
2. The DRP will continue in operation until suspended or terminated by the Responsible Entity and the Companies pursuant to Rule 17.

Rule 2: Interpretation

1. In these Rules, unless a contrary intention appears:

DRP Account has the meaning given to that expression by Rule 9;

DRP Election Form means a document, the purpose of which is either to cause Securities to participate in the DRP or to vary the basis of such participation;

DRP Securities has the meaning given to that expression by Rule 3.2;

DRP Withdrawal Form means a document, the purpose of which is to cause all securities in a particular securities account which are participating in the DRP to cease participation;

Record Date means date selected for determining entitlements to the Distribution; and

Reinvestment Securities has the meaning given to that expression by Rule 9.

Other terms referred to in these Rules are defined in the Glossary on the inside front cover.

2. References in these Rules to a securities account take account of the fact that an Investor may hold different classes of securities
3. For the purposes of these Rules, a DRP Election Form shall be taken to indicate full participation in respect of Securities of a particular kind and class held by a person in a particular securities account when it indicates that all of those Securities are to participate.

Rule 3: Participation

1. Some or all of the Securities being fully paid Securities held from time to time by an Investor in a particular securities account may, subject to these Rules, participate in the DRP.
2. Securities held by a person in a particular securities account that participate at any time in the DRP are called DRP Securities.

Rule 4: Ascertaining Participating Securities

1. The Securities held by an Investor in a particular securities account which, at a particular time, participate in the DRP shall be determined by reference to the DRP Election Form received from the Investor in accordance with Rule 5 which is in force at the relevant time.
2. If an Investor has specified the number of Securities which are to participate in the DRP as a percentage of that Investor's holding, the number of Securities which are to participate will be that percentage of the total number of Securities held by that Investor rounded down, if necessary, to the nearest whole number of Securities subject to Rule 5.14.

Rule 5: Lodgement and Effect of a DRP Election and DRP Withdrawal Form

1. A DRP Election or Withdrawal Form must be in a written form prescribed or approved by the Responsible Entity and the Companies.
2. Every DRP Election and Withdrawal Form must:
 - (a) contain sufficient details to enable the relevant securities account and the Securities to which it relates to be identified;
 - (b) be executed by or on behalf of the Investor by whom the relevant Securities are held or in such other manner as the Responsible Entity and the Companies may from time to time prescribe or approve;
 - (c) be received by the Waratah Hotel Group's Registrar; and
 - (d) comply with these Rules.

3. If a DRP Election Form specifies full participation, all Securities held by the Investor, including those subsequently acquired by the Investor in respect of the relevant securities account, whether under the DRP or otherwise, will be DRP Securities.
4. Subject to Rule 5.14, if a DRP Election Form specifies partial participation:
 - (a) by specifying the exact number of Securities which are to participate, only that number of Securities specified will be DRP Securities irrespective of subsequent acquisitions by the Investor; and
 - (b) by specifying the percentage of the Investors holding which is to participate, that percentage of Securities held, including that percentage of securities subsequently acquired by the Investor in respect of the relevant securities account, will be DRP Securities.
5. If a DRP Election Form specifies a number of Securities that is greater than the total number of Securities in the relevant securities account on the Record Date, the Investor shall be deemed to have elected full participation.
6. If a DRP Election Form purports to nominate a securities account for both full participation and partial participation at the same time, the relevant Investor shall be deemed to have elected full participation.
7. A DRP Election or Withdrawal Form comes into force when it is approved by the Responsible Entity and the Companies and, until then, creates no rights or liabilities.
8. Approval of a DRP Withdrawal Form shall not be unreasonably withheld by the Responsible Entity or the Companies.
9. Approval of a DRP Election Form may be withheld by the Responsible Entity and the Companies in any case at the absolute discretion of the Responsible Entity and the Companies which shall not be bound to state any reason for the withholding of the approval.
10. Approval of a DRP Election Form shall be withheld by the Responsible Entity and the Companies in any case where, in the opinion of the Responsible Entity and the Companies, approval of it would prejudice the effective operation of the DRP would result in a breach of any law or would be contrary to the interests of the Waratah Hotel Group as determined by the Responsible Entity and the Companies.
11. Where approval of a DRP Election Form is withheld, the Responsible Entity and the Companies shall so inform the Investor from whom the DRP Election Form was received in writing.
12. Unless a DRP Election or Withdrawal Form is received by the Waratah Hotel Group's Registrar by the close of business on the Record Date for the next Distribution, the DRP Election or Withdrawal Form shall not take effect in respect of that Distribution.

13. Where a DRP Election or Withdrawal Form purports to be signed by an agent on behalf of an Investor, the Responsible Entity and the Companies may require proof of the agent's authority and until proof to its reasonable satisfaction is furnished, may decline to recognise the DRP Election or Withdrawal Form.

Rule 6: Variation and Termination of Participation

1. Variation of participation may only be effected by lodgement of a new DRP Election Form in substitution for the DRP Election Form in force at the time of lodgement.
2. An Investor who has lodged a DRP Election Form in relation to a particular securities account may terminate their participation in the DRP in relation to that securities account by lodging a DRP Withdrawal Form and when that DRP Withdrawal Form comes into force, all of the Securities held by the Investor in that securities account shall cease to be DRP Securities.

Rule 7: Securities Subject to Charge

1. If at the time of lodgement of any DRP Election Form, the Waratah Hotel Group has a lien on or charge over any of the Securities to which the DRP Election Form relates or is entitled to withhold Distributions thereon, the DRP Election Form is incapable of coming into force and shall be ineligible for approval by the Responsible Entity and the Companies.
2. If any lien, charge or entitlement arises in relation to any DRP Securities as mentioned in Rule 7.1, a DRP Withdrawal Form in relation to the relevant securities account shall be deemed to have come into force and Rule 6.2 shall take effect accordingly (subject, however, to that lien, charge or entitlement).

Rule 8: Effect of Transfer of Securities

1. On transfer of all the Securities in a particular securities account, such of those securities as are DRP Securities will, on registration of the transfer, automatically cease to have that character.
2. Subject to Rule 8.1, on transfer of only some of the Securities in a particular securities account, unless the Investor otherwise notifies the Waratah Hotel Group's Registrar, the Securities comprised in the transfer shall be taken to be:
 - (a) first, Securities receiving a Distribution in cash; and
 - (b) second, Securities participating in the DRP,and such of the Securities comprised in the transfer as are taken to be DRP Securities will, on registration of the transfer, automatically cease to have that character.
3. For the purposes of this Rule 8, transfer includes a valid application for registration by transmission.

Rule 9: Entitlements

Distributions declared or otherwise to be paid in respect of DRP Securities shall be deemed received by the Investor and applied as subscription moneys for fully paid Securities (referred to as Reinvestment Securities) in accordance with Rule 11 at or about the Distribution payment date to each person by whom DRP Securities are held in the relevant securities account on the Record Date for the Distribution.

While stapling applies, the Responsible Entity may authorise that some or all of a Distribution in respect of an Investor's units in the Trust be used to make payment for the subscription of shares in the Companies. Similarly, while stapling applies, one or both of the Companies may authorise that some or all of a dividend in respect of an Investor's shares in a Company be used to make payment for the subscription of units in the Trust. In order to calculate from time to time the number of Reinvestment Securities to which an Investor is entitled in respect of a particular securities account, the Waratah Hotel Group shall for record purposes only keep a separate account (referred to as a DRP Account) in respect of that securities account which:

- (a) records every amount of Distribution which the Investor would have received in cash from time to time in respect of the Investor's DRP Securities in that securities account had such Securities not participated in the DRP and accordingly had Distributions been paid in cash (please see $((V \times W) - T) \div X$ in Rule 10 below):
- (b) reflects each application of every such amount; and
- (c) records such other matters as these Rules require.

Rule 10: Calculation of Entitlements

An Investor holding DRP Securities on the Record Date in respect of a Distribution on Securities of the same class, shall be entitled to an allotment of the number of relevant Reinvestment Securities (as referred to below) which is ascertained by applying the formula:

$$\frac{(V \times W) - T}{X}$$

where:

- V** represents the number of DRP Securities of the relevant class held by the Investor in the particular securities account on the Record Date for the Distribution;
- W** represents the amount of the Distribution to which the Investor is entitled in respect of each of those DRP Securities;
- T** represents the amount of withholding tax, income tax or any other tax required to be deducted and withheld by the Waratah Hotel Group in respect of Distributions attributable to those DRP Securities; and

X represents the Security Price of the Waratah Hotel Group's Securities as at the Specified Date, less the discount, if any, determined by the Responsible Entity and the Companies from time to time,

and, if a fraction results from the application of that formula, by rounding the result of the formula's application down to the nearest whole number.

The Responsible Entity and the Companies will apportion the issue price of the units in the Trust and the shares in the Companies that comprise the Reinvestment Securities in accordance with the relevant constitutional provisions of the Trust and the Companies.

Rule 11: Allotment of Reinvestment Securities

An issue of Reinvestment Securities to an Investor in respect of a particular securities account by reason of a Distribution payment shall be effected as follows:

- (a) there shall be recorded in the DRP Account of the Investor in respect of that securities account the number of Reinvestment Securities (calculated under Rule 10) required to be allotted to the Investor; and
- (b) the number of Reinvestment Securities recorded pursuant to Rule 11(a) shall be allotted to the Investor at or about the time of payment of the Distribution in question.

Rule 12: DRP Statements

1. Within 10 business days of allotment of any Reinvestment Securities, a statement will be sent in respect of each participating securities account to which those Reinvestment Securities relate detailing:
 - (a) the number of DRP Securities at the Record Date;
 - (b) the amount of the Distribution to which the Investor is entitled and which the Investor would have received in cash if the DRP Securities had not participated in the DRP;
 - (c) the effective price at which the Reinvestment Securities were issued;
 - (d) the number of those Reinvestment Securities issued;
 - (e) such information, if any, as is required by law to be included in such a statement or to be given to the recipient of the statement; and
 - (f) such other information as the Responsible Entity and Companies consider necessary.
2. All Reinvestment Securities allotted to a Investor in relation to a particular securities account will be recorded on the register of the Waratah Hotel Group maintained in the same place as the register on which are recorded the majority of the existing securities in that securities account.

Rule 13: Ranking

1. All Reinvestment Securities shall, from the date of their issue, rank pari passu with all other fully paid securities in the capital of the Waratah Hotel Group.

Rule 14: Death of Participant

1. Where the holder of any Securities in respect of which a DRP Election Form is for the time being in force dies, participation of any Securities held by that Investor in the DRP shall:
 - (a) where such Investor is the sole Investor, terminate on receipt by the Waratah Hotel Group of notice of death; and
 - (b) where the Investor is a joint Investor, not be affected by the death.
2. In the case of such death, the Waratah Hotel Group will recognise as competent to lodge a DRP Election or Withdrawal Form, any person whom it is bound to recognise as competent to transfer the Securities.

Rule 15: Persons in Other Countries

1. Nothing in these Rules requires the Responsible Entity or the Companies to take any action under any laws in force outside Australia which affect or regulate the issue of Securities pursuant to the DRP or the right or entitlement of an Investor subject to those laws to participate in the DRP.
2. Responsibility to comply with any laws of the kind mentioned in Rule 15.1 is not accepted by the Responsible Entity or by the Companies. The Responsible Entity and the Companies, if they consider that it is impracticable or undesirable to meet the requirements of any such law that must be met to enable particular persons to participate, shall be entitled to decline to accept or disregard any DRP Election Form lodged by any such Investor. If a DRP Election Form lodged by any such Investor has previously been accepted, the Responsible Entity and the Companies are entitled to execute on the Investor's behalf a DRP Withdrawal Form.
3. Without limiting the generality of Rule 16.2 the Responsible Entity and the Companies may alter or add to these Rules in any way which causes:
 - (a) provisions different from those generally applying, are to apply in relation to participation in the DRP by Investors resident in, connected with or subject to the laws in force outside Australia where the Responsible Entity and the Companies are of the opinion that to do so is necessary or desirable to enable participation by those Investors; or
 - (b) Securities held by or on behalf of Investors resident in, connected with or subject to the laws in force outside Australia to be incapable of participating in the DRP where the Responsible Entity and the Companies are of the opinion that it is neither practicable nor desirable to extend participation to Securities so held.

Rule 16: Variation of the DRP

1. Subject to Rule 16.2, the Responsible Entity and the Companies acting together may at any time alter or add to these Rules as they think fit.
2. No alteration of, or addition to, these Rules shall be made by the Responsible Entity or the Companies if the alteration or addition:
 - (a) removes or varies a right to receive Reinvestment Securities that has already crystallised by reason of the payment of the relevant Distribution; or
 - (b) imposes on an Investor who holds DRP Securities any obligation to pay money.
3. Neither a determination by the Responsible Entity and the Companies of a rate of discount for the purposes of Rule 10 nor a suspension or termination (in whole or in part) of the DRP pursuant to Rule 17 amounts to an alteration of or addition to these Rules.

Rule 17: Suspension and Termination of the DRP

1. The Responsible Entity and the Companies may at any time suspend the operation of the DRP by giving one month's written notice to Investors but inadvertent failure to give notice to any Investor shall not invalidate such a suspension. The suspension of the DRP will be for either a fixed period or until the DRP is reinstated by the Responsible Entity and the Companies by giving one month's written notice to Investors.
2. The Responsible Entity and the Companies may at any time terminate the DRP by giving one month's written notice to Investors but inadvertent failure to give notice to any Investor shall not invalidate such a termination.
3. On termination of the DRP the Securities held by the Investor in a particular securities account which are DRP Securities shall automatically cease to have that character.

Rule 18: Notices and Governing Law

1. Unless these Rules otherwise require in a particular case, a notice or other communication to be given to the Responsible Entity or the Companies under or for the purposes of these Rules shall be in writing and shall be given by lodging it with the Waratah Hotel Group's Registrar.
2. Unless these Rules otherwise require in a particular case, a notice or other communication to be given by the Responsible Entity and the Companies under or for the purposes of these Rules shall be in writing and shall be given in any manner provided for in the constitution of the Trust and Companies for the giving of notices to Investors or by sending it by post or email to the relevant Investor's address appearing in any register maintained by the Waratah Hotel Group or otherwise notified to the Waratah Hotel Group or the Responsible Entity and the Companies

and shall be deemed to be given on the second business day after being so posted.

3. These Rules shall be governed by and construed in accordance with the laws of New South Wales and the Commonwealth of Australia.

Disclaimer

This Distribution Reinvestment Plan Booklet has been prepared for general information purposes only and whilst every care has been taken in relation to its accuracy, no warranty is given or implied. Further, Investors should consider obtaining their own independent advice before making any decision that relies on this information. Neither the Responsible Entity, the Trust nor the Companies guarantee the capital value of the Securities or any particular rate of return. This Booklet does not constitute an offer for sale of, or investment in Securities in the Waratah Hotel Group. August 2020.

