

# Waratah Hotel Group

## Consolidated Annual Financial Statements

Year Ended 30 June 2025

**Waratah Hotels Limited**  
**ABN 80 117 204 225**  
**Waratah Hotels No 2 Limited**  
**ABN 78 619 064 998**  
**Waratah Hotel Fund**  
**ARSN 123 286 304**  
Suite 702, 116 Military Road  
Neutral Bay NSW 2089  
**Phone: (02) 9098 9100**

# Waratah Hotel Group

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# Waratah Hotel Group

## Directors' Report

The Directors present their report together with the consolidated financial report of the Waratah Hotel Group (Group) for the twelve months ended 30 June 2025. The Group is comprised of:

- (1) Two companies – Waratah Hotels Limited (WHL) and its controlled entities and Waratah Hotels No 2 Limited (WHL 2) and its controlled entities (together referred to as the 'Companies'); and
- (2) A trust – Waratah Hotel Fund and its controlled entities (Fund) (an Australian registered scheme for which Waratah Funds Management Limited (WFML) acts as responsible entity).

Shares in both of the Companies are stapled to each other and to the units in the Fund. For the purposes of this financial report the Fund is identified as the parent entity of the Group.

The consolidated financial reports of the Group for the year ended 30 June 2025 comprise the consolidated financial reports of the Fund and the Companies.

### Principal Activities & Result

The principal activity of the Group is the ownership and operation of hotel and pub businesses. Hotel and pub operations are undertaken by a specialist management company known as Waratah Hotel Management Pty Ltd (Waratah) on behalf of WFML.

The net result for the Group was a profit after tax of \$2,553,924 (2024: a profit of \$7,910,734).

### Significant Changes in Affairs

On 22 July 2024, the Group entered into a contract for the sale of Richmond Hotel, Lismore for a total consideration of \$625,000. Settlement occurred on 2 December 2024.

On 11 November 2024, the Group completed settlement of the Royal on 99, bottle shop and associated retail premises. The contract for the sale of these properties had been entered into on 20 May 2024 with a total consideration of \$6,150,000.

On 7 February 2025 the Group entered into a contract to acquire an additional strata premise located immediately above Mary G's Hotel, Lismore NSW for total consideration of \$334,610. This area is intended to be used to increase the overall trading area of the hotel. Settlement of this property occurred on 5 March 2025.

On 15 May 2025, Waratah Funds Management Limited announced to investors a proposal for Waratah Hotel Group to sell its two primary hotel assets Mary G's Hotel, Lismore and North Strathfield Hotel to entities associated with the Directors of the Responsible Entity. The Group indicated at that time that if the proposal was approved, it would enable Investors to receive a capital distribution in July 2025, representing a substantial portion of their investment in the Group based on the current independent valuations. The Group indicated that if the proposal was approved, the Responsible Entity would intend to then commence the wind-up of the Fund and Companies that form part of the stapled securities of Waratah Hotel Group during the 2026 financial year.

On 26 June 2025, the Group advised investors that resolutions had been approved to proceed with the sale of Mary G's Hotel Lismore and the North Strathfield Hotel. The Group advised investors that sale contracts would be finalised in July 2025 with settlement of the sale of these properties to also occur in July 2025.

Other than the items detailed above, there were no significant changes to the state of affairs of the Group during the financial year.

# Waratah Hotel Group

## Directors' Report (continued)

### Dividends / Distributions

Distributions of \$1,211,999 (2024: \$1,615,998) were paid or declared during the 2025 financial year. No dividends were paid by the Companies for the year ended 30 June 2025 (2024: Nil).

### Likely Developments

The sale of Mary G's Hotel and the North Strathfield Hotel was completed in July 2025 and the Group is in negotiations for the sale of its remaining asset, that being a commercial property located in Wagga Wagga. Once the sale of this remaining asset has been completed, the Responsible Entity intends to pay a final distribution to unitholders and wind-up of the Fund and Companies that form part of the stapled securities of Waratah Hotel Group. The wind up of the entities is expected to occur during the 2026 financial year.

To the best knowledge of Directors, there are no other significant developments expected in respect of the Group.

### Events Subsequent to Reporting Date

On 1 July 2025, the Group entered into a contract for the sale of the Mary G's Hotel, Lismore and strata premises located immediately above Mary G's Hotel, Lismore for total consideration of \$27,000,000. Settlement occurred on 7 July 2025.

On 1 July 2025, the Group entered into a contract for the sale of the North Strathfield Hotel, North Strathfield for a total consideration of \$11,000,000. Settlement occurred on 7 July 2025.

To the best knowledge of the Directors, other than the sale of assets outlined above, there have been no other matters or circumstances that have arisen since the end of the period that have materially affected or may materially affect the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

### Directors

The names of the Directors of the Company and Waratah Funds Management Limited at any time during or since the end of the year are set out below. Unless otherwise stated, Directors have been in office since the beginning of the financial year to the date of this financial report.

Darren Baker  
David Horton  
Josephine Horton

# Waratah Hotel Group

## Directors' Report (continued)

### Information on Directors

Particulars of Directors' qualifications, experience and special responsibilities are as follows:

**Darren Baker**                      **Director and Company Secretary (Waratah Hotels Limited)**  
**Director and Company Secretary (Waratah Hotels No 2 Limited)**  
**Director (Waratah Funds Management Limited)**

Darren has 40 years' experience owning and operating small businesses and hotels. He has been a Director of the Responsible Entity which has managed the Waratah Hotel Fund since inception in 2006. Darren was previously the licensee (approved manager) of the Bald Rock Hotel for seven years. Darren is experienced in all facets of hotel operations including cash handling and accounting, gross profit and stock control, gaming, TAB and Keno operations. His primary areas of responsibility are manager liaison, acquisition, due diligence and portfolio operations.

**David Horton**                      **Director (Waratah Hotels Limited)**  
**Director (Waratah Hotels No 2 Limited)**  
**Director and Company Secretary (Waratah Funds Management Limited)**

David is a Chartered Accountant with 33 years of accounting, business and tax experience. David operates his Chartered Accounting practice providing accounting, tax and consulting services to clients across a broad range of industries. In the ten years prior to establishing his practice, David held senior finance and corporate advisory roles in public and large private companies. David has significant experience in asset sales, acquisitions, business integrations, public listings and take-overs, particularly in the media and entertainment space. David has a Bachelor of Business, is a member of Chartered Accountants Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia.

**Josephine ('Jo') Horton**      **Director (Waratah Hotels Limited)**  
**Director (Waratah Hotels No 2 Limited)**  
**Director (Waratah Funds Management Limited)**

Jo has had more than 20 years experience in the banking industry, including as senior economist at St George Bank for more than 10 years. Jo holds a Bachelor of Business from UTS and a Masters of Economics from Macquarie University. Jo's qualifications and experience provide her with a deep understanding of financial markets, economic trading conditions, interest rates and industry trends and insights into the hotel and accommodation sectors.

### Meeting Attendances

Attendances at Board meetings held during the financial year are detailed below:

| <b>Director</b>  | <b>WFML</b> | <b>WHL</b> | <b>WHL2</b> |
|------------------|-------------|------------|-------------|
| Meetings Held    | 3           | 3          | 3           |
| Darren Baker     | 3           | 3          | 3           |
| David Horton     | 3           | 3          | 3           |
| Josephine Horton | 3           | 3          | 3           |

# Waratah Hotel Group

## Directors' Report (continued)

### Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the period.

### Environmental Regulation and Performance

The Group's operations are not regulated by any significant environmental law or regulation under either Commonwealth or State legislation other than those that pertain to the ownership and development of real estate. The Directors of the Companies and the Responsible Entity believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any instances of non-compliance of those environmental requirements as they apply to the Group.

### Indemnities of Officers

During the financial period the Responsible Entity has paid premiums to insure each of the Directors named in this report along with officers of the Companies against all liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Companies or the Responsible Entity, other than conduct involving a willful breach of duty. The insurance policy prohibits disclosure of the nature of the liability, the amount of the premium and the limit of liability.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor to the Group.

### Non-audit Services

The Group did not receive any non-audit services during the twelve months to 30 June 2025. Please refer to Note 22 of the financial statements for fees paid relating to audit services.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out in these financial statements.

### Auditor

ESV Business Advice and Accounting continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors.



**Darren Baker**  
Director  
Sydney, 30 September 2025



**David Horton**  
Director  
Sydney, 30 September 2025

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WARATAH HOTEL GROUP

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as auditor for the Waratah Hotel Group as at 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney on the 30<sup>th</sup> of September 2025

**ESV Business advice and accounting**



**Chris Kirkwood**  
**Partner**

# Waratah Hotel Group

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2025

|   | Note | 2025<br>\$        | 2024<br>\$        |
|---|------|-------------------|-------------------|
| <b>Income</b>   |      |                   |                   |
| Hotel Operations Revenue  |      | 21,886,139        | 25,418,890        |
| Fair value adjustment of land & building                                  |      | 1,857,036         | 13,327,364        |
| Other income  |      | 49,383            | 36,575            |
| <b>Total Income</b>   | 3    | <b>23,792,558</b> | <b>38,782,829</b> |
| <b>Expenses</b>   |      |                   |                   |
| Cost of sales   |      | (8,951,703)       | (11,004,858)      |
| General and administrative expenses                                       |      | (428,138)         | (438,437)         |
| Marketing expenses  |      | (880,509)         | (993,365)         |
| Poker machine expenses  |      | (449,587)         | (534,958)         |
| Operating expenses  |      | (1,526,325)       | (1,589,001)       |
| Employment expenses   |      | (5,518,150)       | (6,610,900)       |
| Occupancy costs   |      | (1,140,047)       | (1,382,775)       |
| Other management expenses   |      | (913,723)         | (895,874)         |
| Depreciation, amortisation, impairment and write off                      |      | (150,192)         | (6,308,696)       |
| Gain/(Loss) on sale of assets   |      | (102,987)         | 2,668             |
| Finance costs   |      | (824,768)         | (1,055,209)       |
| Transaction costs relating to hotel acquisitions                          |      | (39,842)          | (25,085)          |
| <b>Profit/(Loss) Before Income Tax</b>                                    |      | <b>2,866,587</b>  | <b>7,946,339</b>  |
| Income tax expense  | 4    | (312,663)         | (35,605)          |
| <b>Profit/(Loss) After Income Tax for the year</b>                        |      | <b>2,553,924</b>  | <b>7,910,734</b>  |
| <b>Other Comprehensive Income</b>   |      | -                 | -                 |
| <b>Total Comprehensive Income/(Loss) for the year</b>                     |      | <b>2,553,924</b>  | <b>7,910,734</b>  |
| <b>Profit/(Loss) for the year is attributable to:</b>                     |      |                   |                   |
| Waratah Hotel Fund  |      | 3,096,874         | 7,524,431         |
| Waratah Hotels Limited  |      | 717,965           | 895,949           |
| Waratah Hotels No 2 Limited   |      | (1,260,915)       | (509,646)         |
|   |      | <b>2,553,924</b>  | <b>7,910,734</b>  |
| <b>Total Comprehensive Income/(Loss) for the year is attributable to:</b> |      |                   |                   |
| Waratah Hotel Fund  |      | 3,096,874         | 7,524,431         |
| Waratah Hotels Limited  |      | 717,965           | 895,949           |
| Waratah Hotels No 2 Limited   |      | (1,260,915)       | (509,646)         |
|   |      | <b>2,553,924</b>  | <b>7,910,734</b>  |

# Waratah Hotel Group

## Consolidated Statement of Financial Position

As at 30 June 2025

|                                      | Note | 2025<br>\$        | 2024<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>Current Assets</b>                |      |                   |                   |
| Cash and cash equivalents            | 5    | 490,383           | 896,592           |
| Trade and other receivables          | 6    | 27,953            | 38,916            |
| Inventories                          | 7    | 291,781           | 587,596           |
| Assets held for sale                 | 8    | 41,222,697        | 10,254,732        |
| Other assets                         | 9    | 514,782           | 724,507           |
| <b>Total Current Assets</b>          |      | <b>42,547,596</b> | <b>12,502,343</b> |
| <b>Non-Current Assets</b>            |      |                   |                   |
| Land and buildings                   | 10   | -                 | 19,918,348        |
| Property plant and equipment         | 11   | -                 | 1,099,490         |
| Intangible assets                    | 12   | -                 | 12,772,351        |
| Right-of-use assets                  | 13   | -                 | 1,186,664         |
| <b>Total Non-Current Assets</b>      |      | <b>-</b>          | <b>34,976,853</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>42,547,596</b> | <b>47,479,196</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>Current Liabilities</b>           |      |                   |                   |
| Trade and other payables             | 14   | 2,498,209         | 3,042,826         |
| Interest bearing liabilities         | 15   | 10,000,000        | -                 |
| Lease liabilities                    | 16   | -                 | 299,209           |
| Current tax liabilities              |      | 1,082             | 209,432           |
| Liabilities held for sale            | 17   | 1,466,642         | 824,945           |
| Provisions                           | 18   | 260,905           | 283,213           |
| Deferred tax liabilities             | 19   | 96,343            | -                 |
| <b>Total Current Liabilities</b>     |      | <b>14,323,181</b> | <b>4,659,625</b>  |
| <b>Non-Current Liabilities</b>       |      |                   |                   |
| Interest bearing liabilities         | 15   | -                 | 14,854,338        |
| Lease liabilities                    | 16   | -                 | 921,195           |
| Provisions                           | 18   | -                 | 16,643            |
| Deferred tax liabilities             | 19   | -                 | 144,905           |
| <b>Total Non-Current Liabilities</b> |      | <b>-</b>          | <b>15,937,081</b> |
| <b>TOTAL LIABILITIES</b>             |      | <b>14,323,181</b> | <b>20,596,706</b> |
| <b>NET ASSETS</b>                    |      | <b>28,224,415</b> | <b>26,882,490</b> |
| <b>EQUITY</b>                        |      |                   |                   |
| Contributed equity                   | 20   | 24,620,843        | 24,620,843        |
| Accumulated profits                  |      | 3,603,572         | 2,261,647         |
| <b>TOTAL EQUITY</b>                  |      | <b>28,224,415</b> | <b>26,882,490</b> |

# Waratah Hotel Group

## Consolidated Statement of Financial Position (continued)

As at 30 June 2025

|  | 2025               | 2024              |
|--|--------------------|-------------------|
|  | \$                 | \$                |
| <b>Equity attributable to members of Waratah Hotel Fund<br/>(Parent interest)</b>                    |                    |                   |
| Contributed equity   | 18,749,089         | 18,749,089        |
| Accumulated (losses)/profits   | (1,654,846)        | (3,539,721)       |
| <b>Total Equity attributable to members of Waratah Hotel Fund</b>                                    | <b>17,094,243</b>  | <b>15,209,368</b> |
| <b>Equity attributable to members of Waratah Hotels Limited<br/>(Non-controlling interest)</b>       |                    |                   |
| Contributed equity   | 5,871,753          | 5,871,753         |
| Accumulated profits/(losses)   | 7,194,902          | 6,476,937         |
| <b>Total Equity attributable to members of Waratah Hotels Limited</b>                                | <b>13,066,655</b>  | <b>12,348,690</b> |
| <b>Equity attributable to members of Waratah Hotels No. 2 Limited<br/>(Non-controlling interest)</b> |                    |                   |
| Contributed equity   | 1                  | 1                 |
| Accumulated (losses)/profits   | (1,936,484)        | (675,569)         |
| <b>Total Equity attributable to members of Waratah Hotels No. 2 Limited</b>                          | <b>(1,936,483)</b> | <b>(675,568)</b>  |
| <b>Total Equity for the group</b>  | <b>28,224,415</b>  | <b>26,882,490</b> |

# Waratah Hotel Group

## Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2025

|  | Contributed<br>equity<br>\$ | Accumulated<br>profits/(losses)<br>\$ | Total<br>\$        |
|--|-----------------------------|---------------------------------------|--------------------|
| <b>Balance at 1 July 2024</b>                      | <b>24,620,843</b>           | <b>2,261,647</b>                      | <b>26,882,490</b>  |
| Profit after income tax for the year               | -                           | 2,553,924                             | 2,553,924          |
| Other comprehensive income net of tax              | -                           | -                                     | -                  |
| <b>Total comprehensive income</b>                  | <b>-</b>                    | <b>2,553,924</b>                      | <b>2,553,924</b>   |
| <b>Transactions with owners of the Group</b>       |                             |                                       |                    |
| Distribution paid                                  | -                           | (1,211,999)                           | (1,211,999)        |
| <b>Total transactions with owners of the Group</b> | <b>-</b>                    | <b>(1,211,999)</b>                    | <b>(1,211,999)</b> |
| <b>Balance at 30 June 2025</b>                     | <b>24,620,843</b>           | <b>3,603,572</b>                      | <b>28,224,415</b>  |
| <b>Balance at 1 July 2023</b>                      | <b>24,620,843</b>           | <b>(4,033,089)</b>                    | <b>20,587,754</b>  |
| Profit after income tax for the year               | -                           | 7,910,734                             | 7,910,734          |
| Other comprehensive income net of tax              | -                           | -                                     | -                  |
| <b>Total comprehensive income</b>                  | <b>-</b>                    | <b>7,910,734</b>                      | <b>7,910,734</b>   |
| <b>Transactions with owners of the Group</b>       |                             |                                       |                    |
| Distribution paid                                  | -                           | (1,615,998)                           | (1,615,998)        |
| <b>Total transactions with owners of the Group</b> | <b>-</b>                    | <b>(1,615,998)</b>                    | <b>(1,615,998)</b> |
| <b>Balance at 30 June 2024</b>                     | <b>24,620,843</b>           | <b>2,261,647</b>                      | <b>26,882,490</b>  |

# Waratah Hotel Group

## Consolidated Statement of Cash Flows

For the Year Ended 30 June 2025

|   | 2025                           | 2024                      |
|---|--------------------------------|---------------------------|
| Note  | \$                             | \$                        |
| <b>Cash Flows From Operating Activities</b>               |                                |                           |
| Receipts from customers inclusive of GST                  | 25,942,752                     | 28,085,443                |
| Payments to suppliers and employees inclusive of GST      | (23,486,598)                   | (25,773,102)              |
| Interest paid   | (766,632)                      | (1,055,209)               |
| Interest received   | 49,383                         | 26,393                    |
| Income tax refund   | (569,574)                      | 68,996                    |
| <b>Net Cash Flows From/(Used in) Operating Activities</b> | <b><u>1,169,331</u></b>        | <b><u>1,352,521</u></b>   |
| <b>Cash Flows From Investing Activities</b>               |                                |                           |
| Payments for property, plant & equipment                  | (617,186)                      | (1,204,346)               |
| Payment for hotel investment properties                   | (435,000)                      | (256,600)                 |
| Transaction cost relating to hotel acquisitions           | (39,842)                       | (25,085)                  |
| Proceeds from sale of hotel assets                        | 6,636,716                      | 37,500                    |
| <b>Net Cash Flows From/(Used in) Investing Activities</b> | <b><u>5,544,688</u></b>        | <b><u>(1,448,531)</u></b> |
| <b>Cash Flows From Financing Activities</b>               |                                |                           |
| Payment of distributions                                  | (1,608,266)                    | (1,620,491)               |
| Proceeds from borrowings                                  | (4,863,358)                    | 500,000                   |
| Repayment of lease liabilities                            | (648,604)                      | (581,698)                 |
| <b>Net Cash Flows From/(Used in) Financing Activities</b> | <b><u>(7,120,228)</u></b>      | <b><u>(1,702,189)</u></b> |
| <b>Net (Decrease)/Increase in Cash Held</b>               | <b>(406,209)</b>               | <b>(1,798,198)</b>        |
| Cash and cash equivalent at the beginning of the year     | 896,592                        | 2,694,790                 |
| <b>Cash and Cash Equivalent at End of the Year</b>        | <b><u>5</u> <u>490,383</u></b> | <b><u>896,592</u></b>     |

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies

The financial statements of Waratah Hotel Group comprise the financial statements of Waratah Hotels Limited and its subsidiaries, Waratah Hotels No 2 Limited and its subsidiaries and Waratah Hotel Fund and its controlled entities (the Fund). Waratah Hotels Limited and Waratah Hotels No 2 Limited are unlisted public companies, incorporated and domiciled in Australia. The Waratah Hotel Fund is a registered management scheme registered under the Corporations Act 2001 in Australia.

Waratah Funds Management Limited (WFML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. Australian Executor Trustees Limited is the custodian of the Fund (the Custodian). The relationship of these parties with the Fund is governed by the terms and conditions specified in the Constitution.

The consolidated financial statements for Waratah Hotel Group for the year ended 30 June 2025 were authorised for issue in accordance with the resolution of the directors of the Companies and of WFML on 30 September 2025.

#### Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

#### Going Concern

The financial statements have been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Responsible Entity intends to wind-up of the Fund and Companies that form part of the stapled securities of Waratah Hotel Group during the year ended 30 June 2026. As a result, the financial statements have not been prepared on a going concern basis. Instead, they have been prepared on a liquidation basis of accounting in accordance with Australian Accounting Standards.

#### New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these standards and Interpretations had no significant impact on the financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies (continued)

##### **Presentation of financial statements**

##### **Presentation currency**

Both the functional and presentation currency of the Group is Australian dollars.

##### **Principles of Consolidation**

##### **Controlled entities**

The consolidated financial statements comprise the financial statements of Waratah Hotel Fund and its subsidiaries, Waratah Hotels Limited and its controlled entities and Waratah Hotels No 2 Limited and its controlled entities as at 30 June 2025. A list of controlled entities is contained in Note 27 to the financial statements. All controlled entities have a June financial year-end and use consistent accounting policies.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Where controlled entities have entered or left the economic entity during the year, its operating results have been included from the date control was obtained or until the date control ceased. A controlled entity is an entity for which the Group has the ability to control and direct the activities that significantly influence returns.

##### **Inter-company balances**

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

##### **Stapled Securities**

The Waratah Hotel Group comprise the Waratah Hotel Fund, Waratah Hotels Limited and Waratah Hotels No 2 Limited. On a consolidated basis, stapled securities are issued by the Group. Each stapled security comprises one fully paid unit in the Fund to the value of 80% of the issue price of a stapled security, one share in Waratah Hotels Limited to the value of 20% of the issue price of a stapled security and one share in Waratah Hotels No 2 Limited which was issued to investors in the Fund for no consideration. The securities cannot be disposed of or traded independently of each other. The percentage apportionment of the value of a stapled security to the Fund can be varied subject to agreement by both the Directors of the Companies and the Directors of the Responsible Entity of the Fund. Any change to the percentage apportionment would not impact the issue price or value of a stapled security issued to potential investors.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies (continued)

##### **Distributions**

In accordance with the Fund Constitution, the Fund fully distributes its distributable income to unitholders. Such distributions are determined by reference to the taxable income of the Fund.

Distributable income may include realised capital gains arising from the disposal of investments. Unrealised gains and losses on investments are transferred to net assets attributable to unitholders and are not assessable or distributable until realised. Realised capital losses are not distributed to unitholders but are retained to be offset against future realised capital gains.

In accordance with the Fund Constitution, the Fund may distribute capital to unitholders.

##### **Unit prices**

Unit prices are determined in accordance with the Group's Constitution and Product Disclosure Statement and are calculated as net tangible assets attributable to securityholders of the Group, divided by the number of stapled securities on issue. Net tangible assets are arrived at by deducting bank and other borrowings from the fair value of all hotel and pub assets which include land and buildings, plant and equipment, gaming machine entitlements and liquor licences based on the latest valuations.

##### **Property, plant and equipment**

###### *Investment in Land and Building*

The land and building components of the Group's hotel assets which are held as investments are stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers every three years or more frequently if market factors indicate a material change in value. Fair value represents the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. Gains or losses arising from changes in fair values of the land and buildings are recognized in the profit and loss in the year in which they arise.

###### *Property plant and equipment*

Items of property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

###### *Intangible assets*

The Group's intangible assets primarily consist of hotel business operations, gaming machine entitlements and liquor licences. Intangible assets are carried at cost less accumulated impairment losses.

##### **Depreciation**

The depreciable amounts of all fixed assets are written off over the estimated life of each asset using either of the straight line/diminishing value methods.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies (continued)

##### Useful life

The estimated useful lives used for each class of depreciable asset are:

|                                   |            |
|-----------------------------------|------------|
| Building Improvements             | 40 years   |
| Furniture, Fittings and Equipment | 2-20 years |

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

##### Disposal

An item of plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

##### Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, either the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the income of the asset is capitalised at its relevant capitalisation rate.

An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. Impairment losses are expensed to the statement of profit or loss and other comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

##### Financial Instruments

###### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

###### Recognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flow from the

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies (continued)

##### **Recognition (continued)**

financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

##### **Loans and receivables**

Loans and receivables including loans to related entities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

##### **Interest bearing borrowings**

Interest bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost.

##### **Impairment**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial instrument is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

An impairment loss in respect of a financial instrument measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial instruments are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial instruments measured at amortised cost, the reversal is recognised in profit and loss.

##### **Employee benefits**

Provision is made in respect of the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from salaries and annual leave which will be settled after one year have been measured at their nominal amount.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies (continued)

##### Employee benefits (continued)

The provision for long service leave has been calculated at the nominal rate for employees with more than five years service with the Group as it is believed that this would not materially understate the provision.

Contributions are made by the Group to an employee superannuation fund and are charged as expenses when incurred. The Group has no legal obligation to provide benefits to employees on retirement.

##### Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

##### Financial assets - term deposits

Financial assets include term deposits with an original maturity of three months or more.

##### Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is determined after deducting rebates and discounts received or receivable.

##### Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for allowance for credit losses is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. Bad debts are written off when identified as uncollectible.

##### Trade and other payables

Liabilities for trade creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Group at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

##### Revenue

The Group recognises revenue as follows:

The Group's revenue mainly comprises gaming revenue, food and beverage revenue and rental. Revenue is recognised when control of the goods has transferred to the customer or when the service is provided at an amount that reflects the consideration to which Group expects to be entitled. Variable consideration is not material in the context of the Group's total revenue.

Gaming revenue Gaming revenue is the net difference between gaming wins and losses and is recognised upon the outcome of the game.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies (continued)

##### Revenue (continued)

Food and beverage revenue is recognised when the performance obligation to transfer control of the goods to the customer is satisfied, which occurs at the point in time the goods are provided, and payment is collected.

Rental income comprises rental and outgoings from property tenants. Rental income not received at reporting date is reflected in the consolidated statement of financial position as an asset. If rents are received in advance these amounts are recorded as a liability in the consolidated statement of financial position.

Revenue from functions are recognised when the performance obligations have been satisfied. When services are rendered, revenue is recognised at the point in time. Where payment for the goods and services is received prior to control transferring to the customer, revenue recognition is deferred in deposits received in advance within trade and other payables in the consolidated statement of financial position until the goods have been delivered to, or services are rendered to the customer.

##### Income Tax

##### Current income tax expense

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted for any non-assessable or disallowed items and for any unused tax losses. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

##### Deferred tax calculation

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

##### Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

##### Benefit brought to account

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 1. Statement of Material Accounting Policies (continued)

##### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

##### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

##### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 2. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

##### *Impairment of goodwill and other indefinite life intangible assets*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. During the year 2025 financial year the Directors have recognised a reversal of impairment loss of \$815,714 (2024: loss of \$5,318,244) relating to property improvements, plant & equipment and intangible assets including gaming entitlements and goodwill.

##### *Valuation of Hotel and Pub Properties*

The Group carries its land and buildings at fair value with changes in the fair value recognized in profit and loss. At the end of each reporting period, the Directors of the Responsible Entity update their assessment of the fair value of each property, taking into account the most recent independent valuations. If there are any material changes in economic conditions, the fair value of the land and building may differ and may need to be re-estimated. Refer to Note 10 for details of key estimates and inputs.

##### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option if there is a significant event or significant change in circumstances.

##### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

##### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 2. Critical Accounting Estimates and Judgments (continued)

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. During the 2025 financial year the Directors have recognised an impairment loss of \$49,106 relating to property improvements and plant & equipment for assets held for sale. Refer to notes 10 & 11 for further information.

#### *Fair value measurement hierarchy*

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. Refer to note 31 for further information.

### 3. Income

|  | 2025                     | 2024                     |
|--|--------------------------|--------------------------|
|  | \$                       | \$                       |
| <b>Revenue from hotel operations:</b>                |                          |                          |
| Food and beverage sales                              | 14,006,575               | 16,701,316               |
| Gaming revenue                                       | 7,099,212                | 8,008,206                |
| Other revenue  | 780,353                  | 709,368                  |
|  | <u>21,886,139</u>        | <u>25,418,890</u>        |
| <b>Other Income:</b>                                 |                          |                          |
| Government grants                                    | -                        | 10,182                   |
| Interest income                                      | 49,383                   | 26,393                   |
|  | <u>49,383</u>            | <u>36,575</u>            |
| Fair value adjustment of property, plant & equipment | 1,857,036                | 13,327,364               |
|  | <u>1,857,036</u>         | <u>13,327,364</u>        |
| <b>Total income</b>                                  | <u><u>23,792,558</u></u> | <u><u>38,782,829</u></u> |

#### *Disaggregation of revenue*

All major revenue streams are within Australia and the timing of revenue recognition is at a point in time when goods or services are transferred.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 4. Income Tax Expense

|  | 2025           | 2024          |
|--|----------------|---------------|
|  | \$             | \$            |
| Prior year's over provision (current tax)  | 11,047         | (128,604)     |
| Current tax  | 327,611        | 329,033       |
| Deferred tax   | (48,561)       | (164,824)     |
| Franking deficit tax   | 22,566         | -             |
| <b>Total income tax</b>  | <b>312,663</b> | <b>35,605</b> |
| <br>   |                |               |
| Profit before income tax   | 2,866,585      | 7,946,339     |
| <br>   |                |               |
| Prima facie tax on profit from ordinary activities before income tax at 25.0% (2023:25.0%) | 716,646        | 1,986,585     |
| <br>   |                |               |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:    |                |               |
| Non deductible acquisition costs   | 9,961          | 6,271         |
| Non deductible trust loss/(assessable trust income)  | 218,814        | 133,968       |
| Fair value adjustment  | (464,259)      | (3,331,841)   |
| Impairment of goodwill/intangibles   | (191,659)      | 1,329,561     |
| Prior year over/under  | 11,047         | (128,604)     |
| Franking deficit tax   | 22,566         | -             |
| Other movements  | (10,453)       | 39,665        |
| <b>Total income tax expense</b>  | <b>312,663</b> | <b>35,605</b> |

### 5. Current Assets - Cash and Cash Equivalents

|  | 2025           | 2024           |
|--|----------------|----------------|
|  | \$             | \$             |
| Cash on hand and at bank               | 490,383        | 896,592        |
| <b>Total cash and cash equivalents</b> | <b>490,383</b> | <b>896,592</b> |

#### (a) Effective interest rate

Cash at bank earns interest at floating rates based on daily bank deposit rates.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 6. Current Assets - Trade and Other Receivables

|  | 2025          | 2024          |
|--|---------------|---------------|
|  | \$            | \$            |
| Trade debtors                            | 13,135        | 6,724         |
| Sundry debtors                           | 14,819        | 32,192        |
| <b>Total trade and other receivables</b> | <b>27,953</b> | <b>38,916</b> |

None of the receivables were impaired as at 30 June 2025 (30 June 2024: \$nil).

#### 7. Current Assets - Inventories

|                             | 2025           | 2024           |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| Food supplies and beverages | 291,781        | 587,596        |
| <b>Total inventories</b>    | <b>291,781</b> | <b>587,596</b> |

#### 8. Current Assets – Assets Held for Sale

|                                   | 2025              | 2024              |
|-----------------------------------|-------------------|-------------------|
|                                   | \$                | \$                |
| 47 Baylis St                      | 2,300,000         | 2,800,000         |
| Mary G's Hotel                    | 27,000,000        | -                 |
| North Strathfield Hotel           | 11,922,698        | -                 |
| Tilly's Wagga                     | -                 | 304,950           |
| Royal on 99                       | -                 | 6,524,782         |
| Richmond Hotel                    | -                 | 625,000           |
| <b>Total assets held for sale</b> | <b>41,222,697</b> | <b>10,254,732</b> |

On 1 July 2025, the Group entered into a contract for the sale of the Mary G's Hotel for total consideration of \$27,000,000.

On 1 July 2025, the Group entered into a contract for the sale of the North Strathfield Hotel for total consideration of \$11,000,000.

The commercial property at 47 Baylis Street Wagga Wagga is currently listed for sale.

#### 9. Current Assets – Other Assets

|                             | 2025           | 2024           |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| Prepaid expenses            | 149,203        | 341,169        |
| Security and other deposits | 365,579        | 383,338        |
| <b>Total other assets</b>   | <b>514,782</b> | <b>724,507</b> |

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 10. Non Current Assets – Land and buildings

|  | 2025     | 2024                     |
|--|----------|--------------------------|
|  | \$       | \$                       |
| Land and building - at valuation                     | -        | 18,167,985               |
| Building improvements - at cost                      | -        | 1,822,571                |
| Less: accumulated depreciation                       | -        | (72,208)                 |
|  | <u>-</u> | <u>1,750,363</u>         |
| <b>Total non-current assets - Land and buildings</b> | <u>-</u> | <u><b>19,918,348</b></u> |

#### *Reconciliation of Land and Building*

Reconciliation of land and building fair values at the beginning and end of the current and previous financial period are set out below:

|   | 2025         | 2024                     |
|---|--------------|--------------------------|
|   | \$           | \$                       |
| Opening fair value                          | 18,167,985   | 4,507,475                |
| Fair value adjustment of land and buildings | 2,951,553    | 14,003,910               |
| Strata assets purchased during the year     | 435,000      | 256,600                  |
| Reclassified to assets held for sale        | (21,554,538) | (600,000)                |
| <b>Closing fair value</b>                   | <u>-</u>     | <u><b>18,167,985</b></u> |

Reconciliation of written down values of Building Improvements at the beginning and end of the current and previous financial period are set out below:

|                                      | 2025        | 2024                    |
|--------------------------------------|-------------|-------------------------|
|                                      | \$          | \$                      |
| Balance at 1 July                    | 1,750,363   | 1,508,772               |
| Additions                            | 140,179     | 807,812                 |
| Hotel assets sold during the year    | -           | -                       |
| Reclassified to assets held for sale | (1,843,494) | (514,641)               |
| Impairment                           | -           | -                       |
| Depreciation expense                 | (47,048)    | (51,580)                |
| <b>Balance at 30 June</b>            | <u>-</u>    | <u><b>1,750,363</b></u> |

On 26 June 2025, the Group advised investors that resolutions had been approved to proceed with the sale of Mary G's Hotel Lismore and the North Strathfield Hotel. As a result, these assets were reclassified from Land and Buildings to Assets held for Sale.

#### *Ownership*

All hotel and investment properties are freehold or strata titled assets other than North Strathfield Hotel. All hotel and pub properties are 100% owned by the Group and are comprised of land, buildings, fixed improvements, liquor licences and gaming entitlements, trade furniture and fixtures and fittings associated with the hotels.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 10. Non-Current Assets – Land and buildings (continued)

##### *Capital commitments*

There were no capital expenditure commitments contracted in relation to the properties as at 30 June 2025. (2024: Nil)

##### *Assets pledged as securities*

The value of the Group's property, plant, equipment, intangibles and assets is pledged as security for the Group's bill facilities with its financier.

#### 11. Non-Current Assets – Property, plant and equipment

|  | 2025     | 2024             |
|--|----------|------------------|
|  | \$       | \$               |
| Furniture, fittings and equipment – at cost    | 9,466    | 1,506,611        |
| Less: accumulated depreciation                 | (9,466)  | (407,121)        |
| <b>Total Furniture, fittings and equipment</b> | <b>-</b> | <b>1,099,490</b> |

##### *Reconciliations*

Reconciliations of the written down values at the beginning and the end of the current financial period are set out below:

|   | 2025        | 2024             |
|---|-------------|------------------|
|   | \$          | \$               |
| Balance at 1 July                             | 1,099,490   | 1,164,342        |
| Additions                                     | 259,568     | 166,829          |
| Hotel assets purchased/(sold) during the year | 43,457      | (30,164)         |
| Reclassified to assets held for sale          | (1,090,909) | -                |
| Impairment                                    | (49,106)    | -                |
| Depreciation expense                          | (262,500)   | (201,517)        |
| <b>Balance at 30 June</b>                     | <b>-</b>    | <b>1,099,490</b> |

On 26 June 2025, the Group advised investors that resolutions had been approved to proceed with the sale of Mary G's Hotel Lismore and the North Strathfield Hotel. As a result, these assets were reclassified from Land and Buildings to Assets held for Sale.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 12. Non-Current Assets – Intangible assets

|   | 2025     | 2024              |
|---|----------|-------------------|
|   | \$       | \$                |
| Gaming, liquor licences and goodwill – at cost      | -        | 12,772,351        |
| <b>Total non-current assets – intangible assets</b> | <b>-</b> | <b>12,772,351</b> |

#### Reconciliations

Reconciliation of written down values as the beginning and end of the current and previous financial period are set out below:

|                                      | 2025         | 2024              |
|--------------------------------------|--------------|-------------------|
|                                      | \$           | \$                |
| Balance at 1 July                    | 12,772,351   | 17,986,658        |
| Additions                            | -            | -                 |
| Reclassified to assets held for sale | (13,588,092) | -                 |
| Impairment                           | 815,741      | (5,214,307)       |
| <b>Balance at 30 June</b>            | <b>-</b>     | <b>12,772,351</b> |

#### Impairment testing

Gaming and liquor licences are accounted for at cost as per criteria set out in *AASB 138 Intangible Assets*. There is not an active market for these licences and they are considered to have an indefinite useful life and are tested for impairment annually.

These licences form part of specific cash generating units (CGU) represented by individual hotel venues. The carrying amount of each CGU comprises land at fair value, buildings at cost less accumulated depreciation, plant and equipment at cost less accumulated depreciation and intangibles at cost. The recoverable amount of each CGU has been assessed based on its fair value less costs to dispose and this recoverable amount is equal to or exceeds the carrying amount of each CGU. During the financial year, the Group reversed impairment losses recognised in the previous year, resulting in an income of \$815,741. (2024: loss of \$5,214,307).

On 26 June 2025, the Group advised investors that resolutions had been approved to proceed with the sale of Mary G's Hotel Lismore and the North Strathfield Hotel. As a result, these assets were reclassified from Intangible Assets to Assets held for Sale.

### 13. Non-Current Assets – Right-of-use assets

|   | 2025     | 2024             |
|---|----------|------------------|
|   | \$       | \$               |
| Land and buildings – Right-of-use                     | -        | 1,687,351        |
| Less: accumulated depreciation                        | -        | (500,687)        |
| <b>Total non-current assets – Right-of-use assets</b> | <b>-</b> | <b>1,186,664</b> |

Reconciliation of written down values of Right-of-use assets as the beginning and end of the current and previous financial period are set out below:

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 13. Non-Current Assets – Right-of-use assets (continued)

|                                      | 2025      | 2024             |
|--------------------------------------|-----------|------------------|
|                                      | \$        | \$               |
| Balance at 1 July                    | 1,186,664 | 1,584,045        |
| Modifications                        | -         | (105,689)        |
| Depreciation                         | (302,978) | (291,692)        |
| Reclassified to assets held for sale | (883,686) | -                |
| <b>Balance at 30 June</b>            | <b>-</b>  | <b>1,186,664</b> |

On 26 June 2025, the Group advised investors that resolutions had been approved to proceed with the sale of the North Strathfield Hotel. As a result, these assets were reclassified from Right-of-use Assets to Assets held for Sale.

#### 14. Current and Non-Current Liabilities – Trade and Other Payables

|                                       | 2025             | 2024             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| <b>Current</b>                        |                  |                  |
| Trade creditors                       | 2,262,611        | 2,419,828        |
| Accrued expenses                      | 207,935          | 199,069          |
| Distribution payable                  | 27,663           | 423,929          |
| <b>Total trade and other payables</b> | <b>2,498,209</b> | <b>3,042,826</b> |

#### 15. Current and Non-Current Liabilities – Interest Bearing Liabilities

|                                     | 2025              | 2024              |
|-------------------------------------|-------------------|-------------------|
|                                     | \$                | \$                |
| <b>Current</b>                      |                   |                   |
| Secured – bank borrowings           | 10,000,000        | -                 |
| <b>Total current borrowings</b>     | <b>10,000,000</b> | <b>-</b>          |
| <b>Non-Current</b>                  |                   |                   |
| Secured – bank borrowings           | -                 | 14,854,338        |
| <b>Total non-current borrowings</b> | <b>-</b>          | <b>14,854,338</b> |

On 5 August 2024 the Group entered into a new Amendment and Restatement Deed with Commonwealth Bank of Australia. The new Deed is materially consistent with the terms of the 18 May 2023 Deed with the only significant change being a reduction to the Facility Limit from \$16,837,500 to \$10,000,000 on the date that the Royal on 99 Roma property settlement occurs. This reduction is in line with the Group's intention of using sale proceeds from the sale of the Royal on 99 towards debt reduction. On 7 July 2025, the Group fully repaid its bank loan facilities \$10,000,000 using the proceeds from the settlement of the sale of Mary G's Hotel, Lismore and North Strathfield Hotel, North Strathfield. The repayment is consistent with the Group's strategy of applying asset sale proceeds towards debt reduction.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 16. Current and Non-Current Liabilities – Lease liabilities

|  | 2025     | 2024           |
|--|----------|----------------|
|  | \$       | \$             |
| <b>Current</b>                             |          |                |
| Property lease liabilities                 | -        | 299,209        |
| <b>Total current lease liabilities</b>     | <b>-</b> | <b>299,209</b> |
| <b>Non-current</b>                         |          |                |
| Property lease liabilities                 | -        | 921,195        |
| <b>Total non-current lease liabilities</b> | <b>-</b> | <b>921,195</b> |

Property lease liabilities are measured and repaid over the term of the lease. For lease commitment details refer to Note 31(d).

On 26 June 2025, the Group advised investors that resolutions had been approved to proceed with the sale of the North Strathfield Hotel. As a result, these assets were reclassified from Lease Liabilities to Liabilities held for Sale.

### 17. Current Liabilities – Liabilities Held for Sale

|  | 2025             | 2024           |
|--|------------------|----------------|
|  | \$               | \$             |
| Mary G's Hotel                         | 543,944          | -              |
| North Strathfield Hotel                | 922,698          | -              |
| Tilly's Wagga                          | -                | 282,163        |
| Royal on 99                            | -                | 517,782        |
| Richmond Hotel                         | -                | 25,000         |
| <b>Total liabilities held for sale</b> | <b>1,466,642</b> | <b>824,945</b> |

### 18. Current and Non-Current Liabilities – Provisions

|                                     | 2025           | 2024           |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| <b>Current</b>                      |                |                |
| Employee provisions                 | 260,905        | 283,213        |
| <b>Total current provisions</b>     | <b>260,905</b> | <b>283,213</b> |
| <b>Non-current</b>                  |                |                |
| Employee provisions                 | -              | 16,643         |
| <b>Total non-current provisions</b> | <b>-</b>       | <b>16,643</b>  |

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 19. Current Liabilities – Deferred Tax Assets and Liabilities

#### (a) Deferred Tax Assets

|   | 2025           | 2024           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Deferred tax assets comprises temporary differences attributable to:</b>   |                |                |
| Employee benefits   | 92,955         | 75,076         |
| Lease liabilities   | 230,299        | 468,784        |
| Unused tax losses   | -              | 150,023        |
| <b>Total deferred tax assets</b>  | <b>323,254</b> | <b>693,883</b> |
| Less deferred tax assets eligible for offset against deferred tax liabilities | (323,254)      | (693,883)      |
| <b>Net deferred tax assets</b>  | <b>-</b>       | <b>-</b>       |

#### (b) Deferred Tax Liabilities

|  | 2025           | 2024           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Deferred tax liabilities comprises temporary differences attributable to:</b> |                |                |
| Right-of-use assets  | 220,922        | 453,014        |
| Property, plant and equipment  | 198,677        | 385,774        |
| <b>Total deferred tax liabilities</b>  | <b>419,598</b> | <b>838,788</b> |
| Less deferred tax assets eligible for offset against deferred tax assets         | (323,254)      | (693,883)      |
| <b>Net deferred tax liabilities</b>  | <b>96,344</b>  | <b>144,905</b> |

### 20. Contributed Equity

#### (a) Summary table

|   | 2025              | 2024              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>Ordinary Stapled Securities (“Stapled Securities”)</b> |                   |                   |
| 20,199,989 (30 June 2024: 20,199,989)                     | 24,620,843        | 24,620,843        |
| <b>Total contributed equity</b>                           | <b>24,620,843</b> | <b>24,620,843</b> |

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 20. Contributed Equity (continued)

#### (b) Movement in stapled securities on issue

|   | 2025<br>No.       | 2024<br>No.       |
|---|-------------------|-------------------|
| <b>Stapled Securities</b>                   |                   |                   |
| At the beginning of reporting period        | 20,199,989        | 20,199,989        |
| Stapled Securities issued                   | -                 | -                 |
| Stapled Securities redeemed                 | -                 | -                 |
| <b>Stapled Securities at reporting date</b> | <b>20,199,989</b> | <b>20,199,989</b> |

#### Stapled Securities

Stapled securities participate in distributions and the proceeds on winding up of the Group in proportion to the number of stapled securities held.

At the security holders' meetings, each stapled security is entitled to one vote when a poll is called, otherwise each security holder has one vote on a show of hands.

### 21. Distributions

Distributions of \$1,211,999 were declared during the year ended 30 June 2025 (2024: \$1,615,998). No dividends were paid by the Companies for the year ended 30 June 2025 (2024: Nil)

### 22. Auditor's Remuneration

|   | 2025<br>\$    | 2024<br>\$    |
|---|---------------|---------------|
| Remuneration of the auditor of the Group ESV Business |               |               |
| Advice and Accounting:                                |               |               |
| Auditing of the financial statements                  | 54,900        | 60,425        |
| Other services  | -             | 1,729         |
|   | <b>54,900</b> | <b>62,154</b> |

The Fund is responsible for payment of the auditors' remuneration for the Waratah Hotel Group.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 23. Reconciliation of Profit After Income Tax to Operating Cash Flows

|  | 2025             | 2024             |
|--|------------------|------------------|
|  | \$               | \$               |
| Profit for the year after tax                          | 2,553,924        | 7,910,734        |
| Adjustments for:                                       |                  |                  |
| Depreciation and amortisation                          | 1,005,477        | 1,002,941        |
| Fair value adjustments – property, plant and equipment | (1,857,036)      | (13,327,364)     |
| Impairment adjustment                                  | (766,634)        | 5,318,244        |
| Loss/(profit) on sale of assets                        | 102,987          | (2,668)          |
| Acquisition costs                                      | 39,842           | 25,085           |
| Changes in assets and liabilities:                     |                  |                  |
| (Increase)/decrease in trade and other receivables     | 10,963           | 11,980           |
| (Increase)/decrease in inventories                     | 295,816          | (17,426)         |
| (Increase)/decrease in other assets                    | 188,229          | 73,633           |
| (Increase)/decrease in deferred tax assets             | (48,561)         | (164,828)        |
| Increase/(decrease) in trade payables and accruals     | (108,375)        | 208,892          |
| Increase/(decrease) in provision for income tax        | (208,349)        | 269,428          |
| Increase/(decrease) in other provisions                | (38,952)         | 43,870           |
| <b>Net cash flows from operating activities</b>        | <b>1,169,331</b> | <b>1,352,521</b> |

### 24. Changes in Liabilities Arising from Financing Activities

|   | Bank Borrowings   | Lease Liability  | Total             |
|---|-------------------|------------------|-------------------|
|   | \$                | \$               | \$                |
| Balance at 1 July 2023                    | 14,354,338        | 1,628,618        | 15,982,956        |
| Additions                                 | -                 | -                | -                 |
| Modifications                             | -                 | (132,023)        | (132,023)         |
| Reclassified to liabilities held for sale | -                 | -                | -                 |
| Repayments                                | -                 | (276,191)        | (276,191)         |
| New borrowings                            | 500,000           | -                | 500,000           |
| <b>Balance at 30 June 2024</b>            | <b>14,854,338</b> | <b>1,220,404</b> | <b>16,074,742</b> |
| Balance at 1 July 2024                    | 14,854,338        | 1,220,404        | 16,074,742        |
| Additions                                 | -                 | -                | -                 |
| Modifications                             | -                 | -                | -                 |
| Reclassified to liabilities held for sale | -                 | (921,195)        | (921,195)         |
| Repayments                                | (5,354,338)       | (299,209)        | (5,653,547)       |
| New borrowings                            | 500,000           | -                | 500,000           |
| <b>Balance at 30 June 2025</b>            | <b>10,000,000</b> | <b>-</b>         | <b>10,000,000</b> |

### 25. Contingent Assets and Contingent Liabilities

The Group had no contingent assets or contingent liabilities as at 30 June 2025 (2024: Nil).

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 26. Subsequent Events

On 1 July 2025, the Group entered into a contract for the sale of the Mary G's Hotel, Lismore and strata premises located immediately above Mary G's Hotel, Lismore for a total consideration of \$27,000,000. Settlement occurred on 7 July 2025.

On 1 July 2025, the Group entered into a contract for the sale of the North Strathfield Hotel, North Strathfield for a total consideration of \$11,000,000. Settlement occurred on 7 July 2025.

To the best knowledge of the Directors, other than the matter outlined above, there have been no other matters or circumstances that have arisen since the end of the period that have materially affected or may materially affect the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

#### 27. Controlled Entities

| Name of subsidiary                  | Country of incorporation | Percentage owned (%) |      |
|-------------------------------------|--------------------------|----------------------|------|
|                                     |                          | 2025                 | 2024 |
| <b>Waratah Hotels Limited:</b>      |                          |                      |      |
| Hotel Business Trust                | Australia                | 100                  | 100  |
| Victoria Business Trust             | Australia                | 100                  | 100  |
| Bridge Business Trust               | Australia                | 100                  | 100  |
| Gilhooleys Business Trust           | Australia                | 100                  | 100  |
| <b>Waratah Hotel Fund:</b>          |                          |                      |      |
| No 1 Trust                          | Australia                | 100                  | 100  |
| No 2 Trust                          | Australia                | 100                  | 100  |
| No 3 Trust                          | Australia                | 100                  | 100  |
| No 4 Trust                          | Australia                | 100                  | 100  |
| No 5 Trust                          | Australia                | 100                  | 100  |
| No 6 Trust                          | Australia                | 100                  | 100  |
| Hotel Property Trust                | Australia                | 100                  | 100  |
| Victoria Realty Trust               | Australia                | 100                  | 100  |
| Bridge Realty Trust                 | Australia                | 100                  | 100  |
| Gilhooleys Realty Trust             | Australia                | 100                  | 100  |
| Victoria Property Trust             | Australia                | 100                  | 100  |
| Bridge Property Trust               | Australia                | 100                  | 100  |
| Gilhooleys Property Trust           | Australia                | 100                  | 100  |
| Victoria Land Trust                 | Australia                | 100                  | 100  |
| Bridge Land Trust                   | Australia                | 100                  | 100  |
| Gilhooleys Land Trust               | Australia                | 100                  | 100  |
| <b>Waratah Hotels No 2 Limited:</b> |                          |                      |      |
| Diplomat Trading (Aust) Pty Ltd     | Australia                | 0                    | 100  |

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 28. Related Party Transactions

##### (a) Related Entities and Managed Funds

The Group owns and operates hotel and pub businesses.

##### *Fees and Transactions*

Under the terms of the Fund Constitution, the Responsible Entity is entitled to a fund management fee of 1.5% per annum of the value of gross assets of the Group, payable monthly in arrears. For the year ended 30 June 2025 fund management fees amounted to \$650,563 (2024: \$645,774). Of these fund management fees relating to the 2025 financial year, \$594,600 (2024: \$645,774) were paid, none were converted to equity (2024: Nil) and \$55,963 were outstanding (2024: Nil) at 30 June 2025.

Under the terms of the Fund Constitution, the Responsible Entity is entitled to a performance fee calculated as 10% of the uplift in value of the hotel assets. For the year ended 30 June 2025 nil performance fees were charged (2024: nil), and nil was outstanding at 30 June 2025 (2024: nil).

Under the terms of the Fund Constitution, the Responsible Entity is entitled to an income performance fee calculated as 10% of taxable income per unit distributed by the fund for the financial year less 8 cents, times the weighted number of units on issue over the financial year. For the year ended 30 June 2025 the income performance fee amounted to nil (2024: nil). None (2024: nil) were outstanding at 30 June 2025.

Under the terms of the Fund Constitution, the Responsible Entity is entitled to asset acquisition fees calculated as 5% of the acquisition purchase price. For the year ended 30 June 2025 acquisition fees amounted to \$21,750 (2024: \$12,830). Of these acquisition fees relating to the 2025 financial year, \$21,750 (2024: Nil) were paid, none (2024: Nil) were converted to equity and none (2024: Nil) were outstanding at 30 June 2025.

Under the terms of the Fund Constitution, the Responsible Entity is entitled to asset sales fees calculated as 2% of the assets sales price. For the year ended 30 June 2025 sales fees amounted to nil (2024: Nil). Of these sales fees, none (2024: Nil) were paid, none (2024: Nil) were converted to equity and none (2024: nil) were outstanding at 30 June 2025.

Asset Management fees are payable to Waratah Hotel Management Pty Ltd under the terms of an Asset Management Agreement. For the avoidance of doubt, there exist some services unrelated to the Asset Management Agreement, which are procured by Waratah Hotel Management Pty Ltd on behalf of the Group and other venues under Waratah Hotel Management Pty Ltd's management. These include for example, marketing and design, bookkeeping, IT and computing and payroll systems. These services are performed on an ongoing basis and apportioned and on-charged to the relevant users at cost.

Accounting and tax return preparation fees are paid to Horton & Associates Pty Ltd, a related entity of David Horton, on commercial terms.

##### (b) Transaction with Related Parties

The following represents the transactions that occurred during the financial year between the Group and its related entities.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 28. Related Party Transactions (continued)

|   | 2025    | 2024    |
|---|---------|---------|
|   | \$      | \$      |
| <b>Expenses:</b>                              |         |         |
| Payments to Waratah Funds Management Limited: |         |         |
| Fund management fees                          | 650,563 | 645,774 |
| Acquisition fees                              | 21,750  | 12,830  |
| Payments to Waratah Hotel Management Pty Ltd: |         |         |
| Asset Management fees                         | 305,985 | 316,275 |
| Payments to Horton & Associates Pty Ltd:      |         |         |
| Accounting and tax services fees              | 51,294  | 51,309  |

For information relating to balances outstanding at the end of the period, please refer to Note 28(a).

### (c) Interests Held By Related Parties

Transactions & holdings in equity instruments of the Group by directors or related entities:

| Related Party                                   | Holdings at<br>June 2024 | Securities issued or<br>purchased/(sold) | Holdings at<br>June 2025 |
|---|--------------------------|--|--------------------------|
| Jodaho Pty Ltd <sup>(ii)</sup>                  | 3,303,467                | 133,884                                  | 3,437,351                |
| Darren Baker Pty Ltd <sup>(iii)</sup>           | 1,272,357                | -  | 1,272,357                |
| Toak Pty Ltd <sup>(iv)</sup>                    | 751,000                  | 54,381                                   | 805,381                  |
| Waratah Hotel Management Pty Ltd <sup>(v)</sup> | 848,035                  | 360,784                                  | 1,208,819                |
|   | <b>6,174,859</b>         | <b>549,049</b>                           | <b>6,723,908</b>         |

(i) David Horton and Jo Horton, directors of the Companies and the Responsible Entity are directors of Jodaho Pty Ltd.

(ii) Darren Baker, director of the Companies and the Responsible Entity is a director of Darren Baker Pty Ltd.

(iii) Darren Baker, director of the Companies and the Responsible Entity is a director of Toak Pty Ltd.

(iv) Darren Baker and David Horton, directors of the Companies and the Responsible Entity are directors of Waratah Hotel Management Pty Ltd.

### 29. Directors and Key Management Personnel Disclosures

Key management personnel include the Directors of the Companies and the Responsible Entity (refer Directors' Report). The Group does not provide any short term or post-employment benefits to its key management personnel.

# Waratah Hotel Group

## Notes to the Financial Statements

### For the Year Ended 30 June 2025

#### 30. Fair value measurement

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

|                           | Level 1 | Level 2 | Level 3    | Total      |
|---------------------------|---------|---------|------------|------------|
| Year ended - 30 June 2025 | \$      | \$      | \$         | \$         |
| <i>Assets</i>             |         |         |            |            |
| Land & building           | -       | -       | -          | -          |
| Assets held for sale      |         |         | 21,477,505 | 21,477,505 |
| Total assets              | -       | -       | 21,477,505 | 21,477,505 |
| <i>Liabilities</i>        |         |         |            |            |
| Total liabilities         | -       | -       | -          | -          |
| <br>                      |         |         |            |            |
| Year ended - 30 June 2024 | \$      | \$      | \$         | Total      |
| <i>Assets</i>             |         |         |            |            |
| Land & building           | -       | -       | 18,167,985 | 18,167,985 |
| Assets held for sale      | -       | -       | 5,423,507  | 5,423,507  |
| Total assets              | -       | -       | 23,591,492 | 23,591,492 |
| <i>Liabilities</i>        |         |         |            |            |
| Total liabilities         | -       | -       | -          | -          |

There were no transfers between levels during the financial year. A reconciliation of the movements in Level 3 assets is provided in Note 10 of the Financial Statements.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The basis of the valuations of land and building is fair value. Valuations for the funds two most significant properties were performed by registered independent valuers in March 2025. Valuations were performed with reference to recent market sales of similar properties and utilised common valuation methodologies including capitalisation of income projections on a going concern basis.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 30. Fair value measurement (continued)

The table below demonstrates the sensitivity to reasonably possible changes in the value of hotel assets with all other variables held constant. A negative amount in the table reflects a potential reduction in the value of securityholders' equity while a positive amount reflects a potential increase. The analysis is performed on the same basis for 30 June 2024.

|                                   | Securityholders Equity |             |
|-----------------------------------|------------------------|-------------|
|                                   | Higher / (Lower)       |             |
|                                   | 2025                   | 2024        |
| Movement in value of hotel assets | \$                     | \$          |
| +10.0%                            | 230,000                | 4,768,100   |
| -10.0%                            | (230,000)              | (4,768,100) |

The table below demonstrates the sensitivity to reasonably possible changes in the individual capitalisation rates adopted when valuing the portfolio of hotel assets, with all other variables held constant. A negative amount in the table reflects a potential reduction in the value of securityholders' equity while a positive amount reflects a potential increase. The analysis is performed on the same basis for 30 June 2024.

|                                 | Securityholders Equity |             |
|---------------------------------|------------------------|-------------|
|                                 | Higher / (Lower)       |             |
|                                 | 2025                   | 2024        |
| Movement in capitalisation rate | \$                     | \$          |
| +0.5%                           | (164,286)              | (2,370,347) |
| -0.5%                           | 164,286                | 2,370,347   |

### 31. Financial Risk Management

#### (a) Financial risk management

The main risks the Group are exposed to through its financial instruments are market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's principal financial instruments are cash, term deposits and loans. Additionally, the Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital.

Capital management is carried out at a Group basis for the Waratah Hotel Group. The Manager monitors the return on capital which the Manager defines as net operating income divided by total members' equity as well as net tangible assets per security and distribution levels to ensure the value provided to members is maintained. There were no changes to the Group's approach to capital management during the year. Neither the Fund nor the Companies are subject to externally imposed capital requirements.

The Group holds the following financial instruments:

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 31. Financial Risk Management (continued)

|                              | 2025              | 2024              |
|------------------------------|-------------------|-------------------|
|                              | \$                | \$                |
| <b>Financial assets</b>      |                   |                   |
| Cash and cash equivalents    | 490,383           | 896,592           |
| Term deposits                | -                 | -                 |
| Trade and other receivables  | 27,953            | 38,916            |
|                              | <u>518,336</u>    | <u>935,508</u>    |
| <b>Financial liabilities</b> |                   |                   |
| Trade and other payables     | 2,498,209         | 3,042,826         |
| Interest bearing liabilities | 10,000,000        | 14,854,333        |
|                              | <u>12,498,209</u> | <u>17,897,159</u> |

#### (b) Market risk

##### (i) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

|  | 30 June 2025                                      |                    | 30 June 2024                                      |                     |
|--|---|--------------------|---|---------------------|
|  | Weighted<br>average<br>effective<br>interest rate | Balance            | Weighted<br>average<br>effective<br>interest rate | Balance             |
|  | %   | \$                 | %   | \$                  |
| Cash and cash equivalents                    | 1.53  | 490,383            | 1.47  | 896,592             |
| Term deposits                                | -   | -                  | -   | -                   |
| Interest bearing borrowings                  | 6.44  | (10,000,000)       | 6.72  | (14,854,338)        |
| Net exposure to cash flow interest rate risk |   | <u>(9,509,617)</u> |   | <u>(13,957,746)</u> |

The Group has borrowings from the bank. The average interest rate payable on the total borrowings at 30 June 2025 was 6.44% (30 June 2024: 6.72%). The Group does not have any fixed interest rate facilities (30 June 2024: Nil) to limit its exposure to increasing variable interest rates from bank borrowings. Any increase or decrease in variable interest rates of up to 2% would not have a significant impact on the Group's net results or securityholders' equity. The above cash balances exclude cash on hand and clearing account balances.

##### (ii) Interest rate risk

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 31. Financial Risk Management (continued)

The table below demonstrates the sensitivity to reasonably possible changes in year end interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit or securityholders' equity while a positive amount reflects a potential net increase. The analysis is performed on the same basis for 30 June 2024.

|                                   | Net Profit       |           |
|-----------------------------------|------------------|-----------|
|                                   | Higher / (Lower) |           |
|                                   | 2025             | 2024      |
|                                   | \$               | \$        |
| <b>Movement in interest rates</b> |                  |           |
| +2.0%                             | (200,000)        | (297,087) |
| -2.0%                             | 200,000          | 297,087   |

#### (c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, equitable securities, as well as credit exposures to customers, including outstanding receivables. For banks, only independently rated parties with a minimum rating of 'A' are accepted. For receivables, the credit quality of customers is individually assessed, taking into account its financial position, past experience and other factors. The majority of sales are settled in cash that mitigate the credit risk.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

|                             | 2025           | 2024           |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| Cash and cash equivalents   | 490,383        | 896,592        |
| Trade and other receivables | 27,953         | 38,916         |
|                             | <u>518,336</u> | <u>935,508</u> |

#### (d) Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cashflows and matching the maturity profiles of financial assets and liabilities.

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 31. Financial Risk Management (continued)

#### (d) Liquidity risk (continued)

##### Financing arrangements

Unused borrowing facilities at the reporting date:

|  | 2025     | 2024             |
|--|----------|------------------|
|  | \$       | \$               |
| Bank loans                               | -        | 1,983,162        |
| <b>Total unused borrowing facilities</b> | <b>-</b> | <b>1,983,162</b> |

Financial arrangements at the reporting date:

|                              | Maturing within<br>1 year | Maturing 1-5<br>years | Maturing after<br>5 years | Total             |
|------------------------------|---------------------------|-----------------------|---------------------------|-------------------|
|                              | \$                        | \$                    | \$                        | \$                |
| <b>At 30 June 2025</b>       |                           |                       |                           |                   |
| <b>Financial assets</b>      |                           |                       |                           |                   |
| Cash and cash equivalents    | 490,383                   | -                     | -                         | 490,383           |
| Trade and other receivables  | 27,953                    | -                     | -                         | 27,953            |
|                              | <b>518,336</b>            | <b>-</b>              | <b>-</b>                  | <b>518,336</b>    |
| <b>Financial liabilities</b> |                           |                       |                           |                   |
| Trade and other payables     | 2,498,209                 | -                     | -                         | 2,498,209         |
| Interest bearing liabilities | 10,000,000                | -                     | -                         | 10,000,000        |
|                              | <b>12,498,209</b>         | <b>-</b>              | <b>-</b>                  | <b>12,498,209</b> |
| <b>At 30 June 2024</b>       |                           |                       |                           |                   |
| <b>Financial assets</b>      |                           |                       |                           |                   |
| Cash and cash equivalents    | 896,592                   | -                     | -                         | 896,592           |
| Trade and other receivables  | 38,916                    | -                     | -                         | 38,916            |
|                              | <b>935,508</b>            | <b>-</b>              | <b>-</b>                  | <b>935,508</b>    |
| <b>Financial liabilities</b> |                           |                       |                           |                   |
| Trade and other payables     | 3,042,826                 | -                     | -                         | 3,042,826         |
| Interest bearing liabilities | -                         | 14,854,338            | -                         | 14,854,338        |
| Lease liabilities            | 299,209                   | 921,195               | -                         | 1,220,404         |
|                              | <b>3,342,035</b>          | <b>15,775,533</b>     | <b>-</b>                  | <b>19,117,568</b> |

# Waratah Hotel Group

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 32. Parent Financial Information

Summary financial information about the Parent (Waratah Hotel Fund) is:

|  | 2025              | 2024              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Current assets                                       | 36,207,101        | 7,927,457         |
| Non-current assets                                   | 18,031,465        | 47,772,049        |
| <b>Total assets</b>                                  | <b>54,238,566</b> | <b>55,699,506</b> |
| Current liabilities                                  | 10,733,573        | 706,395           |
| Non-current liabilities                              | 26,410,750        | 39,783,743        |
| <b>Total liabilities</b>                             | <b>37,144,323</b> | <b>40,490,138</b> |
| Unitholders' equity                                  |                   |                   |
| Contributed equity                                   | 18,749,089        | 18,749,089        |
| Accumulated (losses)/profits                         | (1,654,847)       | (3,539,721)       |
| <b>Total unitholders' equity</b>                     | <b>17,094,243</b> | <b>15,209,368</b> |
| Net profit attributable to unitholders of the Parent | 3,096,874         | 7,524,431         |
| Total revenue  | 2,362,352         | 1,642,414         |

#### *Contingent liabilities*

The parent had no contingent liabilities as at 30 June 2025 (2024: Nil).

#### *Capital commitments*

The parent had no capital commitments as at 30 June 2025 (2024: Nil)

#### *Significant accounting policies*

The accounting policies of the parent are consistent with those of the consolidated Group.

### 33. Company Details

The principal place of business and registered office of the Group is:

Waratah Hotel Fund  
Suite 702, 116 Military Road  
Neutral Bay, NSW, 2089

# Waratah Hotel Group

## Consolidated entity disclosure statement As at 30 June 2025

| Name of entity                     | Type of entity    | Percentage of share capital held | Country of incorporation | Australian resident or foreign resident |
|------------------------------------|-------------------|----------------------------------|--------------------------|---|
| <b>Waratah Hotel Fund</b>          | Trust             | 100                              | Australia                | Australian                              |
| No 1 Trust                         | Trust             | 100                              | Australia                | Australian                              |
| No 2 Trust                         | Trust             | 100                              | Australia                | Australian                              |
| No 3 Trust                         | Trust             | 100                              | Australia                | Australian                              |
| No 4 Trust                         | Trust             | 100                              | Australia                | Australian                              |
| No 5 Trust                         | Trust             | 100                              | Australia                | Australian                              |
| No 6 Trust                         | Trust             | 100                              | Australia                | Australian                              |
| Hotel Property Trust               | Trust             | 100                              | Australia                | Australian                              |
| Victoria Realty Trust              | Trust             | 100                              | Australia                | Australian                              |
| Bridge Realty Trust                | Trust             | 100                              | Australia                | Australian                              |
| Gilhooleys Realty Trust            | Trust             | 100                              | Australia                | Australian                              |
| Victoria Property Trust            | Trust             | 100                              | Australia                | Australian                              |
| Bridge Property Trust              | Trust             | 100                              | Australia                | Australian                              |
| Gilhooleys Property Trust          | Trust             | 100                              | Australia                | Australian                              |
| Victoria Land Trust                | Trust             | 100                              | Australia                | Australian                              |
| Bridge Land Trust                  | Trust             | 100                              | Australia                | Australian                              |
| Gilhooleys Land Trust              | Trust             | 100                              | Australia                | Australian                              |
| <b>Waratah Hotels Limited</b>      | Body<br>Corporate | 100                              | Australia                | Australian                              |
| Hotel Business Trust               | Trust             | 100                              | Australia                | Australian                              |
| Victoria Business Trust            | Trust             | 100                              | Australia                | Australian                              |
| Bridge Business Trust              | Trust             | 100                              | Australia                | Australian                              |
| Gilhooleys Business Trust          | Trust             | 100                              | Australia                | Australian                              |
| <b>Waratah Hotels No 2 Limited</b> | Body<br>Corporate | 100                              | Australia                | Australian                              |

Entities listed here are those that are part of the consolidated entity at the end of the financial year. Entities disposed of during the year, or where the entity has lost control by the reporting date, are not included here.

# Waratah Hotel Group

## Directors' Declaration

In the opinion of the Directors of Waratah Funds Management Limited, the Responsible Entity of Waratah Hotel Fund:

- (a) the financial statements and notes set out on pages 8 to 42 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (c) the information disclosed in the attached consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors of the Responsible Entity.



**Darren Baker**  
Director  
Sydney, 30 September 2025



**David Horton**  
Director  
Sydney, 30 September 2025



## INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF WARATAH HOTEL GROUP

### Opinion

We have audited the financial report of Waratah Hotel Group (the “Group”), which comprises the consolidated statement of financial position as at 30 June 2025, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, the consolidated entity disclosure statement and the directors’ declaration.

In our opinion, the accompanying financial report of Waratah Hotel Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group’s financial position as at 30 June 2025 and of its performance for the year then ended; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of matter – basis of accounting***

We draw attention to the fact that the Group is in the process of being wound up. Accordingly, the financial report has been prepared on a liquidation basis of accounting. Our opinion is not modified in respect of this matter.

### Other Information

The directors of the Group are responsible for the other information. The other information comprises the Directors’ Report for the year ended 30 June 2025 but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF WARATAH HOTEL GROUP

### Responsibilities of the directors for the financial report

The directors of the Group are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

Dated at Sydney on the 30<sup>th</sup> September 2025

### ESV Business advice and accounting



**Chris Kirkwood**  
Partner