



VENU

HOSPITALITY FUND

INVESTMENT SUMMARY

MARCH 2023

UPDATED 22.03.2023

- A Diversified Portfolio of Hospitality Businesses with Multiple Income Streams
- South East and Coastal Queensland Focus
- Projected Year 1 (annualised) Cash Dividend of 7.5c per Stapled Security
- Projected Year 1 (annualised) Franking Credit of 2.5c per Stapled Security
- Open Fund with a target 10% total return per annum
- Low Initial Gearing of 19.73% on GAV
- 160+ years Combined Executive Experience
- Significant Co-investment by Business and Investment Managers
- A Mandate for Growth via Business Enhancement, Development and Acquisitions



Issued by Stara Investment Management Limited
ABN 49 653 962 871 | AFSL 535500

The financial projections and targets are not guaranteed. The projected dividend and franking credit for Year 1 is an annualised figure for a part year to 30 June 2023. The projections are based on a number of key assumptions which will be outlined in the Information Memorandum. The Fund's target return may vary over time according to market conditions. The Fund may increase debt to a maximum of 40% of GAV to fund additional acquisitions. The Fund may not be successful in meeting its objectives, and like any investment there are risks associated with an investment in the Fund. Details of specific risks associated with the Fund will be set out in the IM.

INVESTMENT INTRODUCTION

Stara Investment Management Limited (“SIML”) is offering wholesale clients the opportunity to invest in the Venu Hospitality Fund (“Fund”). The Fund is based on the new corporate collective investment vehicle (CCIV) regime. More information on the structure of the Fund is set out below.

The Fund has been established to acquire the following businesses and hotels:

BUSINESSES



BAR & GRILLS

Beach House Bar & Grill Browns Plains
 Beach House Bar & Grill Springfield
 Beach House Bar & Grill North Lakes
 Beach House Bar & Grill Loganholme
 Beach House Bar & Grill Coomera



HOTELS

Hotel Beach House Brisbane CBD
 Hotel Beach House Garden City



RESTAURANTS

Madame Wu, Brisbane CBD
 Chu The Phat, South Brisbane
 Casa Cibo, Chermside



HOTELS



FREEHOLD ASSETS

Beachmere Hotel, Beachmere
 Pine Beach Hotel, Emu Park

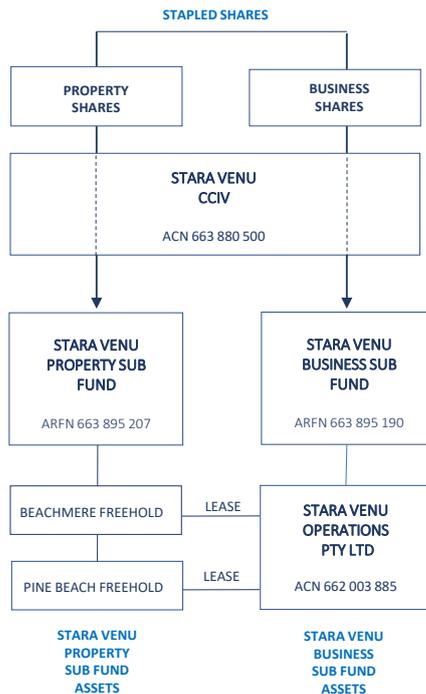


DEVELOPMENT OPPORTUNITIES

Development Land, Emu Park



FUND STRUCTURE



The Fund and the real estate assets will be managed by Cooe Investment Management Pty Ltd “CIML” (“Investment Manager”).

The Businesses and Hotels will be operated by HM&A Co Pty Ltd ACN 616 272 345 trading as Venu Plus Management (“Business Manager”). Entities associated with the Investment Manager and the Business Manager will be co-investors in the Fund.

INVESTMENT HIGHLIGHTS

The following are the key features of the Fund which are not intended to be exhaustive. You should read the Information Memorandum in its entirety. No investment is without risk. Investors will be exposed to risks involved in investing in property and hospitality related businesses. The key risks associated with the Fund are described in the Information Memorandum.

A compelling mix of established leasehold and freehold hospitality businesses providing food and beverage, functions, entertainment, retail liquor sales, short term accommodation, wagering and gaming

Exposure to Established Businesses

- Multiple venues providing diverse revenue streams.
- Proven, long term historical profitability.¹
- Partial hedge against inflation, based on the assumption that the Fund can adjust pricing and margins (and increase returns) to meet rising costs.

Take Advantage of Consumption/Consumer Trends

- Growth in 'Dining Out' spend.
- Providing an experiential offering.
- Volume and value of on-trade alcohol consumption.
- Increased demand for premium products.
- In venue and on-line customer relationship development.

Supported by Broad Macroeconomic Trends

- Regulatory environment/barriers to entry.
- Growth in household disposable incomes.
- Potential Hedge against macroeconomic conditions such as rising inflation.

SEQ Dominant portfolio with all businesses in catchments with strong forecast population growth

Assets Located Within Areas of High Population Growth

- Queensland is leading the nation in net interstate migration and population growth.
- More people means more potential customers.
- Strong investment and infrastructure spend anticipated in the lead up to the 2032 Brisbane Olympics.

¹ Profits can go up and down. Past performance is not necessarily indicative of future performance.



INVESTMENT HIGHLIGHTS

Relatively low initial Gearing of less than 20% of GAV

A Conservative Approach

- Limited exposure to interest rate increases.
- Opportunity to increase leverage to a maximum of 40% of GAV to fund additional acquisitions.

Highly Credentialed Investment and Business Management Teams

- An Investment Management Executive Team with more than 100 years in collective experience in law, funds management, valuation, real estate advisory, transaction management and development.
- A dedicated Business Management Executive Team with more than 60 years of collective hospitality industry experience inclusive of finance, administration, operations, marketing and sales.

A Portfolio with Scale and the Opportunity to add Value to New acquisitions

'Corporatisation' of Hospitality

- Enhanced management and central back of house creates efficiencies in marketing, recruitment, HR, accounting, compliance and administrative services.
- Economies of scale/buying power.
- Enhanced risk management.

A Focus on Technology

- Enhance customer experiences.
- Better ability to deliver operational efficiencies.
- Improve accuracy and cost management.
- Generate customer feedback.
- Directly market to customers.
- Reduce shrinkage/wastage.
- Reduce costs.

Exposure to Property Development Upside

- Integrated approach to maximise business and real estate potential.

Alignment of Manager and Investor Interests

- Entities associated with the Business and Investment Managers will invest a minimum of \$7.1 million in the Fund.

A Mandate for Growth

- Greater scale = greater opportunity for efficiencies and buying power.
- Target acquisitions that are earnings accretive.



INVESTMENT HIGHLIGHTS

Attractive Projected Returns¹

- Projected Year 1 (annualised) dividend of 7.5c per Stapled Security.
- Projected Year 1 (annualised) franking credit of 2.5c per Stapled Security.
- Target 7-year total return per annum of 10%+.

Investor Discount

- Investors in the Venu Hospitality Fund will be eligible for a 15% discount off the entire bill at all restaurants and hotels, (exclusive of wagering, gaming and retail liquor sales), which form part of the Fund's portfolio
- Investors will be offered exclusive retail liquor deals negotiated directly through our supplier partners with a focus on Premium liquor offerings²



¹ The financial projections and targets are not guaranteed. The projected dividend and franking credit for Year 1 is an annualised figure for a part year to 30 June 2023. The projections are based on a number of key assumptions which will be outlined in the Information Memorandum. The Fund's target return may vary over time according to market conditions. The Fund may increase debt to a maximum of 40% of GAV to fund additional acquisitions. The Fund may not be successful in meeting its objectives, and like any investment there are risks associated with an investment in the Fund. Details of specific risks associated with the Fund will be set out in the IM.

² Subject to terms and conditions outlined in the Information Memorandum.

OFFER SUMMARY

Summary

SIML will seek to raise a minimum of \$75 million to fund the purchase of 10 established South East Queensland leasehold businesses and the Freehold acquisition of two pub style hotels in Queensland.

Fund Structure

SIML recently registered the Stara Venu CCIV ACN 663 880 500 ("Venu CCIV"), a Wholesale Corporate Collective Investment Vehicle (CCIV). SIML is the Corporate Director of the Venu CCIV.

The Fund comprises stapled shares in the CCIV.

Investors have the opportunity to apply for the following stapled shares in Venu CCIV:

- Business Shares, which are a class of share that are referable to the Stara Venu Business SF ARFN 663 895 190 ("Business Sub-Fund").
- Property Shares, which are a class of share that are referable to the Stara Venu Property SF AFRN 663 895 207 ("Property Sub-Fund").

Interests in the operating businesses form part of the assets of the Business Sub-Fund and the real properties form part of the assets of the Property Sub-Fund.

Business Shares and Property Shares are classes of redeemable shares in Venu CCIV and will be stapled to each other, meaning they will be required to be dealt with as a single security ("Stapled Security").

Who can Invest?

Wholesale Investors.

To invest in the Fund, you must qualify as a wholesale client under Section 761G of the Corporations Act, such as by:

- investing at least \$500,000 into the Fund; or
- providing an accountant's certificate certifying you meet the minimum asset (\$2.5 million of net assets) or income (\$250,000 of gross income for each of the last two financial years) requirements, or
- otherwise satisfying SIML that you are not a "retail client" for the purposes of Chapter 7 of the Act.



OFFER SUMMARY

Term of Investment	Open-ended, subject to Limited Redemption Facility and Periodic Liquidity Events in 2030 and every five (5) years thereafter.
Projected Cash Dividend*	Projected Year 1 (annualised) Cash Dividend of 7.5c per Stapled Security.*
Franking Credits*	In addition to cash dividends investors will be entitled to the benefit of franking credits on tax paid in relation to the Business Sub Fund, which is expected to be taxed as a company. The value of franking credits is not able to be easily projected, because it will depend on the taxable income of the Business Sub Fund, the deductions available to it, the rate of tax to which it will be subject and tax paid by operating subsidiaries of the business Sub Fund. Projected Year 1 (annualised) franking credit of 2.5c per Stapled Security.
Dividend Frequency	Quarterly.
Target Returns *	Target Minimum total return of 10%+ per annum over 7 years.
Minimum Investment	\$50,000.

* The financial projections and targets are not guaranteed. The projected dividend and franking credit for Year 1 is an annualised figure for a part year to 30 June 2023. The projections are based on a number of key assumptions which will be outlined in the Information Memorandum. The Fund's target return may vary over time according to market conditions. The Fund may increase debt to a maximum of 40% of GAV to fund additional acquisitions. The Fund may not be successful in meeting its objectives, and like any investment there are risks associated with an investment in the Fund. Details of specific risks associated with the Fund will be set out in the IM.

Investor Discount	Investors in the Venu Hospitality Fund will be eligible for a 15% discount off the entire bill at all restaurants and hotels, (exclusive of wagering, gaming and retail liquor sales), which form part of the Fund's portfolio. Investors will be offered exclusive retail liquor deals negotiated directly through our supplier partners with a focus on Premium liquor offerings.
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OFFER SUMMARY

Capital Requirements

The Businesses will be acquired at a purchase price of \$51,100,000 (+ stock at value) and the freehold Hotels for a total consideration of \$29,500,000 (+ stock at value).

Total equity and debt required to fund the purchase of the Businesses and Hotels and pay transaction costs (inclusive of stamp duty) is in the order of \$90,900,000.

Limited-recourse debt is expected to be available in the order of \$15,900,000 (19.73% of GAV) from a major bank.

The purchase price for the Pine Beach Hotel Motel is supported by an independent valuation at the contract price by Cushman Wakefield. The purchase price for the Beachmere Hotel is supported by an independent valuation at the contract price by CBRE. The purchase price for the Businesses is supported by an enterprise valuation conducted by Vincents Accountants, who were provided with the results of financial and taxation due diligence investigations undertaken on the Businesses. The historical financial results of the Businesses for the financial years ended 30 June 2020, 2021 and 2022 have been subject to a defined scope financial due diligence conducted by Pitcher Partners Corporate Finance Limited. Pitcher Partners Corporate Finance Limited as part of the defined scope financial due diligence also analysed and provided commentary on key assumptions adopted by Management in the forecast financial results for the Businesses for the year ending 30 June 2023.

The target settlement date is 3 May, 2023.

Equity To Be Raised

75 million Stapled Securities valued at \$1 per Stapled Security. Entities associated with the Investment Manager and the Business Manager will subscribe for a minimum of 7.1 million Stapled Securities.

Issue Price

\$1.00 per Stapled Security.

Offer Close

28 April, 2023 or earlier upon full subscription.

SIML reserves the right to move the Offer Close date forward or backward in its absolute discretion.

Limited Redemption Facility

From the 1st July 2024, Venu CCIV intends to offer Investors the ability to redeem their stapled securities on a quarterly basis by making available an amount equivalent to up to 0.5% of GAV to meet redemption requests. Venu CCIV may in its discretion increase or decrease the amount available in any Quarter.

Periodic Liquidity Events

Venu CCIV intends to offer a periodic liquidity event on or around 31 March 2030 (being 7 years from the commencement of the Fund) and then on each 5th anniversary thereafter. Redemptions are not guaranteed but Venu CCIV will use reasonable endeavours to provide liquidity to Investors wishing to redeem all or some of their investment in the Fund.

Investment Strategy

The Fund's investment strategy is to increase profitability and create value from assets and businesses via the application of business and property initiatives including:

- Technology upgrades
- Expansion of Retail Liquor offering
- Marketing initiatives
- Economies of scale
- Back of House resourcing
- Increased buying power
- Refurbishment & development

OFFER SUMMARY

Investment Mandate	<p>The Fund will have a mandate to grow via acquisitions to further enhance economies of scale and value add opportunities with a sector focus on Pubs, Clubs, Restaurants and Short Term Accommodation and a geographic focus on South East and Coastal Queensland and Northern New South Wales with a preference for:</p> <ul style="list-style-type: none">• Assets positioned in catchments with forecast population growth and diverse economies.• Prominent asset location and convenience for the catchment.• Potential for value to be added through business improvements and/or property redevelopment initiatives.								
Co-Investment by Managers	<p>Related entities of the Business Manager and Investment Manager will invest a minimum of \$7.1m in the Fund.</p>								
Fees	<p>Investment Management Fee: 1% plus gst of Gross Asset Value (GAV) per annum.</p> <p>Business Management Fee: 2.65% of business revenues (excluding gaming revenues) and \$1,500 per annum administration, service and management fee for each electronic gaming machine operated in the businesses.</p> <p>Performance Fee: 20% of any outperformance of the Fund over a total return of 10% per annum.</p> <p>Acquisition Fee: 2% of the gross value (excluding any GST) of any asset acquired (directly or indirectly) by the Fund.</p> <p>Disposal Fee: 2% of the gross value (excluding any GST) of any asset disposed of (directly or indirectly) by the Fund. This fee is only payable if an asset is disposed of by the fund within three years from the date of registration of the Sub-Funds.</p> <p>Development Management Fee: Charged as a percentage of total development costs):</p> <ul style="list-style-type: none">- 2.5% (if external development and project managers are retained).- 5.0% (if no external development and project managers are retained).								
Other Costs	<p>Normal administrative and operating costs (excluding management fees) are estimated to be up to 0.37% pa of GAV.</p> <p>The Fund may also incur abnormal costs from time to time.</p>								
Key Dates	<table><tr><td>Applications Open:</td><td>30 January, 2023</td></tr><tr><td>Applications Close:</td><td>28 April, 2023</td></tr><tr><td>Stapled Securities Issued:</td><td>2 May, 2023</td></tr><tr><td>Projected Settlement Date:</td><td>3 May, 2023</td></tr></table>	Applications Open:	30 January, 2023	Applications Close:	28 April, 2023	Stapled Securities Issued:	2 May, 2023	Projected Settlement Date:	3 May, 2023
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Risks	<p>Investors will be exposed to all of the risks involved in investing in property, either directly or indirectly through managed funds, including property development risks; and the risks associated with operating a business, in particular the risks associated with operating hospitality related businesses. The key risks associated with the Fund are described in the IM, which should be read in conjunction with this Investment Summary.</p>								

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The information contained in this document, whether express or implied, is published or made by SIML in good faith in relation to the facts known at the time of preparation.

Information is current as at the date of this document, unless otherwise noted.

Any recipient of this document should carefully read the IM once available in full and seek advice from a financial adviser or other professional adviser before deciding to invest in the Fund.

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