



WaratahFunds  
MANAGEMENT



**Waratah Hotel Group**  
**Liquidity Event Offer**



Dear Investor

## Important Information: Waratah Hotel Group Liquidity Event Offer

Waratah Hotel Group intends to hold its regular five-yearly Liquidity Event which provides Investors with the opportunity to redeem part or all of their investment in the Waratah Hotel Group ("the Group") or continue to remain fully invested in the Group. The end of the current investment term for the Group is September 2023.

We strongly recommend you read this letter in full and consider consulting your financial adviser or accountant.

### **For Investors who wish to stay invested in the Group no further action is required and the Fund will continue to be invested in a diversified portfolio of Australian hotel and leisure assets.**

Waratah Funds Management Limited (formerly Pelathon Funds Management Limited) became the Responsible Entity of Waratah Hotel Group (WHG) in April 2016. Waratah Hotel Group has paid consistent quarterly distributions to Investors since 31 December 2016 other than for the March and June 2020 quarters due to the impact of COVID-19.

Since Waratah Funds Management Ltd was appointed Responsible Entity, Waratah Hotel Group (formerly Pelathon Pub Group) has provided an average return to Investors of 28.3% pa.

Returns to Investors in Waratah Hotel Group are summarised below:

	Return % p.a.*	Total Return (cents per Stapled Security)*	Distributions received (cents per Stapled Security)*
Since WFML appointed RE (April 2016)	28.3% p.a.	153.6 c.p.u	83.6 c.p.u
Five years to December 2022	18.7% p.a.	114.5 c.p.u	74.5 c.p.u
Three years to December 2022	31.3% p.a.	100.5 c.p.u	56.5 c.p.u

\*Based on Stapled Security price of \$1.51 at 31 December 2022 and a Stapled Security price of \$0.81 when Waratah Funds Management Limited (formerly Pelathon Funds Management Limited) was appointed as RE.

Please note that past performance is no indication of likely future performance. The Group currently has a conservative gearing rate of 15.6%. The level of gearing has reduced significantly over the past year as a result of the sale of a number of assets.

The gearing rate of the Group is expected to increase in 2023, with the magnitude of the rise in the gearing rate being dependent on funding options utilised for the Liquidity Event. The Group aims to maintain a gearing ratio below 40% over the medium term.

## Ongoing Group Strategy

Following the 2023 Liquidity Event the Group intends to remain focused on delivering income with the potential for capital growth by providing Investors with exposure to a diversified portfolio of Australian hotel and leisure assets.

The Group's investment strategy is to:

- Invest in quality Australian hospitality assets for the medium term and actively manage them to increase profitability, income and value.
- Seek further investments in the Australian hospitality space, focusing on investment in venues with further opportunities to add value.
- Actively manage the portfolio, including where appropriate, selling properties to maximise Investor returns.

## What is the Liquidity Event?

The Liquidity Event provides Investors with the opportunity to realise some or all of their investment or remain fully invested in the Waratah Hotel Group. For participating Investors the Liquidity Event will comprise a redemption and cancellation of their units in the Fund and a reduction of capital and cancellation of their shares in the Companies.

Investors may elect for a part only of their holding of Stapled Securities in the Group to be redeemed as part of the Liquidity Event.

The Liquidity Event is open from 30 March 2023 to 30 June 2023 (unless the Offer is closed early). Withdrawal requests must be received within this notice period. All Investors are eligible to participate in the Liquidity Event. The Group reserves the right to close the Offer early, although the Offer will always stay open for acceptances for a minimum period of 21 days after its commencement. Accordingly, Investors are encouraged to lodge their withdrawal requests early if they wish to participate in the Offer.

The Group has five-year investment terms with the next liquidity event scheduled for June 2028.

Following the 2023 Liquidity Event, the Group intends to introduce a Limited Liquidity Facility to those Investors looking to redeem their investment prior to the next 5 year liquidity event in June 2028. This facility is intended to be offered to Investors on a six-monthly basis commencing from 30 June 2024. Redemption of Stapled Securities under this proposed facility is not guaranteed in any way.

## Total amount to be redeemed in the Liquidity Event

This is an offer to each Investor to redeem up to 100% of their Stapled Securities. There is no cap on the total cost or amount of the buy-back. Redemptions may occur over a number of months.

The Liquidity Event is intended to be funded from one or more of the following options:

- utilisation of cash reserves in the Group
- utilisation of bank or other funding facilities
- the sale of assets held by the Group
- new issues of Stapled Securities
- transfer of Stapled Securities from Investors wishing to exit to willing purchasers, including existing Investors and new investors. Transferees may be related entities of Waratah Funds Management Limited and its directors and associated interests
- rights issues to Investors remaining invested in the Group.

Interests associated with the directors of the Group intend to remain fully invested in the Group. Interests associated with the directors of the Group will consider participating in any rights issue and/or purchase of Stapled Securities from exiting Investors.

If acceptances of this Offer exceed available funds, then the Group may elect to proceed with the Liquidity Event but with a scale back of redemptions, so that a pro rata part of each Investor's Stapled Securities will be redeemed.

The best interests of remaining Investors will be considered when determining the strategy to provide liquidity.

## Redemption date

Waratah Funds Management Limited aims to act promptly in this matter. Depending on the demand for the Liquidity Offer, the expectation would be that liquidity will be provided to Investors during the June 2023 quarter or the September 2023 quarter.

A resolution of Investors at an extraordinary general meeting will be required to approve the redemption and cancellation of the Stapled Securities which participate in the Liquidity Event, which will occur before or immediately after the end of the notice period for the Liquidity Event (30 June 2023, unless the Offer is closed early).

Please note the timing of payment to Investors electing to redeem their holding in Waratah Hotel Group will be ultimately dependent on the quantum of requests received and the method/s of funding the Liquidity Event.

## Redemption price

Stapled Securities participating in the Liquidity Event will be redeemed in accordance with the Constitutions and applicable law. To ensure the accuracy of the redemption price, all of the Group's property assets have been independently valued as at 31st December 2022 and the financial statements of the Group for the six months ending 31st December 2022 have been audited. Copies of the audited financial statements can be accessed from the investor centre on the Group's website [www.waratahmanagement.com.au](http://www.waratahmanagement.com.au). The Redemption Price has been calculated based on independent property valuations and the audited financial statements less Redemption Costs.

The Independent Valuation Reports value the gross assets of the Group at \$42.4 million as at 31 December 2022, which is a 4.8% increase from the valuation of \$40.46 million at 30 September 2022.

The Stapled Security Price at 31 December 2022 is \$1.51 per Stapled Security. After accounting for Redemption Costs, the Stapled Security price for the Liquidity Event is \$1.45 per Stapled Security.

The Redemption Costs for the Liquidity Event reflect estimated costs that would be incurred at the time that properties held by the Fund are sold. This benefit accrues to the Fund and not the Responsible Entity and ensures exiting Investors share in any Fund divestment costs.

The Waratah Hotel Group Stapled Security Price at 31 December 2022 and the Liquidity Event price are listed below:

Waratah Hotel Group Stapled Security price 31 December 2022: \$1.51

### **Waratah Hotel Group Liquidity Event exit price 2023: \$1.45**

In addition, a redemption fee of \$250 per Investor applies to each Investor whose Stapled Securities are redeemed under the Offer. This fee will be waived in the cases of Investors whose total holding is 250 Stapled Securities or less.

## Distributions

Investors will continue to receive any income distributions paid by the Group until such time as their Stapled Securities have been fully redeemed. The Group pays distributions to Investors on a quarterly basis with an entitlement to a distribution being dependent on the Investor holding Stapled Securities on the last day of the quarter that the distribution relates to. Once Stapled Securities are redeemed, Investors will no longer be entitled to distribution payments on those Stapled Securities redeemed.

## Future redemption opportunities – a future Limited Liquidity Facility

Following the conclusion of the 2023 Liquidity Event, Waratah Funds Management Limited intends to hold the next Liquidity Event in June 2028. Between the current 2023 Liquidity Event and the proposed 2028 Liquidity Event, the Responsible Entity intends to offer a Limited Liquidity Facility every six months to those Investors wishing to redeem their investment. This facility is subject to the Fund having available liquid assets and/or interests associated with Directors of the Group being in a position to acquire Stapled Securities. This Limited Liquidity Facility is intended to be available from June 2024 onwards.

Waratah Hotel Group and/or interests associated with Directors of the Group intend to offer to acquire Stapled Securities from Investors seeking to exit the Group in accordance with the following terms:

### Stapled Security Price and Timing

The price Waratah Hotel Group and/or interests associated with Directors of the Group will pay for a Stapled Security it buys under the Limited Liquidity Facility will be equal to the Net Asset Backing (NAB) of the Group divided by the number of Stapled Securities on issue, being the Stapled Security price, discounted by 5%.

Purchases through the Limited Liquidity Facility will generally be made within 10 days of the Group finalising and publishing its December half year and June full year results and NAB.

Withdrawal request forms must be lodged with Waratah Funds Management Limited by email or post at least 10 business days prior to the end of each half year.

Withdrawal request forms received 10 or less business days prior to the end of each half year will not be processed until the end of the following six months.

### Capping the Limited Liquidity Facility

The withdrawal offers under the Limited Liquidity Facility is expected to be capped at \$500,000 per half year.

Where the total applications from Investors to use the Limited Liquidity Facility exceed the available facility (i.e. the applications will result in the Limited Liquidity Facility cap being reached) the available facility will be used to satisfy requests made in that half year on a pro-rata basis (that is, until the \$500,000 total cap is reached).

## Suspending the Limited Liquidity Facility

The Limited Liquidity Facility is subject to the Group having available liquid assets and/or interests associated with Directors of the Group being in a position to acquire Stapled Securities under this Liquidity Facility. Redemptions may be scaled back in the event that redemption requests cannot be fulfilled.

The Limited Liquidity Facility may be cancelled, deferred, scaled back or suspended in exceptional circumstances such as where it is impracticable to offer liquidity or it would not be in the best interests of remaining Investors for liquidity to be offered. As such, Investors who choose not to participate in the current 2023 Liquidity Event should consider that their investment could continue until the 2028 Liquidity Event.

## Small holdings buy back

The Group has a number of Investors whose holdings of Stapled Securities is 250 Stapled Securities or less. Based on the register of Investors as at 29 March 2023:

- 169 Investors hold 250 Stapled Securities or less, comprising 15.85% of the Group's total 1,066 Investors,
- approximately 0.10% of total Stapled Securities are held by Investors holding 250 Stapled Securities or less,
- the aggregate value of Stapled Securities held by Investors holding 250 Stapled Securities or less is \$35,765.

The Group has decided to undertake a compulsory buy-back of these small holdings of Stapled Securities in order to reduce the administrative costs associated with maintaining a large number of very small holdings. Investors whose Stapled Securities are compulsorily bought back will not be charged any redemption fee.

The compulsory buy-back will require special resolutions of Investors. The Group intends to put the relevant resolutions approving the compulsory buy-back of these small holdings at the meetings to be held in May or June 2023 to approve the redemption and cancellation of the Stapled Securities which participate in the Liquidity Event Offer.

An Investor who has a small holding and who wishes to retain their Stapled Securities may contact the Group to discuss whether and under what terms they might retain their holding. We would encourage any such Investors to approach us as soon as possible.

## What do I need to do?

### I want to stay invested in Waratah Hotel Group:

If you do not wish to exit your investment in Waratah Hotel Group there is no action required. Please do not complete the enclosed Liquidity Form.

### I want to exit Waratah Hotel Group:

If you wish to exit your investment in Waratah Hotel Group in whole or in part then you should participate in this Liquidity Event. You should carefully read and complete and sign the enclosed Liquidity Form and scan and email to [info@waratahmanagement.com.au](mailto:info@waratahmanagement.com.au) or return the form to the mailing address shown on the form by **5:00pm (AEST) Friday 30 June 2023 or such earlier date by which the Offer is closed**. You can select to redeem all or part of your holding.

The Group reserves the right to close the Offer early, although the Offer will always stay open for acceptances for a minimum period of 21 days after its commencement. Accordingly, Investors are encouraged to lodge their withdrawal requests early if they wish to participate in the Offer.

When participating in the Liquidity Event, you can email [info@waratahmanagement.com.au](mailto:info@waratahmanagement.com.au) to request confirmation of receipt. Any forms received after the close date will not be valid.

### **I am not sure if I want to participate in the Liquidity Event:**

If you are not sure if you want to participate in the Liquidity Event or are in doubt about how to deal with the Liquidity Form, please consult your financial adviser or accountant. Waratah Funds Management Limited is unable to provide Investors with personal financial or taxation advice.

### **Important dates**

Liquidity Event Offer opening date	30 March 2023
Liquidity Event Offer closing date	30 June 2023, unless closed early
Investor meeting to approve the redemptions	A meeting of Investors will be held in May or June 2023 to approve the redemption and cancellation of the Stapled Securities which participate in the Liquidity Event.
Confirmation letter sent	We will communicate with Investors who have both elected to redeem and continue with their investment in Waratah Hotel Group after the Offer has closed.
Liquidity Event payment date	Will be notified to all Investors that have requested to redeem as soon as practicable. The payment date is expected to be in the June or September 2023 quarter. Please note the payment timing will be ultimately dependent on the quantum of requests received and the method/s of funding the Liquidity Event.
Transaction statement sent	Approximately fourteen days after any Liquidity Event payment

### **Contact us**

If you have questions please speak with your financial adviser or contact us on:

Phone: 61 2 9098 9100

Email: [info@waratahmanagement.com.au](mailto:info@waratahmanagement.com.au)

We appreciate and thank you for your ongoing support of Waratah Hotel Group.

Yours sincerely



Darren Baker  
Director



## Glossary of Terms

**AEST** means Australian Eastern Standard Time.

**Companies** means the Company and Company No 2.

**Company** means Waratah Hotels Limited ACN 117 204 225.

**Company No 2** means Waratah Hotels No. 2 Limited ACN 619 064 998.

**Constitutions** means the Constitutions of the Fund and of the Companies, as amended from time to time.

**Corporations Act** means the Corporations Act 2001 (Cth)

**Fund** means the Waratah Hotel Fund ARSN 123 286 304.

**Gearing or gearing ratio** means the Group's total interest-bearing liabilities as a proportion of total assets.

**Group or Waratah Hotel Group or WHG** means the Fund and the Companies taken as a whole.

**Independent Valuation Reports** means the independent valuation reports commissioned by Waratah Hotel Management Pty Ltd in respect of the portfolio of assets held by the Group.

**Investor** means any person or body corporate who is a unitholder in the Fund and a shareholder in Company and Company No 2.

**Limited Liquidity Facility** means a limited liquidity facility that the Group intends to offer (after this current Liquidity Event has completed) every six months to those Investors wishing to redeem their investment.

**Liquidity Event** means the process, proposed to occur every five years, and outlined in this document, whereby the Responsible Entity will endeavour to provide liquidity to those Investors wishing to redeem their investment.

**Liquidity Event Offer or Offer** means the offer under this letter whereby an Investor may elect for some or all of their Stapled Securities to be redeemed in the Liquidity Event on the terms of this letter.

**Redemption Costs** means the amount determined by the Group in respect of, or as an allowance for, costs and disbursements, commissions, expenses, legal fees, brokerage, taxes and other costs that may be incurred or are expected to be incurred in connection with the disposal of the property assets held by the Group.

**RE or Responsible Entity** means Waratah Funds Management Limited ACN 606 091 543 which holds AFS Licence No. 477840.

**Stapled or Stapling** means the stapling of units in the Fund with shares in the Company and Company No 2, so that any Stapled Securities can only be issued, transferred or redeemed as one security.

**Stapled Security** means a unit in the Fund stapled to a share in the Company and a share in Company No 2.

**WFML or Waratah Funds Management Limited** means Waratah Funds Management Limited ACN 606 091 543, the holder of AFS Licence 477840 in its capacity as the Responsible Entity of the Fund.

**WHM or Waratah Hotel Management** means Waratah Hotel Management Pty Ltd ACN 138 659 140 in its capacity as the asset manager of the Group's venues.

## Important notice to Investors

This document is dated 30 March 2023.

Each Stapled Security in the Waratah Hotel Group comprises one unit in Waratah Hotel Fund ARSN 123 286 304 (**Fund**) and one share in each of the companies – Waratah Hotels Limited ACN 117 204 225 (**Company**) and Waratah Hotels No. 2 Limited ACN 619 064 998 (**Company No 2**) (the Company and Company No 2 together being referred to as the **Companies**).

Waratah Funds Management Limited ACN 606 091 543 is the holder of AFS Licence 477840 and is the Responsible Entity of the Fund. Waratah Funds Management Limited is referred to in this document as the 'RE' or 'the Responsible Entity'.

References to 'you' or 'your' are to Investors in the Waratah Hotel Group.

Neither the RE nor the Companies, or any of their related entities or directors, guarantee or make any representations as to the performance of the Fund, the Companies, the maintenance or repayment of capital, or any particular rate of return by the Fund or the Companies. Investments in the Waratah Hotel Group are not deposits or other liabilities of the RE, the Companies, or their related entities, and are subject to investment risk including possible delays in withdrawal and loss of income and capital invested.

The information contained in this document is general information only and does not take into account your individual investment objectives, financial situation or needs. You should read this document carefully and assess whether the information is appropriate for you, and talk to a financial adviser before making a decision.

All monetary amounts referred to in this document are in Australian dollars, unless specifically identified to the contrary.

A glossary of terms used in this document appears at the end of this document.

The name and contact details of the Responsible Entity, the Fund and the Companies are:

Waratah Funds Management Limited Suite 1 207 Ben Boyd Road Neutral Bay NSW 2089 Telephone: (02) 9098 9100 PO Box 605 Neutral Bay NSW 2089 Email: info@waratahmanagement.com.au	Waratah Hotel Fund Suite 1 207 Ben Boyd Road Neutral Bay NSW 2089 Telephone: (02) 9098 9100 PO Box 605 Neutral Bay NSW 2089 Email: info@waratahmanagement.com.au
Waratah Hotels Limited Suite 1 207 Ben Boyd Road Neutral Bay NSW 2089 Telephone: (02) 9098 9100 PO Box 605 Neutral Bay NSW 2089 Email: info@waratahmanagement.com.au	Waratah Hotels No 2 Limited Suite 1 207 Ben Boyd Road Neutral Bay NSW 2089 Telephone: (02) 9098 9100 PO Box 605 Neutral Bay NSW 2089 Email: info@waratahmanagement.com.au





# Waratah Hotel Group

With our expertise and proven track record in pub and leisure asset management, we identify deep-value investment opportunities and drive returns from an operational level. Portfolio diversification and prudent use of debt help deliver these returns to investors via a lean and transparent funds management system.

**Quite simply, our goal is to use our specialist expertise to grow our investment together.**

# Waratah Hotel Group

# Liquidity Event Form

(comprising Waratah Hotel Fund ARSN 123 286 304, Waratah Hotels Limited ACN 117 204 225 and Waratah Hotels No. 2 Limited ACN 619 064 998)

Name of Investor:

SRN:

Contact email:

Address of Investor:

All correspondence to:

PO Box 605

Neutral Bay NSW 2089

Telephone: (02) 9098 9100

Email:

info@waratahmanagement.com.au

By completing and returning this form you are electing to redeem Stapled Securities in the Waratah Hotel Group at the Liquidity Event exit price per Stapled Security calculated at 31 December 2022, as outlined in the Liquidity Event Offer letter dated 30 March 2023. Receipt of this Withdrawal Form by Waratah Funds Management Limited by **5:00pm (AEST) on Friday 30 June 2023** (or such earlier date that the Liquidity Event Offer is closed) will constitute acceptance of the terms and conditions of the Liquidity Event Offer and the Liquidity Event Form. The redemption of Stapled Securities under the Liquidity Event Offer is not guaranteed in any way. If the withdrawal request is not satisfied in full under the Liquidity Event Offer, the Investor will retain the balance of their Stapled Securities.

**A** I/We offer to redeem in the Liquidity Offer, the following Stapled Securities held on the register at 30 March 2023  
**All of my/our Stapled Securities**

Place a mark in the box opposite if you wish to offer to redeem all of your Stapled Securities on the Register through the Liquidity Event Offer.

**B** **OR Some of my/our Stapled Securities**

,,

Place the number of Stapled Securities in the box opposite that you wish to offer to redeem through the Liquidity Event Offer.

Redemption proceeds will be paid electronically to the bank account details currently held on the register (unless other arrangements are agreed with the Registry, this will be the same account that your distributions are paid to). If you have not provided current bank account details, please contact Waratah Funds Management Limited to ensure there is no delay in processing your redemption proceeds.

## Acceptance and Consent

Please sign on dotted line below.

I/We accept the terms and conditions of the Liquidity Event Offer and appoint the Responsible Entity as my/our agent to do all things necessary, including executing any other document, to effect the redemption of Stapled Securities in accordance with the Liquidity Event Offer.

**PLEASE SIGN HERE (this section must be signed in accordance with the instructions overleaf)**

**If the member is a natural person or joint securityholder**

.....  
Signature (individual or Investor 1)

.....  
Signature (of other joint securityholder or Investor 2)

**If the member is a company**

Executed by the company acting by the following persons or, if the seal is affixed, witnessed by the following persons:

.....  
Name of corporate member

.....  
(Signature of director/sole director and sole secretary)  
\*cross out which ever is inapplicable

.....  
(Signature of secretary/director)  
\*cross out which ever is inapplicable

.....  
Contact Name

.....  
Contact Telephone Number

..... / ..... / .....  
Date

### Signing of form

Each person registered as the holder of the above Stapled Securities who wishes to participate in the Liquidity Event Offer must sign the Liquidity Event Form in the following way:

- Individual: where Stapled Securities are held by 1 person, that person must sign.
- Joint holding: where Stapled Securities are held by more than 1 person, all holders of that entitlement must sign.
- Power of Attorney: to sign under a Power of Attorney which has not previously been lodged with the registry, please attach a certified photocopy of the Power of Attorney to this Form when you return it. In signing as attorney you declare that you have no notice of revocation of the Power of Attorney.
- Companies: where the company has a sole director who is also the sole company secretary this Form must be signed by that person. If the company (under section 204A of the *Corporations Act 2001*) does not have a company secretary, a sole director can also sign alone. Otherwise, this Form must be signed by a director jointly with either another director or a company secretary. The office held by the signatory should be indicated in the appropriate place.

### Return of Liquidity Event Form

This Liquidity Event Form (and, if relevant, the Power of Attorney under which it is signed) must be received by email, post or hand delivery at an address given below not later than 5:00pm (AEST) on Friday 30 June 2023 (or such earlier date that the Liquidity Event Offer is closed). You should allow sufficient time for this to occur. A Liquidity Event Form received after these times will not meet the requirements to participate in the redemption of Waratah Hotel Group Stapled Securities.

**If you provide a contact email address on this form, we will contact you to confirm receipt of a valid Liquidity Event Form at the time that we process your form. If you do not receive confirmation, please email [info@waratahmanagement.com.au](mailto:info@waratahmanagement.com.au) or call Waratah Funds Management Limited on (02) 9098 9100 prior to the offer closing date. It is your responsibility to check whether your form has been received by Waratah Funds Management Limited. Waratah Funds Management Limited does not accept any responsibility if you lodge the Withdrawal Form at any other address or by any other means.**

### Documents may be lodged:

By posting, hand delivery or email to

**Waratah Funds Management Limited  
PO Box 605 Neutral Bay NSW 2089  
Suite 1, 207 Ben Boyd Road  
Neutral Bay NSW 2089  
Email - [info@waratahmanagement.com.au](mailto:info@waratahmanagement.com.au)**