MA Redcape Hotel Fund

ASIC Regulatory Guide 46 Disclosure

4 November 2024

The Australian Securities & Investments Commission (ASIC) Regulatory Guide 46: Unlisted property schemes: *Improving disclosure for retail investors* (RG 46) requires responsible entities of unlisted property schemes to address six benchmarks and eight disclosure principles that can help retail investors understand the risks, assess the rewards being offered and decide whether these investments are suitable for them.

MA Redcape Hotel Fund RE Ltd ACN 610 990 004, AFSL 505932 is the Responsible Entity of the MA Redcape Hotel Trust I ARSN 629 354 614 (Trust I) and MA Redcape Hotel Trust II ARSN 629 354 696 (Trust II) (together MA Redcape Hotel Fund or the Fund). This document should be read in conjunction with the Fund's latest Product Disclosure Statement (PDS) 2 April 2024 and the Fund's financial statements as at 30 June 2024 which can be found on the Fund's website. The information in this document about the ASIC RG 46 benchmarks and disclosures will be updated semi-annually and in addition to quarterly investor updates. Where this updated information is not materially adverse to Unitholders it will be available on the Fund's website and a paper copy will be given to you, without charge, upon request by contacting Client Services. If there is a materially adverse change to the information in this section, we will issue a supplementary or new PDS.

While the Fund has a substantial share of its non-cash assets invested in real property, it operates hotels on these properties and does not generally derive rental income from these operations. The Fund is therefore not the type of fund to which the RG 46 Benchmarks and Disclosures are typically applied and as such there are some departures from RG 46 Benchmarks and Disclosures.

1. Benchmarks

In ASIC Regulatory Guide 46: Unlisted property schemes: Improving disclosure for retail investors (RG 46), ASIC has developed a range of benchmarks for unlisted property schemes (ASIC RG 46 Benchmarks). ASIC expects issuers of products of such funds to disclose in a Product Disclosure Statement whether the responsible entity meets the benchmarks on an 'if not, why not' basis.

ASIC RG 46 Benchmark	Does the manager comply?	Explanation
Benchmark 1: Gearing The responsible entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.	Yes	The Responsible Entity has a written capital management policy in place which governs the level of gearing for the Fund.
Benchmark 2: Interest cover policy The responsible entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.	Yes	The Responsible Entity has a written capital management policy in place which governs the level of interest cover for the Fund.
Benchmark 3: Interest capitalisation The interest expense of the scheme is not capitalised.	No	The interest expense of the scheme is not capitalised as of 30 June 2024. Interest capitalisation occurs when accrued or accumulated interest is added to the loan principal instead of being paid on a regular basis. The Fund intends to primarily expense interest costs as they are incurred on a regular basis. However, the Fund may capitalise interest expenses as they relate to future alternative use and development projects where capitalising interest expenses would be in the best interests of Unitholders due to the potential lack of income generated by the asset during development.

ASIC RG 46 Benchmark	Does the manager comply?	Explanation
		There are risks associated with capitalising interest. This practice may result in increased leverage as interest is capitalised resulting in an increased gearing ratio and gearing related risks. In addition, if there isn't sufficient headroom in the debt facility to finance capitalised interest then the Fund may not be able to continue to meet its debt facility covenants. The Fund intends to operate within its capital management policy in order to manage these risks. For further information or to obtain a copy of the capital management policy please contact the Responsible Entity.
Benchmark 4: Valuation policy The responsible entity maintains and complies with a written valuation policy that requires: (a) a valuer to: (i) be registered or licensed in the relevant state, territory or overseas jurisdiction in which the property is located (where a registration or licensing regime exists), or otherwise be a member of an appropriate professional body in that jurisdiction; and (ii) be independent; (b) procedures to be followed for dealing with any conflicts of interest; (c) rotation and diversity of valuers; (d) valuations to be obtained in accordance with a set timetable; and (e) for each property, an independent valuation to be obtained: (i) before the property is purchased: (A) for a development property, on an 'as is' and 'as if complete' basis; and (B) for all other property, on an 'as is' basis; and (ii) within two months after the directors form a view that there is a likelihood that there has been a material change in the value of the property.	No	The Responsible Entity maintains and complies with a written valuation policy, however a modified approach is adopted in respect of the source of valuations. Due to the operational nature of the assets in the Fund's portfolio and potential variability of earnings of each asset, it would be cost prohibitive for the fund to use independent valuers to update valuations for an asset which on its own would not have a material impact on a portfolio level considering size and scale of the Fund's portfolio. As such, the Responsible Entity adopts Portfolio Valuations to reflect movements in individual asset values between independent valuations. Note that under the valuation policy, assets will be independently valued at least every 24 months. The Responsible Entity will require an updated independent valuation when the directors form a view that there has been a material change in the value of the property. The Responsible Entity will require an independent valuation to be undertaken by a qualified independent valuer at the next practical opportunity after the change in value occurring. A material change is considered to be a variance of greater than 10% of the asset's previous independent valuation. There are risks associated with the use of Portfolio Valuations instead of independent valuations conducted by registered and licensed valuers. While the Responsible Entity will determine an updated valuation based on its best assessment of the value of the assets in the Portfolio, the Responsible Entity is not considered a qualified expert that is registered or licensed in the relevant jurisdictions. As such Portfolio Valuations may vary from independent valuations.
Benchmark 5: Related party transactions The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	Yes	The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest.
Benchmark 6: Distribution practices The scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution.	No	The Fund intends to pay distributions primarily from cash from operations. However, the Fund may pay distributions from other sources if it would be in the best interests of Unitholders. Other sources include excess cash and cash equivalents, capital or borrowings. Examples of where distributions may be paid from other sources include but are not limited to:

ASIC RG 46 Benchmark	Does the manager comply?	Explanation
		- If Underlying Earnings are reduced due to short term trading volatility; - If Underlying Earnings are reduced in the period between asset sales and the re-investment of sale proceeds into new acquisitions; and - Payment of a special distribution if the Fund were to realise a capital gain on sale of an asset. There are risks associated with paying distributions from sources other than cash from operations. This practice may not be commercially sustainable over the longer term, particularly where asset values are not increasing. Where part of the distribution is paid from borrowings, this reduces Unitholders' equity and the Portfolio NAV per unit. It will also increase the Fund's gearing ratio and gearing related risks. Where the Fund is close to its loan to valuation ratio covenant, the risk of breaching these covenants is increased.

2. Disclosure Principles

In RG 46, ASIC has developed eight disclosure principles for unlisted property schemes (ASIC RG 46 Principles) and expects issuers of products of such funds to disclose in a Product Disclosure Statement information about the disclosure principles.

2.1 Gearing Ratio

ASIC RG 46 requirement	Relevant disclosure
RG 46.62 The Responsible Entity should disclose a gearing ratio for the scheme calculated using the following formula: $\text{Gearing ratio} = \frac{\text{Total interest-bearing liabilities}}{\text{Total assets}}$	The Fund's gearing ratio calculated in accordance with this RG46 disclosure is as follows: **As at 30 June 2024** $\text{Gearing ratio} = \frac{\text{Total interest-bearing liabilities}}{\text{Total assets}} = 49.6\%$ $\text{Portfolio gearing ratio} = \frac{\text{Total loans and borrowings – Cash}}{\text{Total asset value – Statutory Valuations + Portfolio Valuations – Cash}} = 39.8\%$ It is important to note that the Portfolio Gearing formula differs from the RG 46 formula. The Responsible Entity intends to report Portfolio Gearing in quarterly investor updates. Under the capital management policy, the Responsible Entity intends to operate the Fund within a Portfolio Gearing ratio range between 40.0 – 50.0%. At times the level of gearing may move out of the target range. This will primarily occur at times prior to the acquisition or after the sale of direct hotel assets. Note that the covenant gearing definition prescribed by the Fund's financiers is a Loan to Value Ratio (LVR) which differs to the above definition.
RG 46.63 The liabilities and assets used to calculate the gearing ratio should be based on the scheme's latest financial statements.	The gearing ratio calculated above is based on the 30 June 2024 financial statements which are the most recent financial statements of the Fund.

ASIC RG 46 requirement	Relevant disclosure
RG 46.65 Responsible entities should also explain to investors what these ratios mean in practical terms and how investors can use the ratios to determine the scheme's level of risk.	Gearing is the level of debt finance that is used to purchase assets or manage the capital expenditure within a fund. The gearing ratio represents the percentage of debt compared to the gross asset value of the Fund. As a result, it indicates the extent to which the Fund's assets are funded by interest-bearing liabilities. There is no recourse to investors on any of the Fund's borrowings. Gearing increases the exposure of Unitholders to movements in the value of the underlying assets in which a fund invests. It can magnify capital gains, however, it can also magnify capital losses. A highly geared fund will have a lower asset buffer to rely on in times of financial stress.

2.2 Interest cover ratio

ASIC RG 46 requirement	Relevant disclosure
RG 46.71 The interest cover ratio gives an indication of an unlisted property scheme's ability to meet the interest payments from earnings. The responsible entity should disclose the scheme's interest cover ratio calculated using the following formula and based on the latest financial statements: $\text{Interest cover ratio} = \frac{(\text{EBITDA} – \text{unrealised gains} + \text{unrealised losses})}{\text{Interest expense}}$	The Fund's interest cover ratio calculated in accordance with this RG46 disclosure is as follows: $\text{Interest cover ratio} = \frac{\text{EBITDA} – \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}} = 3.1\text{x}$ where EBITDA = earnings before interest, tax, depreciation and amortisation.
RG 46.72 The EBITDA (earnings before interest, tax, depreciation and amortisation) and interest expense figures used to calculate the interest cover ratio should be consistent with those disclosed in the scheme's latest financial statements.	The interest cover ratio calculated above is based on the 30 June 2024 financial statements which are the most recent financial statements of the Fund. Note that the covenant ICR definition prescribed by the Fund's financiers and reported in quarterly investor updates differs to the above definition.
RG 46.74 Many retail investors may not understand what interest cover means. The responsible entity should explain how investors can use the interest cover ratio to assess the scheme's ability to meet its interest payments.	A geared fund will incur an interest expense that will increase with size of the loan or interest rate applied by the financier. A higher geared fund will be more sensitive to interest rate movements. The interest coverage ratio is a measure of a fund's ability to meet its interest expenses from the earnings of the fund. It is a key indicator of a fund's financial health. The closer a fund is to an interest coverage ratio of one, the closer the fund's cash flow is to meeting interest expenses only. If the interest coverage ratio falls below one, the fund earnings are insufficient to meet interest expenses.

2.3 Scheme borrowing

ASIC RG 46 requirement | **Relevant disclosure**

RG 46.78

If a scheme has borrowed funds (whether on or off balance sheet), the responsible entity should clearly and prominently disclose:

(a) for each borrowing that will mature in five years or less—the aggregate amount owing and the maturity profile in increments of not more than 12 months;

(b) for borrowings that will mature in more than five years—the aggregate amount owing;

(c) the amount (expressed as a percentage) by which either the operating cash flow or the value of the asset(s) used as security for the facility must fall before the scheme will breach any covenants in any credit facility;

(d) for each credit facility:
  (i) the aggregate undrawn amount;
  (ii) the assets to which the facility relates;
  (iii) the loan-to-valuation and interest cover covenants under the terms of the facility;
  (iv) the interest rate of the facility; and
  (v) whether the facility is hedged;

(e) details of any terms within the facility that may be invoked as a result of scheme members exercising their rights under the constitution of the scheme; and

(f) the fact that amounts owing to lenders and other creditors of the scheme rank before an investor's interests in the scheme.

The following table provides an analysis of when direct loans are due to mature as at 30 June 2024.

Debt facility maturities	Direct loans (A$)
Maturity within 1 year	-
Maturity between 1 and 2 years	375.0
Maturity between 2 and 3 years	40.0
Maturity between 3 and 4 years	185.0
Maturity between 4 and 5 years	-
Maturity 5 years +	-
Total debt facilities	600.0

Fund Facility

The table below provides a summary of the aggregate undrawn amount, loan to value ratio and hedging details under the debt facility as of 30 June 2024. The facility interest rate and ICR (as per ICR covenant definition) are based on 30 June 2024 financial statements.

Debt facility maturities	Undrawn debt (A$m)	Facility interest rate	Loan to value ratio	Facility ICR	Interest rate hedging
Actual	139.0	5.1%	47.5%	2.3x	100.0%
Covenant			60.0%	2.0x	50.0%
Headroom to covenant (% fall in assets values / EBITDA)			18.6%	13.2%	

As part of the debt funding arrangements debt providers typically receive a first-ranking mortgage over the hotel assets relating to the loan as well as a fixed and floating charge over the assets of the borrowing entity.

This security gives the debt provider the right to take possession and sell a hotel asset in the event of borrower default under a loan agreement. In the event that this was to occur, investors would receive the balance of the sales proceeds after repayment of debt and related costs. Any security provided is non-recourse beyond the hotel asset and borrowing entity, meaning that creditors cannot pursue investors or the Responsible Entity for any loss incurred.

RG 46.79

If borrowings and credit facilities will mature within 12 months, the responsible entity should make appropriate disclosure about the prospects of refinancing or possible alternative actions (e.g. sales of assets or further fundraising).

As at 30 June 2024, the Fund's has no borrowings that are due to mature within the next 12 months.

RG 46.80

The responsible entity should explain any risks associated with their borrowing maturity profile, including whether borrowings have been hedged and, if so, to what extent.

The Responsible Entity at its discretion may enter into interest rate hedging contracts to provide more certainty over the Fund's future interest expense.

As at 30 June 2024, 100.0% of the Fund's drawn down debt had been hedged.

ASIC RG 46 requirement	Relevant disclosure
RG 46.81 The responsible entity should also disclose any information about scheme borrowing and breaches of loan covenants that is reasonably required by investors. Responsible entities should update investors about the status of scheme borrowings and any breaches of covenants through ongoing disclosure.	There are no loan covenant breaches to disclose.

2.4 Portfolio Diversification

<table>
<tr><th>ASIC RG 46 requirement</th><th>Relevant disclosure</th></tr>
<tr>
<td>
RG 46.87
A responsible entity should disclose the current composition of the property scheme’s direct property investment portfolio, including:
(a) properties by geographic location by number and value;
(b) non-development properties by sector (e.g. industrial, commercial, retail, residential) and development projects by number and value;
(c) for each significant property, the most recent valuation, the date of the valuation, whether the valuation was performed by an independent valuer and, where applicable, the capitalisation rate adopted in the valuation;
(d) the current value of the development and/or construction assets of the scheme as a percentage of the current value of the total assets of the scheme.
</td>
<td>
As at 30 June 2024, the Fund’s portfolio value included 28 hotels across New South Wales and Queensland consisting of 23 freehold and 3 leasehold hotels worth approximately $1.2 billion. Top 10 assets by value represent 55.6% of the total hotel portfolio.
Hotel assets by geographic location, number and value are summarised below:
<table>
<tr><th>State</th><th>Number of properties</th><th>Valuation (A$m)</th><th>% of total Portfolio</th></tr>
<tr><td>NSW</td><td>23</td><td>1,074.4</td><td>90.4%</td></tr>
<tr><td>QLD</td><td>5</td><td>114.6</td><td>9.6%</td></tr>
<tr><td>Total</td><td>28</td><td>1,190.0</td><td>100.0%</td></tr>
</table>
Hotel assets owned by the Fund include:
<table>
<tr><th>Asset</th><th>Property</th><th>Independently valued?</th><th>Date of last valuation</th></tr>
<tr><td>Australian Hotel and Brewery</td><td>350 Annangrove Road, Rouse Hill, NSW, 2155</td><td>Yes</td><td>31 December 2023</td></tr>
<tr><td>Cabramatta Hotel</td><td>170 Cabramatta Road, Cabramatta West, NSW, 2166</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>Campbelltown Hotel</td><td>32 Blaxland Road, Campbelltown, NSW, 2560</td><td>Yes</td><td>31 December 2023</td></tr>
<tr><td>Cedars Tavern</td><td>139-173 Popondetta Road, Emerton, NSW, 2770</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>Criterion Hotel</td><td>260 Pitt St, Sydney NSW 2000</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>Eastwood Hotel</td><td>89–115 Rowe Street, Eastwood, NSW, 2122</td><td>Yes</td><td>31 December 2023</td></tr>
<tr><td>Eden Brewhouse</td><td>381 Redbank Plains Rd, Redbank Plains, QLD, 4301</td><td>Yes</td><td>30 June 2024</td></tr>
<tr><td>El Cortez Hotel</td><td>337 Canley Vale Road, Canley Heights, NSW, 2166</td><td>Yes</td><td>31 December 2023</td></tr>
<tr><td>Figtree Hotel</td><td>47 Princes Highway, Figtree, NSW, 2525</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>Gladstone Hotel</td><td>572 Marrickville Road, Dulwich Hill, NSW, 2203</td><td>Yes</td><td>31 December 2023</td></tr>
<tr><td>Hermit Park Hotel</td><td>100 Charters Towers Road, Hermit Park, Townsville, QLD, 4812</td><td>Yes</td><td>30 April 2023</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><th>ASIC RG 46 requirement</th><th>Relevant disclosure</th></tr>
<tr><td></td><td>
<table>
<tr><td>Keighery Hotel</td><td>47–51 Rawson Street, Auburn, NSW, 2144</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>Kings Head Tavern</td><td>801a King Georges Road, South Hurstville, NSW, 2221</td><td>Yes</td><td>31 May 2024</td></tr>
<tr><td>Lakeview Hotel Motel</td><td>4 Government Road, Oak Flats, NSW, 2529</td><td>Yes</td><td>31 May 2023</td></tr>
<tr><td>Landmark Hotel</td><td>20 West Parade, Eastwood, NSW, 2122</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>Leumeah Hotel</td><td>80 O'Sullivan Road, Leumeah, NSW, 2560</td><td>Yes</td><td>30 June 2024</td></tr>
<tr><td>O'Donoghues Hotel</td><td>99 Great Western Highway, Emu Plains, NSW, 2750</td><td>Yes</td><td>31 December 2022</td></tr>
<tr><td>Prospect Hotel Motel</td><td>3 Great Western Highway, Prospect, NSW, 2148</td><td>Yes</td><td>31 December 2023</td></tr>
<tr><td>Revesby Pacific Hotel</td><td>178 The River Road, Revesby, NSW, 2212</td><td>Yes</td><td>31 May 2022</td></tr>
<tr><td>Shamrock Hotel Motel</td><td>163 – 175 Nebo Road, Mackay West, QLD, 4740</td><td>Yes</td><td>31 December 2022</td></tr>
<tr><td>South Terrace Hotel</td><td>280 South Terrace, Bankstown, NSW, 2200</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>St Marys Hotel</td><td>33 Queen Street, St Mary's, NSW, 2760</td><td>Yes</td><td>30 April 2024</td></tr>
<tr><td>The Crown Hotel Revesby</td><td>4 The River Road, Revesby, NSW, 2212</td><td>Yes</td><td>31 December 2023</td></tr>
<tr><td>The Sun Hotel</td><td>6 Ross River Road, Mundingburra, QLD, Townsville, 4812</td><td>Yes</td><td>31 May 2023</td></tr>
<tr><td>The Wattle Hotel</td><td>1 Brygon Creek Drive, Upper Coomera, Gold Coast, QLD, 4209</td><td>Yes</td><td>30 April 2023</td></tr>
<tr><td>Vauxhall Inn</td><td>284/286 Parramatta Rd, Granville, NSW, 2142</td><td>Yes</td><td>31 May 2023</td></tr>
<tr><td>Wattle Grove Hotel</td><td>Cnr Australis Avenue & Village Way, Wattle Grove, NSW, 2173</td><td>Yes</td><td>31 May 2024</td></tr>
<tr><td>Willoughby Hotel</td><td>315 Penshurst Street, Willoughby, NSW, 2068</td><td>Yes</td><td>30 June 2024</td></tr>
</table>
</td></tr>
<tr><td>**RG 46.88**
Disclosure should cover the responsible entity's investment strategy on these matters, including its strategy on investing in other unlisted property schemes, whether the scheme's current assets conform to the investment strategy and an explanation of any significant variance from this strategy. A responsible entity should also provide a clear description of any significant non-direct property assets of the scheme, including the value of such assets.</td><td>The Fund's investment strategy is to:

Invest in high-quality community hotels underpinned by sustainable cashflows with opportunities for accretive capital expenditure.
Leverage the Redcape Hospitality platform to drive enhanced outcomes from existing assets and new acquisitions.
Actively manage the Portfolio over time including through the sale of existing assets or acquiring new assets to maximise risk adjusted returns for investors.

Full details and updates regarding these investments and any further acquisitions can be found on the Fund's website.</td></tr>
<tr><td></td><td></td></tr>
</table>

ASIC RG 46 requirement	Relevant disclosure
RG 46.89 The Responsible Entity of unlisted property schemes involved in property development should also disclose: (a) the development timetable with key milestones; (b) a description of the status of the development against the key milestones identified; (c) a description of the nature of the funding arrangements for the development (including the sources of funding and repayment strategies if borrowing is used to fund the development); (d) the total amounts of pre-sale and lease pre-commitments, where applicable; (e) whether the loan-to-valuation ratio for the asset under development exceeds 70% of the 'as is' valuation of the asset; and (f) the risks associated with the property development activities being undertaken.	The Fund is not currently undertaking any major development projects.
RG 46.90 The responsible entity for any scheme that has over 20% of its property assets in development based on an 'as if complete' basis should ensure that the scheme is clearly identified as a development and/or construction scheme.	The Fund is not currently undertaking any major development projects.

2.5 Related Party Transactions

ASIC RG 46 requirement	Relevant disclosure
RG 46.98 The responsible entity that enter into transactions with related parties should describe related party arrangements relevant to the investment decision. The description should address: (a) the value of the financial benefit; (b) the nature of the relationship (i.e. the identity of the related party and the nature of the arrangements between the parties, in addition to how the parties are related for the purposes of the Corporations Act or ASX Listing Rules—for group structures, the nature of these relationships should be disclosed for all group entities); (c) whether the arrangement is on 'arm's length' terms, is reasonable remuneration, some other exception applies, or we have granted relief;	There are a number of related party transactions described in the PDS in relation to the Fund, including the fees payable by the Responsible Entity to other entities within MA Financial Group under the Investment Management Agreement and the Hotel Operating Agreement. The Responsible Entity may also seek professional services for the Fund from qualified service providers, including from related parties of the Responsible Entity. The fees for these services will be charged at normal commercial rates to the Fund. All parties and the fees chargeable for these services are subject to the approval of the Responsible Entity's board. The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest. All transactions in which the Responsible Entity may have, or may be perceived to have, a conflict of interest, including all transactions with members of the MA Financial Group, will be conducted in accordance with the Responsible Entity's conflicts of interest and related party transactions policy. Under this policy, potential conflict situations will be monitored, assessed and evaluated by the Responsible Entity and, if considered necessary, the matter will be referred to the Responsible Entity's Board and/or Audit, Risk and compliance committee and steps taken to ensure that the conflict is managed in an appropriate manner. For further details on the Fund's related party transactions and conflict of interest policy please refer to the PDS. Details of related party transactions are reported

ASIC RG 46 requirement	Relevant disclosure
(d) whether scheme member approval for the transaction has been sought and, if so, when (e.g. if member approval was obtained before the issue of interests in the scheme); (e) the risks associated with the related party arrangement; and (f) whether the responsible entity is in compliance with its policies and procedures for entering into related party transactions for the particular related party arrangement, and how this is monitored.	yearly as part of the Fund's annual accounts. The latest annual accounts for the Fund are date 30 June 2024. These accounts can be found on the Fund's website.

2.6 Distribution practices

ASIC RG 46 requirement	Relevant disclosure
RG 46.102 If a scheme is making or forecasts making distributions to members, the responsible entity should disclose: (a) the source of the current distribution (e.g. from cash from operations available for distribution, capital, unrealised revaluation gains); (b) the source of any forecast distribution; (c) whether the current or forecast distributions are sustainable over the next 12 months; (d) if the current or forecast distribution is not solely sourced from cash from operations (excluding borrowings) available for distribution, the sources of funding and the reasons for making the distribution from these other sources; (e) if the current or forecast distribution is sourced other than from cash from operations (excluding borrowings) available for distribution, whether this is sustainable over the next 12 months; and (f) the impact of, and any risks associated with, the payment of distributions from the scheme from sources other than cash from operations (excluding borrowings) available for distribution.	The Fund intends to pay distributions primarily from cash from operations. However, the Fund may pay distributions from other sources if it would be in the best interests of Unitholders and where payment from that source is expected to be sustainable in the relevant circumstances. Other sources include excess cash and cash equivalents or borrowings. Examples of where distributions may be paid from other sources include but are not limited to: • If Underlying Earnings are reduced due to short term trading volatility; • If Underlying Earnings are reduced in the period between asset sales and the re-investment of sale proceeds into new acquisitions; and • Payment of a special distribution if the Fund were to realise a capital gain on sale of an asset. There are risks associated with paying distributions from sources other than cash from operations. This practice may not be commercially sustainable over the longer term, particularly where asset values are not increasing. Where part of the distribution is paid from borrowings, this reduces Unitholders' equity and the Portfolio NAV per unit. It will also increase the Fund's gearing ratio and gearing related risks. Where the Fund is close to its loan to valuation ratio covenant, the risk of breaching these covenants is increased. The Fund has quarterly distribution periods that end on the last day of September, December, March and June. Distributions are aligned to the Fund's ongoing earnings capacity from assets held. The distribution per unit will be determined by dividing the total amount available for distribution for any given period by the number of units on the last day of the distribution period. The Responsible Entity has full discretion with regards to the distribution but intend to pay-out at least 80.0% of Underlying Earnings. The Fund last declared a distribution in respect of the quarter ending 30 September 2024. Information on historic quarterly distribution amounts can be found on the Fund's website.

2.7 Withdrawal arrangements

ASIC RG 46 requirement	Relevant disclosure
RG 46.104 If investors are given the right to withdraw from the Fund, the	The Fund will have rolling five-year investment terms commencing from the initial issue date of the PDS on 2 November 2021. At the end of each term, it is intended that there will be a liquidity event where, subject to its obligations of

ASIC RG 46 requirement	Relevant disclosure

Responsible Entity should disclose a clear explanation of how investors can exercise their withdrawal rights, including any conditions on exercise.	law, the Responsible Entity will endeavour to provide liquidity for Unitholders wishing to redeem all or some of their investment.
	The Responsible Entity intends to meet all withdrawal requests under a liquidity event within 180 days (although under the Constitution, the Responsible Entity will have up to 365 days to meet the requests, if needed).
	Liquidity events may be cancelled, deferred, scaled back or suspended in exceptional circumstances including for so long as it is impracticable to offer liquidity, or if it would not be in the best interests of Unitholders for liquidity to be offered.
	In addition to the liquidity event the Responsible Entity intends to provide liquidity on a quarterly basis through a Liquidity Facility on each 'closing date'.
	For the 2025 financial year:
	• the Responsible Entity will prioritise unitholders who have submitted withdrawal requests prior to 30 June 2023, the liquidity facility's cut-off date such that these requests will be redeemed in priority to unitholders who have not submitted a withdrawal request prior to that date (Priority Requests);
	  • The Responsible Entity anticipates that the processing and payment of Priority Requests will be fully satisfied in the December 2024 quarter.
	• In addition to the processing and payment of remaining Priority Requests, the Responsible Entity has determined to also re-open the Fund's Liquidity Facility from 15 October 2024.
	  • The December 2024 quarter Liquidity Facility will operate on the following terms:
	  • - the December 2024 quarter Liquidity Facility is open to all investors who hold units in the Fund on 14 October 2024;
	  • - the amount of available liquidity will be capped at up to $30 million for withdrawal requests received for the December 2024 quarter Liquidity Facility; and
	  • - the 'closing date' for notification of withdrawal requests to the Responsible Entity for the December 2024 quarter Liquidity Facility is 5.00pm Sydney time on 2 December 2024
	  • All redemptions under the December 2024 quarter Liquidity Facility will otherwise be administered in a manner consistent with the Fund's Product Disclosure Statement dated 2 April 2024, including the application of a Withdrawal Price calculated by reference to the Fund's Portfolio NAV per Unit minus the Withdrawal Discount (equal to 2.5% of the Fund's Portfolio NAV per Unit).
	  • The Responsible Entity will provide investors with a further update on details of the Liquidity Facility during the March 2025 quarter.
	The ability for the Responsible Entity to offer the quarterly Liquidity Facility otherwise depends upon many factors including the Fund remaining liquid, and the Fund having sufficient cash reserves or available capacity under its debt facilities. The sufficiency of cash reserves and available capacity under debt facilities will be assessed by the Responsible Entity on the basis of prevailing economic conditions and trading conditions at the time. Any application of cash reserves or debt facilities to satisfy withdrawal requests will align with the Fund's gearing policy and interest cover ratio.
	There is no guarantee that liquidity will be available at any particular price or at all. If liquidity is available, an investor's application for liquidity may be scaled back pro-rata to the amount of liquidity requested.
	The minimum withdrawal amount is $1,000. If investors withdrawal request results in the investors remaining investment in the Fund falling below $20,000, Investors may be asked to withdraw their entire balance.
	To submit a withdrawal request, the investor will need to complete a withdrawal form, with the amount they wish to withdraw, signed by the account holders or the authorised signatories. The 'closing date' for notification of withdrawal

ASIC RG 46 requirement	Relevant disclosure
	requests to the Responsible Entity is generally 5.00pm Sydney time 30 days prior to the last day of the relevant quarter, or the next Business Day if the last day of the relevant quarter is a non-Business Day.
RG 46.105 The responsible entity should ensure that investors are updated on any material changes to withdrawal rights through ongoing disclosure. For example, investors should be informed if the responsible entity knows that withdrawal requests will be suspended during an upcoming withdrawal period for whatever reason.	The Responsible Entity will ensure that investors are updated on any material changes to withdrawal rights through ongoing disclosure.
RG 46.106 Responsible entities should also clearly disclose if investors have no withdrawal rights.	Refer to RG 46.104.

2.8 Net tangible assets

ASIC RG 46 requirement	Relevant disclosure
RG 46.108 The responsible entity of a closed-end scheme should clearly disclose the value of the net tangible assets (NTA) of the scheme on a per unit basis in pre-tax dollars. RG 46.109 We consider that responsible entities should calculate the NTA of the scheme using the following formula: $\text{NTA} = \frac{\text{(Net assets – intangible assets +/– any other adjustments)}}{\text{Number of units in the scheme on issue}}$	The Fund’s NTA calculated in accordance with this RG46 disclosure is as follows: **30 June 2024** $\text{NTA unit} = \frac{\text{(Net assets – intangible assets +/– any other adjustments)}}{\text{(Number of units in the scheme on issue)}} = \text{\$1.4801 per unit}$ The NTA calculated above is the Portfolio Net Asset Value (Portfolio NAV) per unit based on the 30 June 2024 financial statements which are the latest financial statements of the Fund. It should also be noted that the scheme is an open-ended scheme.
RG 46.110 The responsible entity should disclose the methodology for calculating the NTA and details of the adjustments used in the calculation, including the reasons for the adjustments.	Net tangible assets calculation excludes right-of-use assets, lease liabilities, goodwill and licences.
RG 46.111 The Responsible Entity should also explain to investors what the NTA calculation means in practical terms and how investors can use the NTA calculation to determine the scheme’s level of risk.	The NTA of the Fund is not a practical measure for investors to calculate the value of the Fund’s assets and level of risk. Portfolio NAV, which takes into account the intangible value of the Fund’s hotel assets, is a more practical measure to determine the market valuation of the Fund’s assets and level of risk.

MA Financial Group