



**AHMG – Investor Update and
Follow-on Opportunity**

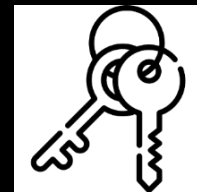
September 2022

Important notice

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- To the extent that any forward-looking statements are made in this presentation, those statements reflect the views of Australian Hotel Management Group (AHMG). Such statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performance, or achievement of AHMG to materially differ.
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Investing in AHMG

AHMG is seeking \$2m



Who is Australian Hotel Management Group (AHMG)?

- A fast growing and innovative operator of differentiated models of hotel and serviced apartments in Australia
- Hotel operations and property development expertise
- We were founded on a simple philosophy: Think different. Be better.
- Six trading assets and one under development
- Strong growth pipeline of exciting opportunities
- Exposure to the growing urban wellness market and ownership of prized Australian hotel assets



What are we seeking?

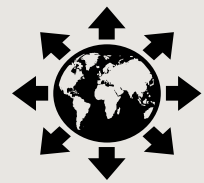
- AHMG is seeking \$2m of capital to fund identified opportunities
- Investment structured as an increase to the facility limit of the existing convertible note under AHMG's syndicated debt facility
 - 10% interest rate per annum (capitalised)
 - Convertible to equity every 6 months
 - Maturity on 31 March 2024
 - Second ranking general security deed
- AHMG reserves the right to vary the issuance
- Funds to be used for growth plans including hotel management rights acquisition, hotel trade-ups, hotel fit-outs and to fulfill JV partner (wellness) obligations

Unique investment opportunity

Urban wellness presents a significant market opportunity, entering at the ground floor.



Exposure to a largely untapped Australian urban wellness and bathing market



Opportunity to become a dominant market player and global leader in urban wellness



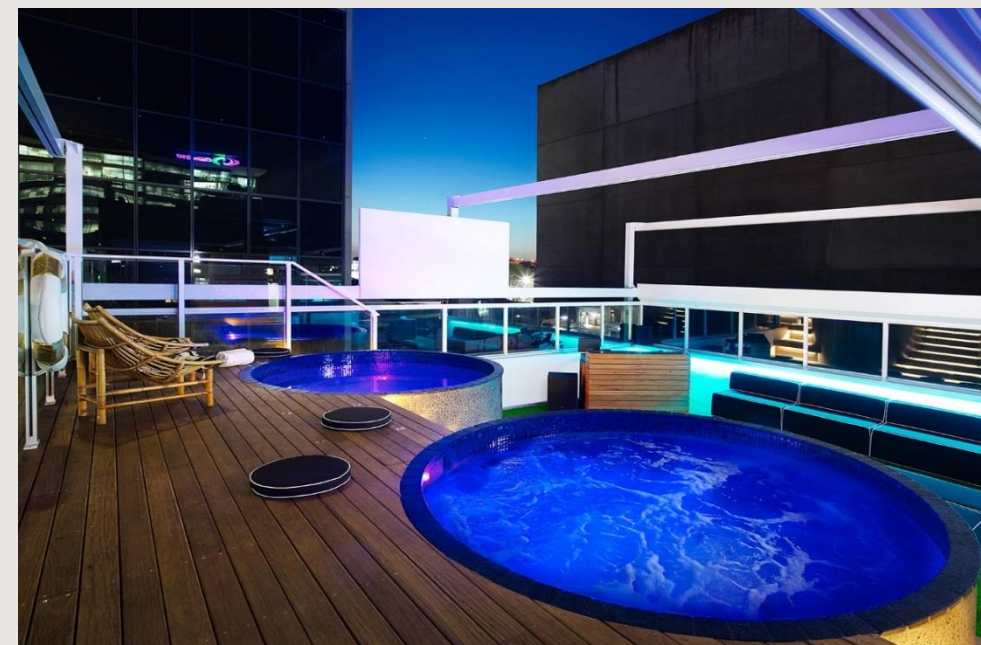
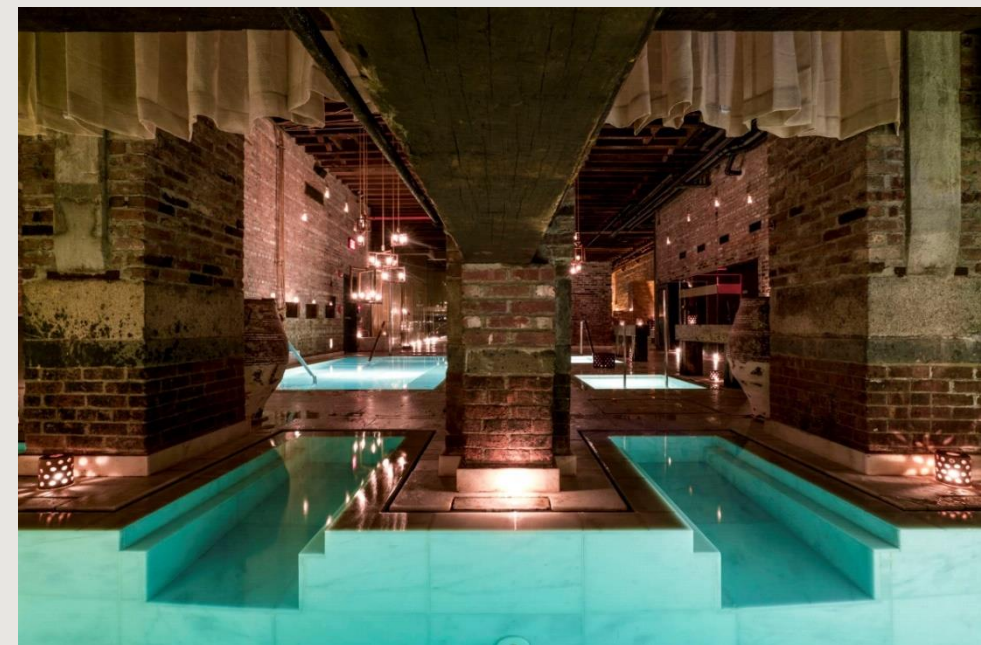
High margins in wellness including 85% gross margins in bathing and 30% EBITDA margins for purpose built wellness hotels



Less risk, partnering with by far the largest incumbent local wellness/bathing operator

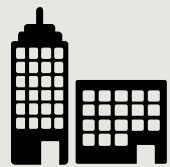


Proven \$60b global market reimagined for urban locations



Strong investment outlook

The hotels and serviced apartment market is approaching pre Covid levels



Favourable market dynamics for hotels and serviced apartments



Well positioned to include market leading, small scale wellness offerings to hotels



Rising demand for hotels and return of pre covid trading conditions



Demand for co-working environments and 'working from anywhere'



Trading results indicating better than forecast performance and scope for further upside



AHMG business



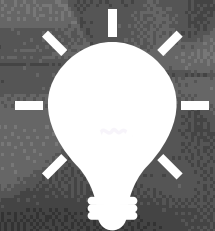
AHMG

Choose the way you stay. New form stays.



Vision

To redefine the hotel landscape through our philosophy:
Think different. Be better.



Mission

To establish a presence as a market disruptor and leader outside of current hotel conventions



AHMG core business verticals

We are in the process of rebranding to The Hotel & Wellness Co.



Convenience



Well located and connected stays offering quality and convenience. Well appointed serviced apartments.

Everyday Stays.

Parc Hotel, Tribeca, Riviera Mackay, Saint Domain and 381 Cremorne

Porter Club



Central and connected stays offering premium amenities and services. Hotel / co-working fusion with Clublike facilities, co-working spaces.

Stays +

The Kinson

Wellness

Coming soon

Combining thermal bathing experiences with boutique. Urban oasis luxury stays. Thermal bathing experiences.

Escapes

AHMG current operations

Convenience assets



Parc Hotel, Bundoora
Normalised EBITDA of ~\$400k p.a.



Riviera, Mackay, QLD
Normalised EBITDA of ~\$180k p.a.



381 Cremorne, Cremorne
Normalised EBITDA of ~\$270k p.a.



St Domain, Southbank
Normalised EBITDA of ~\$300k p.a.



Tribeca, East Melbourne
Normalised EBITDA of ~\$565k p.a.

Club & Wellness



The Kinson, Melbourne
Normalised EBITDA of ~\$2m p.a.



375 Punt Road, Cremorne
Normalised EBITDA of ~\$10m+
AHMG share ~\$6m annually

Key team members



Hotel Operations

Caillin Flint

Formerly Wyndham, RACV
Resorts



Strategy & Transactions

Jamie Strauch

Formerly Credit Suisse, EY,
Accenture, SEEK Group

Development Management

Mark Anderson

Formerly Watpac, JA Dodds,
Kiwi Constructions



Head of Finance

Anthony Bateman

Formerly Pitcher Partners,
Mirvac, The Gemba Group



Managing Director

Ben Anderson

Formerly Merrill Lynch

General Counsel

Megan Sanders

Formerly Tisher Liner, MGA
Lawyer, Rigby Cooke

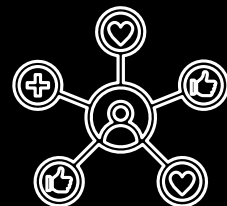




Porter Club model

Membership-based business travel-oriented hotel model combining the best of co-working and hotels into a modern take on the old-school city club – ideally incorporating a wellness offering.

Hotel/co-working fusion



- Fusion between co-working and business hotel
- Business traveller market / “Home away from home” for decentralised knowledge worker economy
- First asset (Kinson) opened in August 2022 on Melbourne’s St Kilda
- Disruptive membership-based model
- Office / co-working, meeting spaces, wellness and hotel all-in-one

Personalised experience



- Tailored stays with value-added options for members
- “Stay the way you want” – ability to allocate value to what matters to you – i.e. store luggage with us, wellness program, services such as grocery / in-room cook-at-home, beauty options etc



The Kinson – Porter Club

First major hotel (Porter Club) asset with 208 4.5-star rooms located in St Kilda Road, on the CBD's doorstep

Opened 25 August 2022 and aims to be trading at full capacity by December 2022.

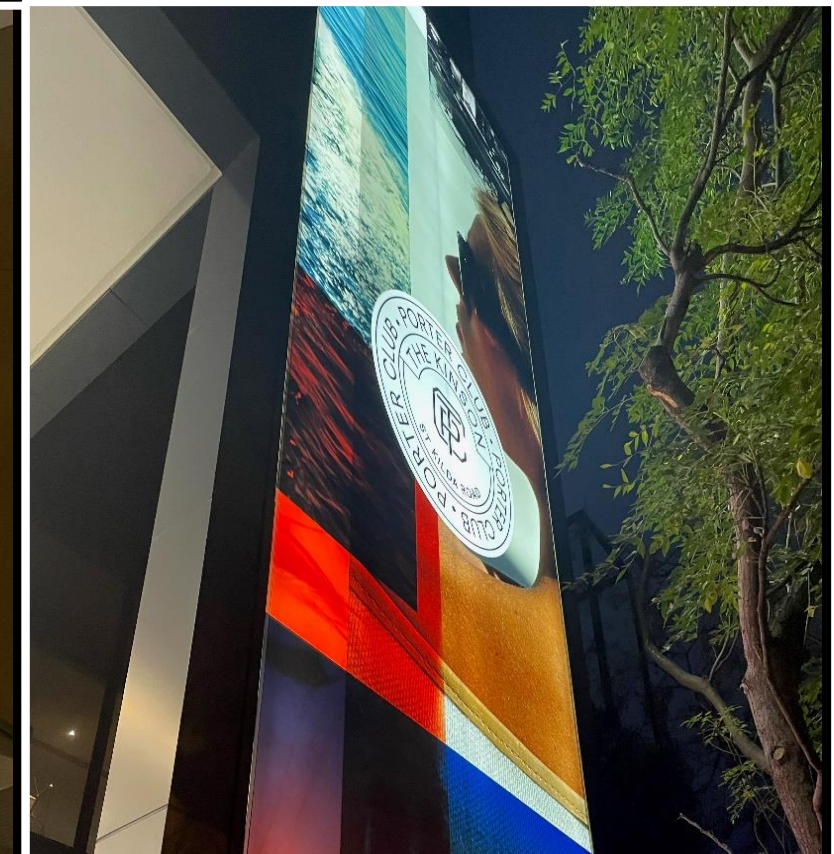
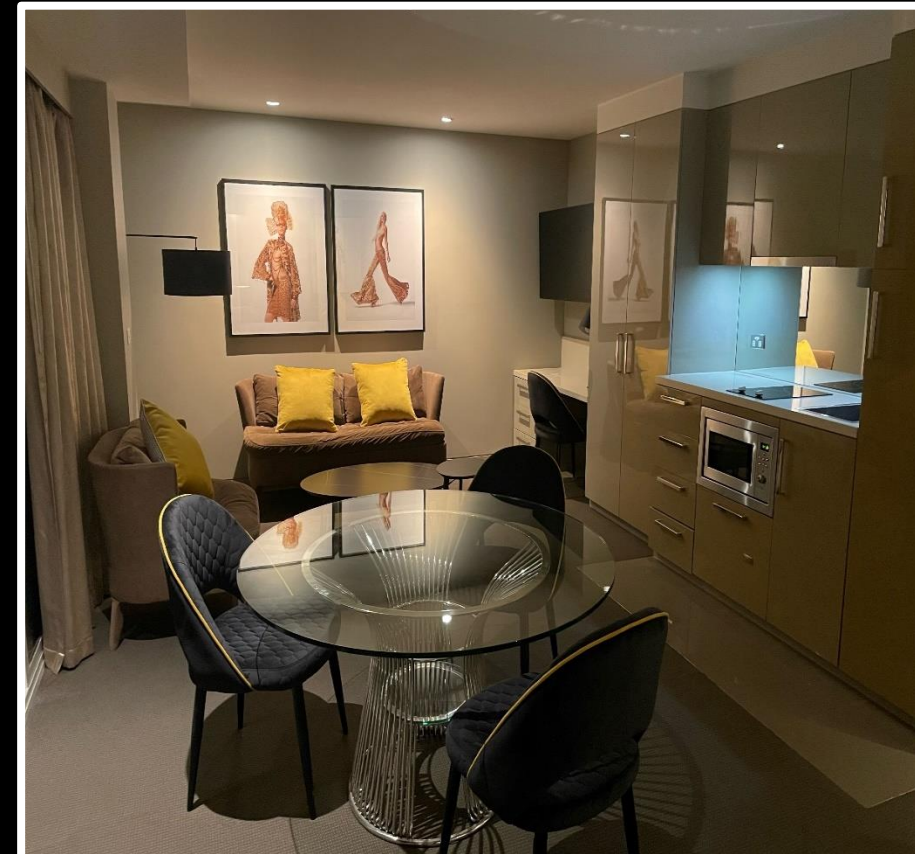
Launches the Porter Club brand, acting as a showcase to attract further opportunities to grow and replicate

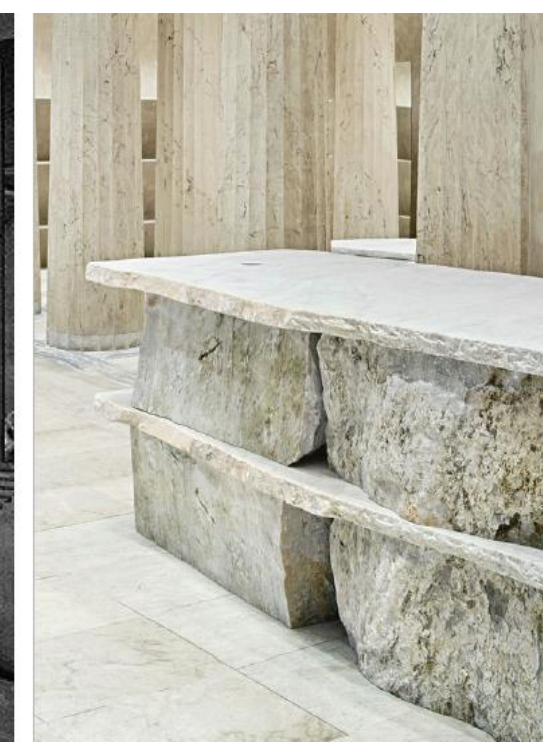
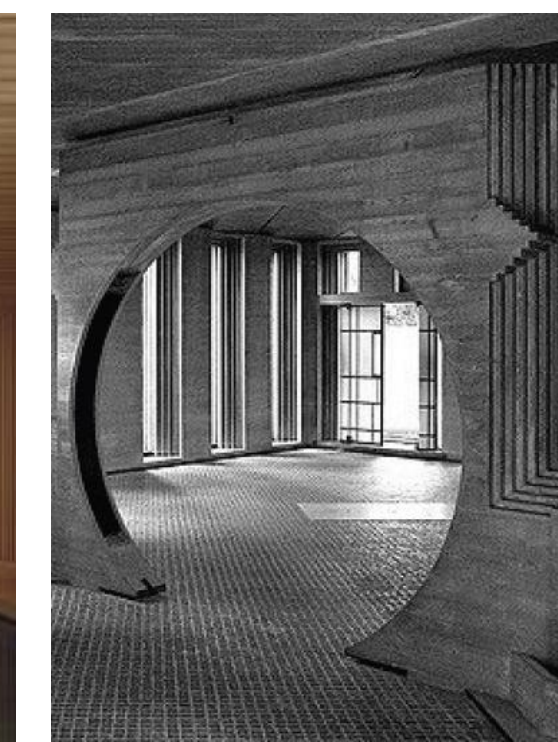
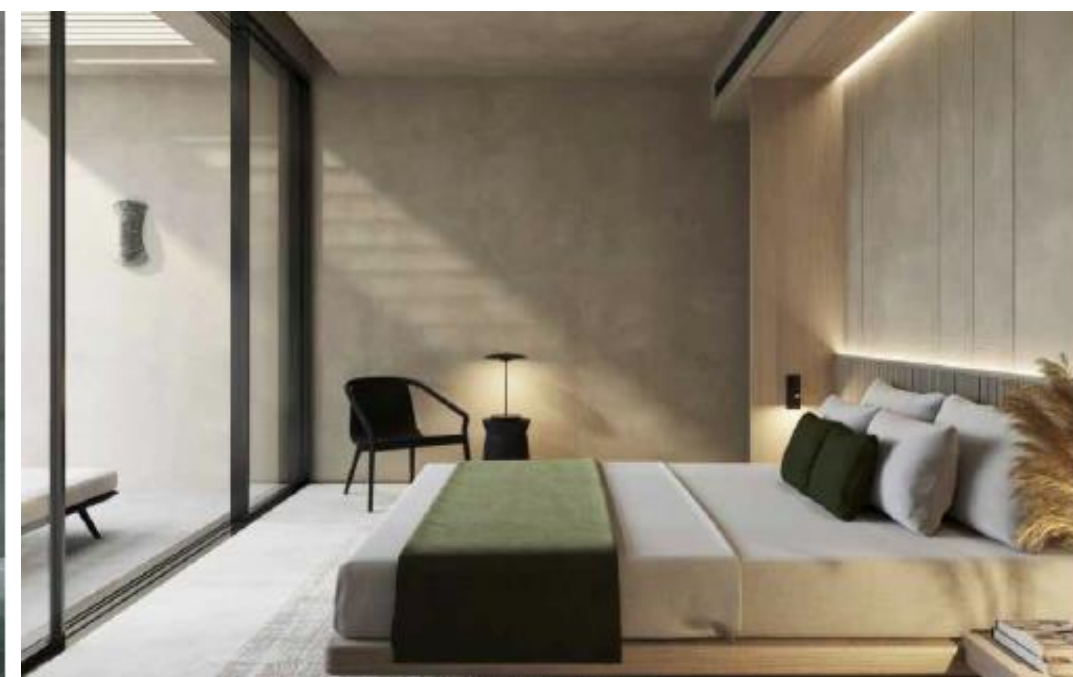
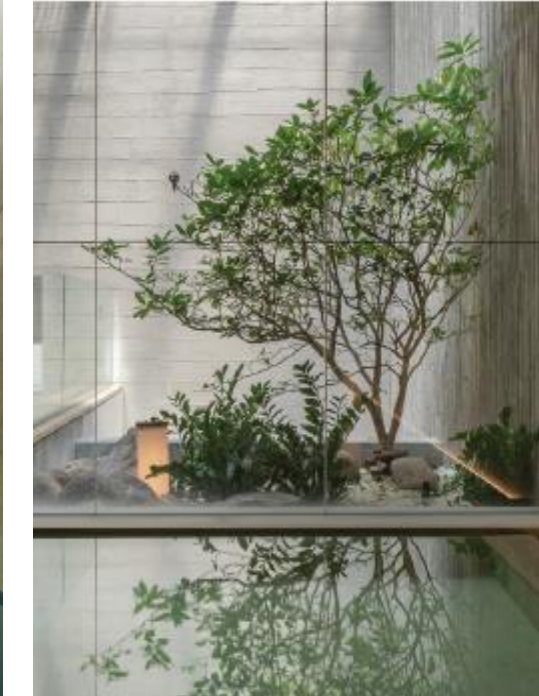
Nostalgic vintage interiors and narrative – a throwback to the heydays of fashion, with Vogue imagery throughout

Acquired 25 year management rights. Expected to generate significant cash flows over this period.

The expectation was a normalised EBITDA of \$1.5 million per annum, now upgraded to \$2+ million

Investment expected to recouped after 18 months trading. Once it trades-up it will be our most profitable property





Innovative concept of a Wellness hotel

AHMG plans to roll-out world leading urban wellness hotels over the next few years

What is a Wellness Hotel?

- Luxury boutique hotels inclusive of multiple floors of thermal bathing, saunas, steam rooms, plunge pools, wellness activities, food and beverage
- Packaged accommodation for unlimited bathing, food and treatments more ranging from \$850 to \$1300 per night
- Day guest bathing starting at \$65 for a 90 minute bathe
- Wellness and bathing services offered to non hotel guests significantly increasing patronage and profitability
- AHMG plans to build and operate flagship urban wellness hotels in major Australian cities
- Few global precedents in an urban context with many regional precedents
- Wellness hotels are a joint venture between AHMG and Australia's leading wellness and bathing provider



Urban wellness hotel offerings

The Cremorne urban wellness hotel will have four guest offerings driving large visitor volumes



Day visitation – short stay

Wellness minded professionals living or working nearby, looking for energising experience.

Visitation largely before work, lunchtime and afterwork, Monday-Friday plus weekends



Evening wellness

Wellness minded professionals who might be shift workers, returning travellers, hospitality and health workers. Visitors are looking for a relaxing and restful experience.

Visitation 11pm – 7am nightly



Day visitation – extended stay

Wellness minded people, likely a little older for weekdays, all ages across the weekend, looking for deeper relaxation experience.

Visitation throughout the day Monday- Friday, and across the weekends



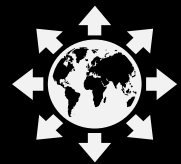
Accommodation guests

Wellness minded guests looking for a fully integrated experience. All of site bathing and wellness, with two guided activities and breakfast included in stay. Packages include the option of a 60 or 90 minute spa treatment.

Check in 2pm, check out 10am

JV partner is an iconic market leader

AHMG's JV partner is a pioneer and clear market leader in wellness and bathing in Australia



Australia's largest and leading wellness tourism destination, founded in 2005



Expanding its regional footprint to multiple sites with a pipeline to significantly increase bather numbers



Hot springs bathing, pools, steam rooms, saunas, plunge pools, guided wellness, massage and other treatments



Introduced on-site accommodation with great success charging \$650 - \$1,260 for all inclusive packages with almost full occupancy



Annual visitation of over 500,000 people to its primary site located on natural hot springs



Global winner in the Luxury Mineral Spring Spa category at the World Luxury Spa Awards



Average bather growth over the 5 years pre Covid of ~11%



Strong view that urban wellness is a key market where it needs to be a dominant player. The JV is a fundamental part of its overall strategy

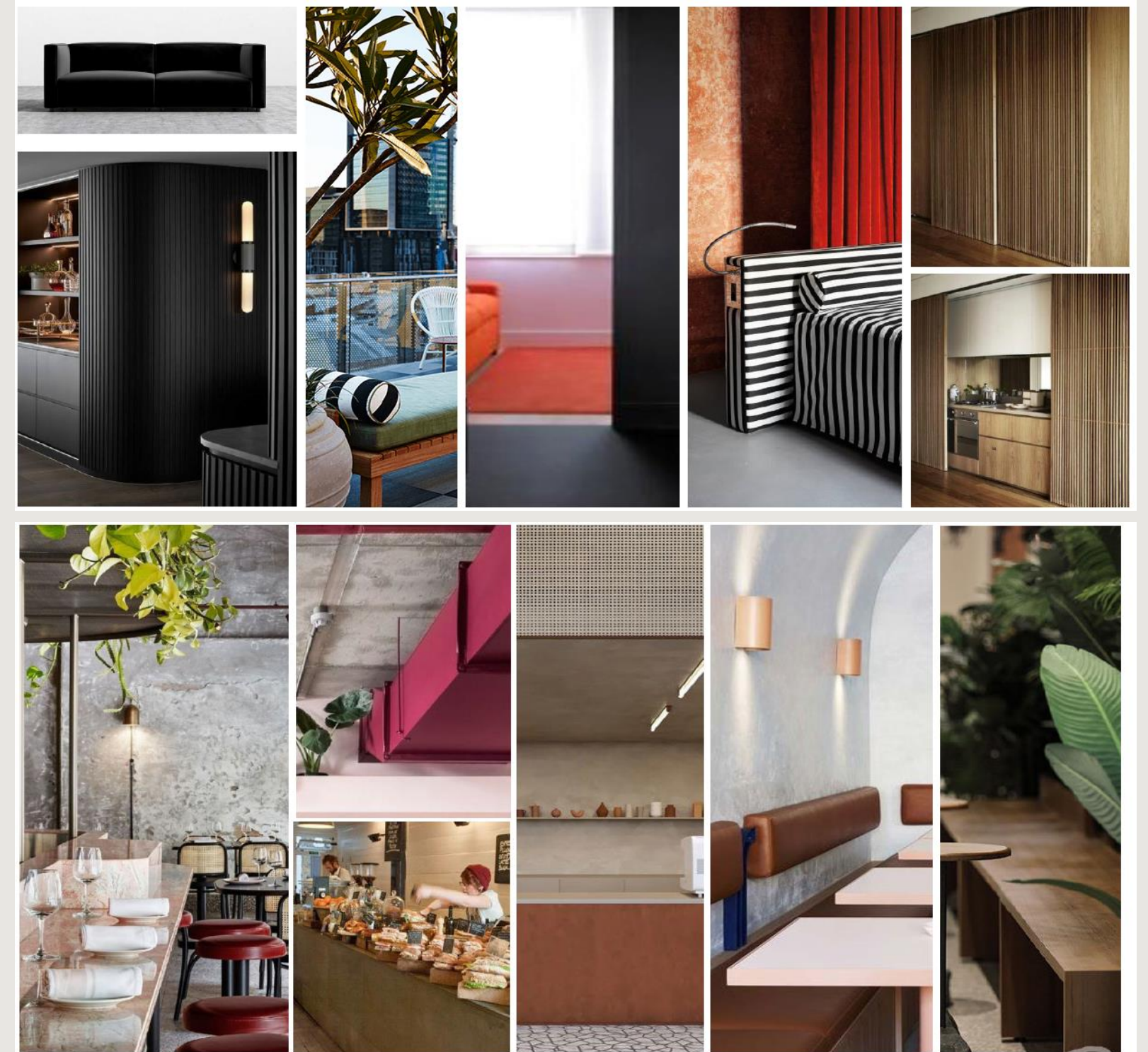


Employs over 350 staff

AHMG business update

Trading update

- ✓ We have invested funds raised in 2021 to acquire hotel management rights, and fund hotel trade-ups and fit-outs at Tribeca and The Kinson, as well as branding
- ✓ **Tribeca** operational for ~6 months. After an initial trade-up and lossmaking period it is now recording record monthly revenue
- ✓ **The Kinson** is expected to open in September 2022. We have upgraded our cash flows forecasts to \$2+m EBITDA p.a.
- ✓ **Re-opened 4 assets** post lockdowns and tracking ahead of revenue forecast and in line with EBITDA forecasts
- ✓ Development application submission made to council for the **Cremorne Wellness Hotel** (planning process ongoing)
- ✓ **Rebranding** of the business to the Hotel & Wellness Co
- ✓ Continuing to grow our pipeline of hotel and wellness assets



We have successfully executed our plan to acquire new properties during COVID and are now trading profitability

Operational performance

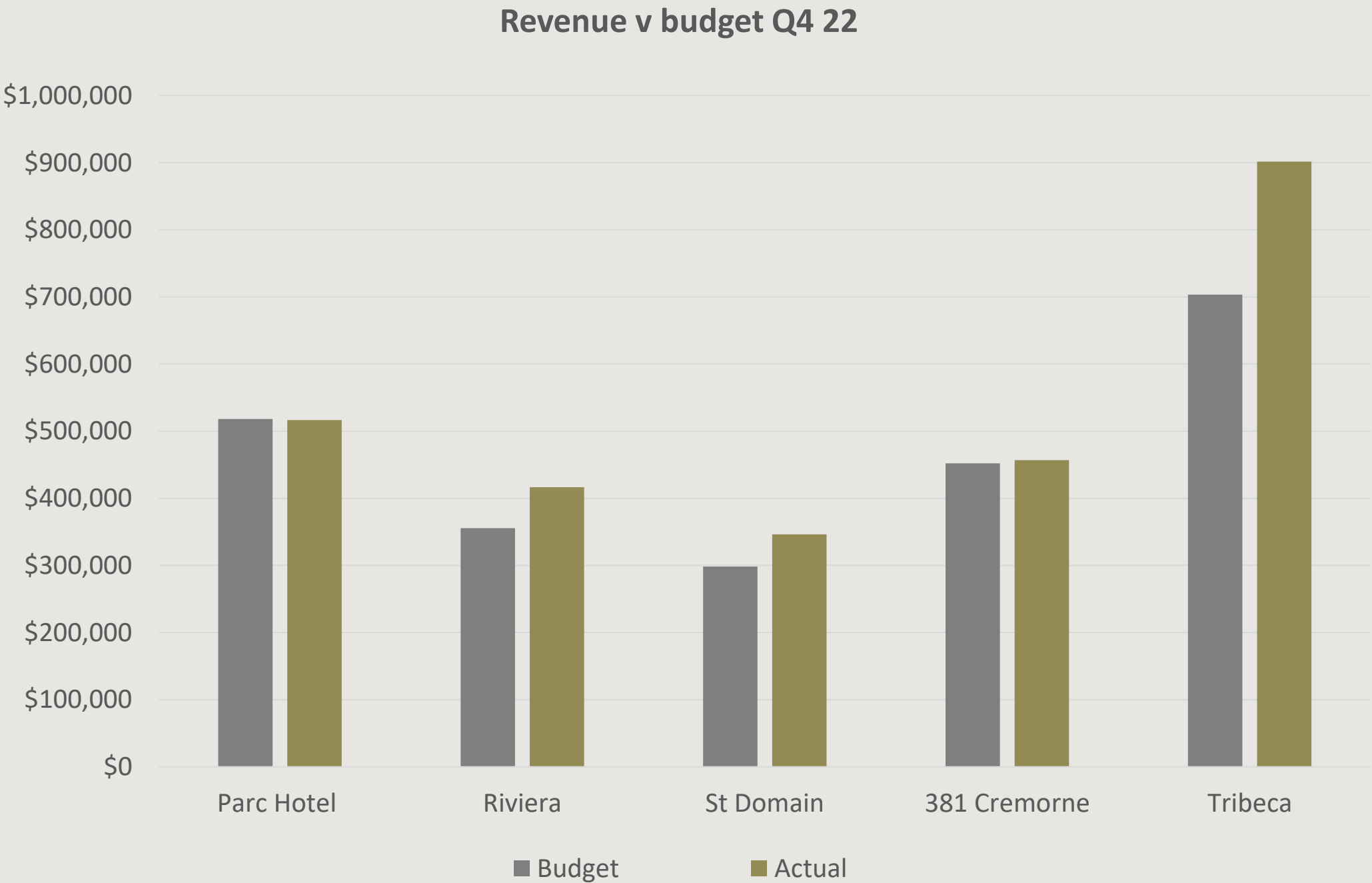
Revenue performance for the last quarter has been strong, exceeding forecasts

A key milestone was achieved in July 2022 – exceeding \$1m of revenue for the first time

Profitability (EBITDA) is in line with expectations. Inflationary and staffing issues have weighed down performance and remains an issue

The trend is improving profitability as markets recover and grow

Based on recent trading conditions we have increased our longer-term forecasts



Operational performance

Due to improved market conditions, and execution of the turnaround strategy, forecasts have been upgraded

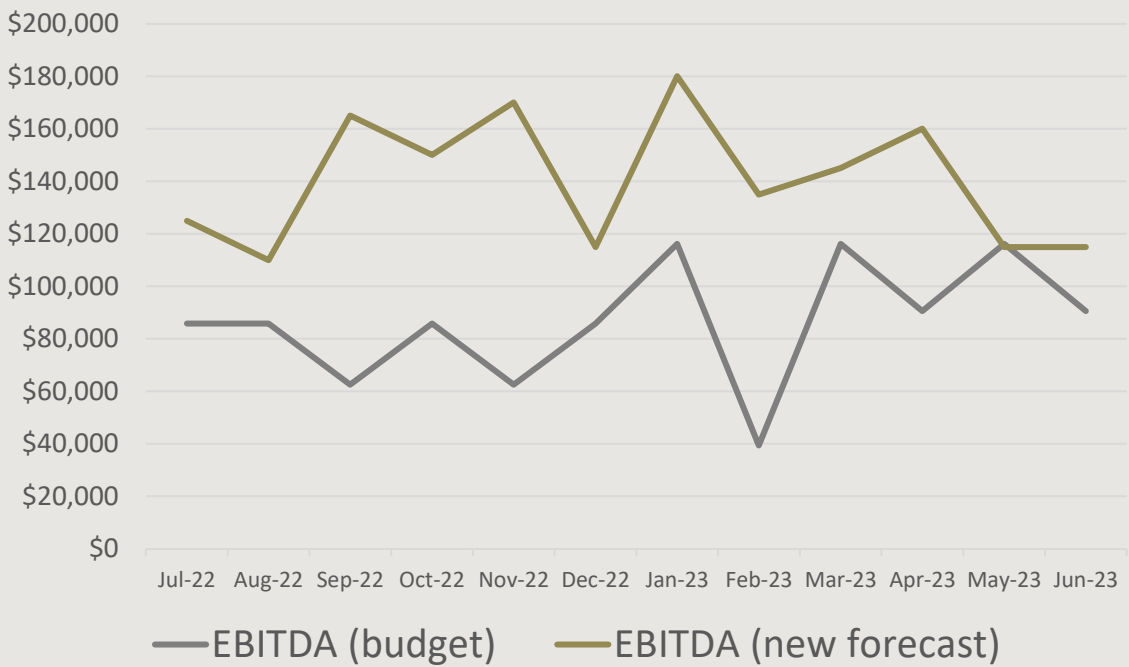
Business expected to self fund growth in near-term due to improved cashflow expectations (normalizing for short term trade-up losses)

Forecasts (ex-Kinson) +62%

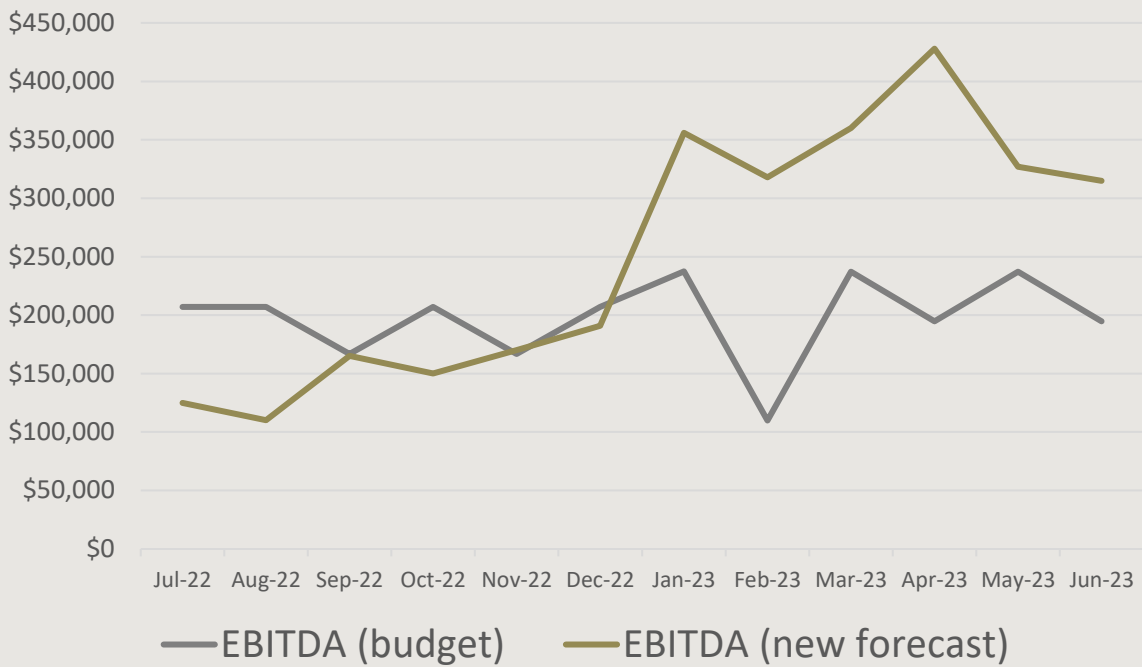
Forecasts (incl. Kinson) + 27%

Opportunity to further grow / enhance existing asset portfolio

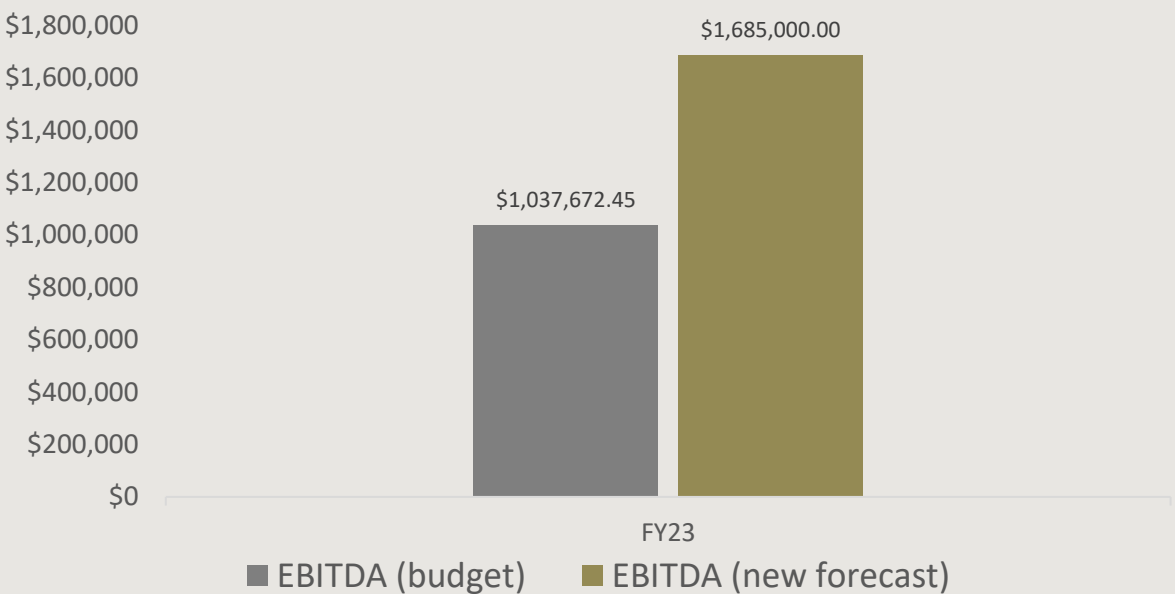
FY23 forecast v budget (without Kinson)



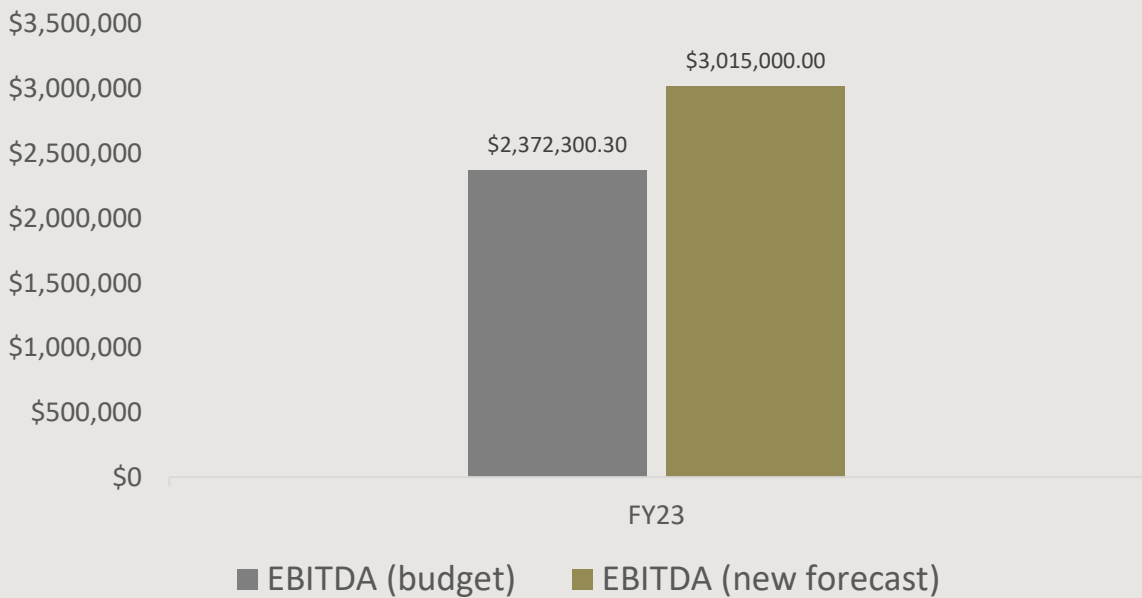
FY23 forecast v budget (with Kinson)



FY23 Budget v Forecast (without Kinson)



FY23 Budget v Forecast (with Kinson)



Tribeca – case study

72 serviced apartments located in East Melbourne

Acquired management rights in lockdown for \$375,000 despite a pre-COVID valuation of \$2.3m

Loss making through lockdowns and until February 2022

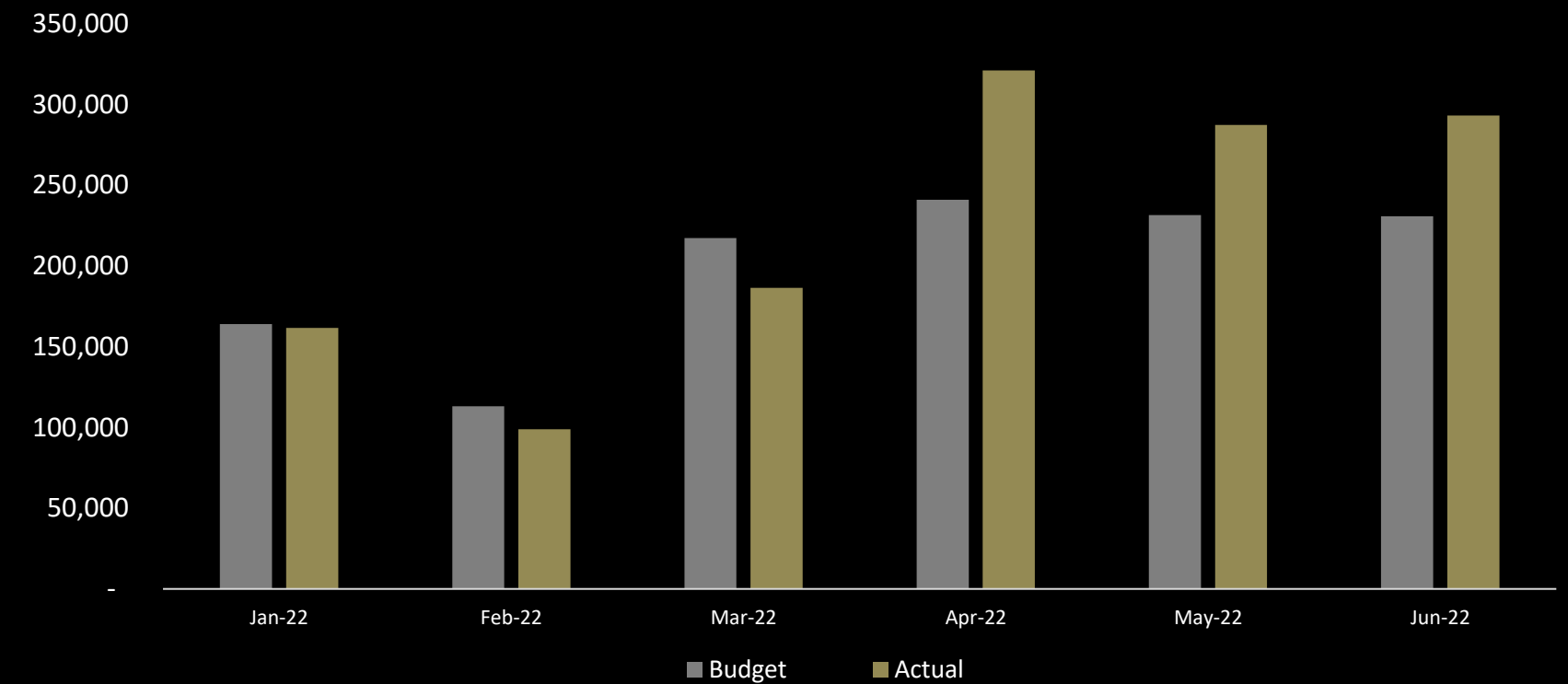
Funds used to acquire management rights plus funding the trade-up period, costing approx. \$900,000

Record revenue of \$363,000 for July 2022 and profitable since March 2022 (estimated EBITDA ~\$100k)

Previous normalised EBITDA of \$565,000 per annum, with an upgrade to forecasts currently under review

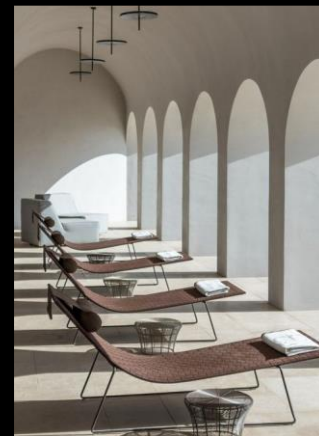
Investment now delivering profits

Tribeca – actual v budget revenue



Cremorne Wellness hotel update

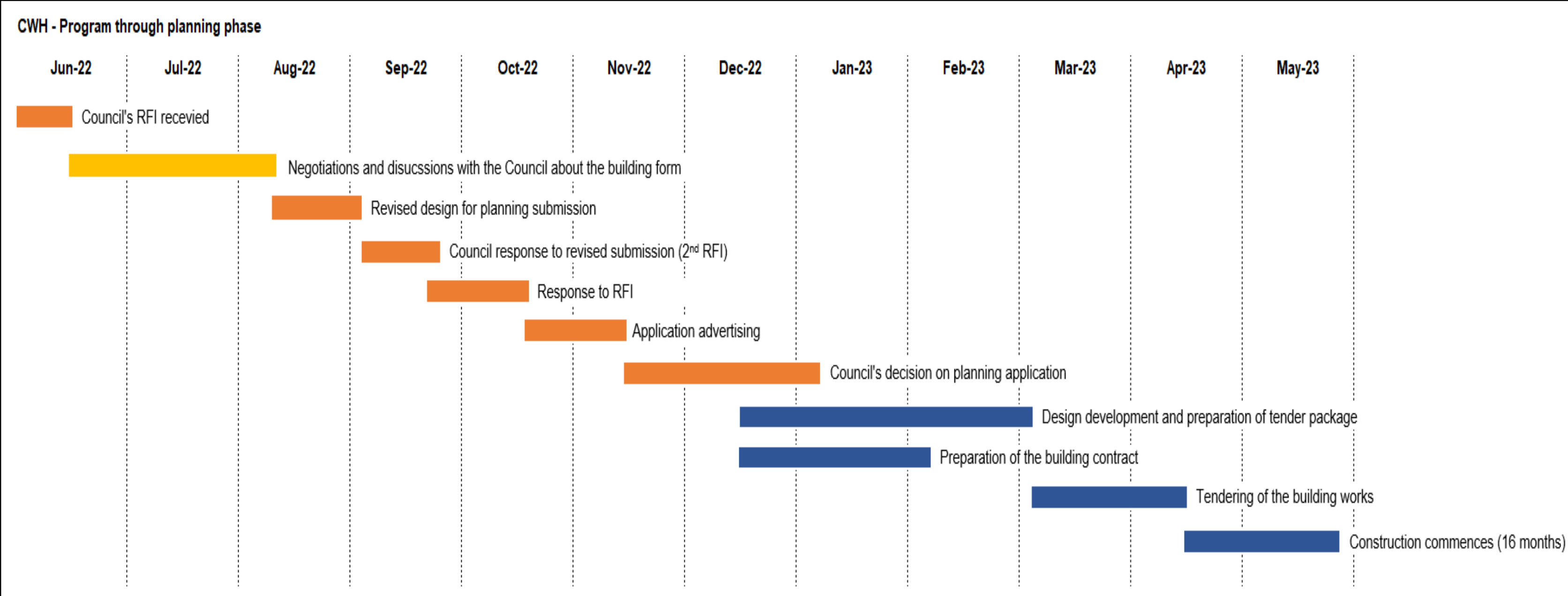
We expect to receive a permit to commence construction on Australia's first wellness hotel



- First of its kind hotel inclusive of thermal bathing, saunas, steam rooms, plunge pools & more
- Expected to generate ~\$6m of profit (EBITDA) from year 3 of operations onwards
- Plans submitted to council awaiting approval
- Demolition and construction expected to commence in early 2023
- Scheduled opening in mid to late 2024
- Recently acquired lease for car park next door,
- World class design team
 - Architects – Techne – www.techne.com.au
 - Interiors – Flack Studio – www.flackstudio.com.au
- To be a joint venture with Australia's leading wellness and bathing provider

Cremorne wellness hotel timetable

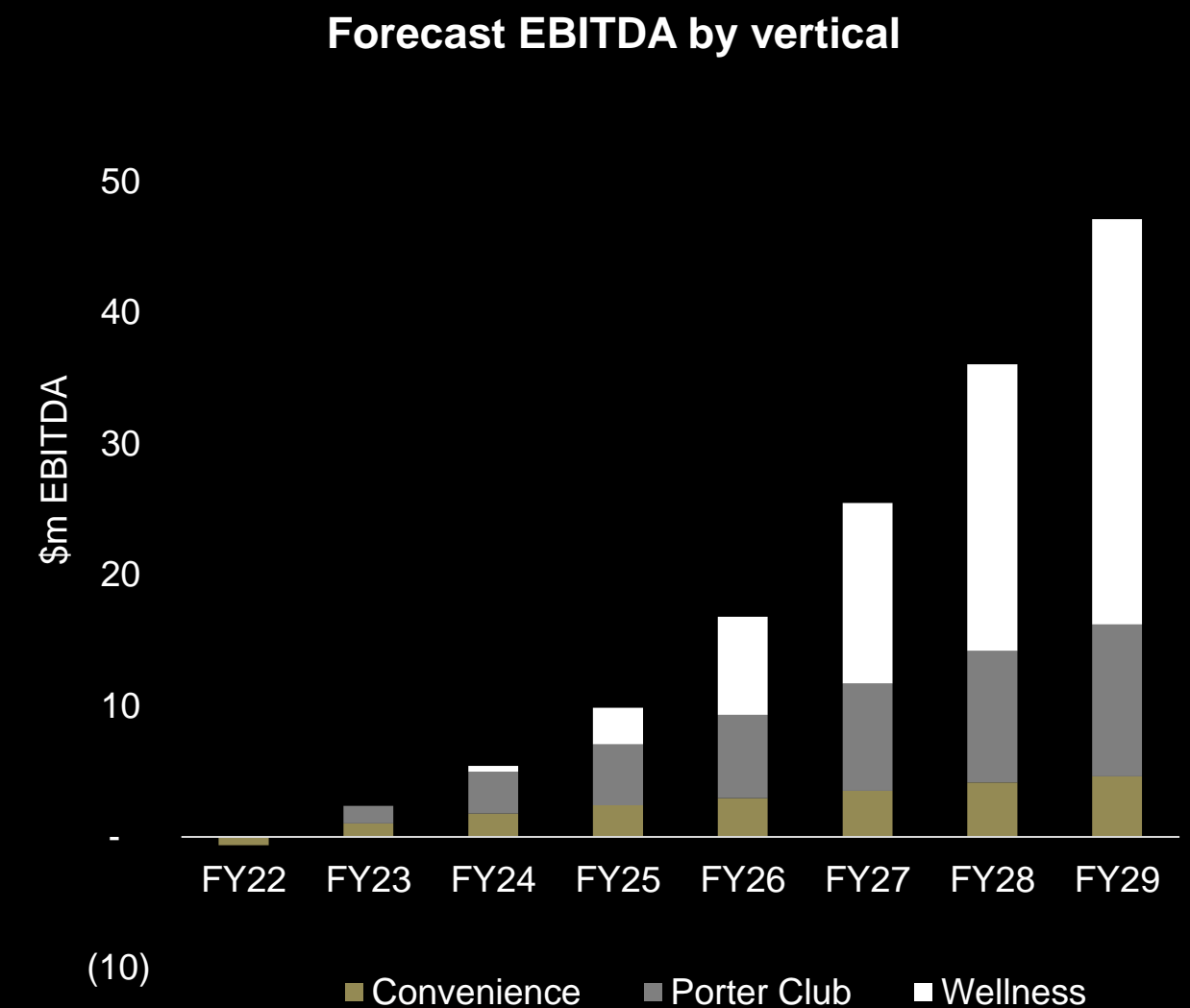
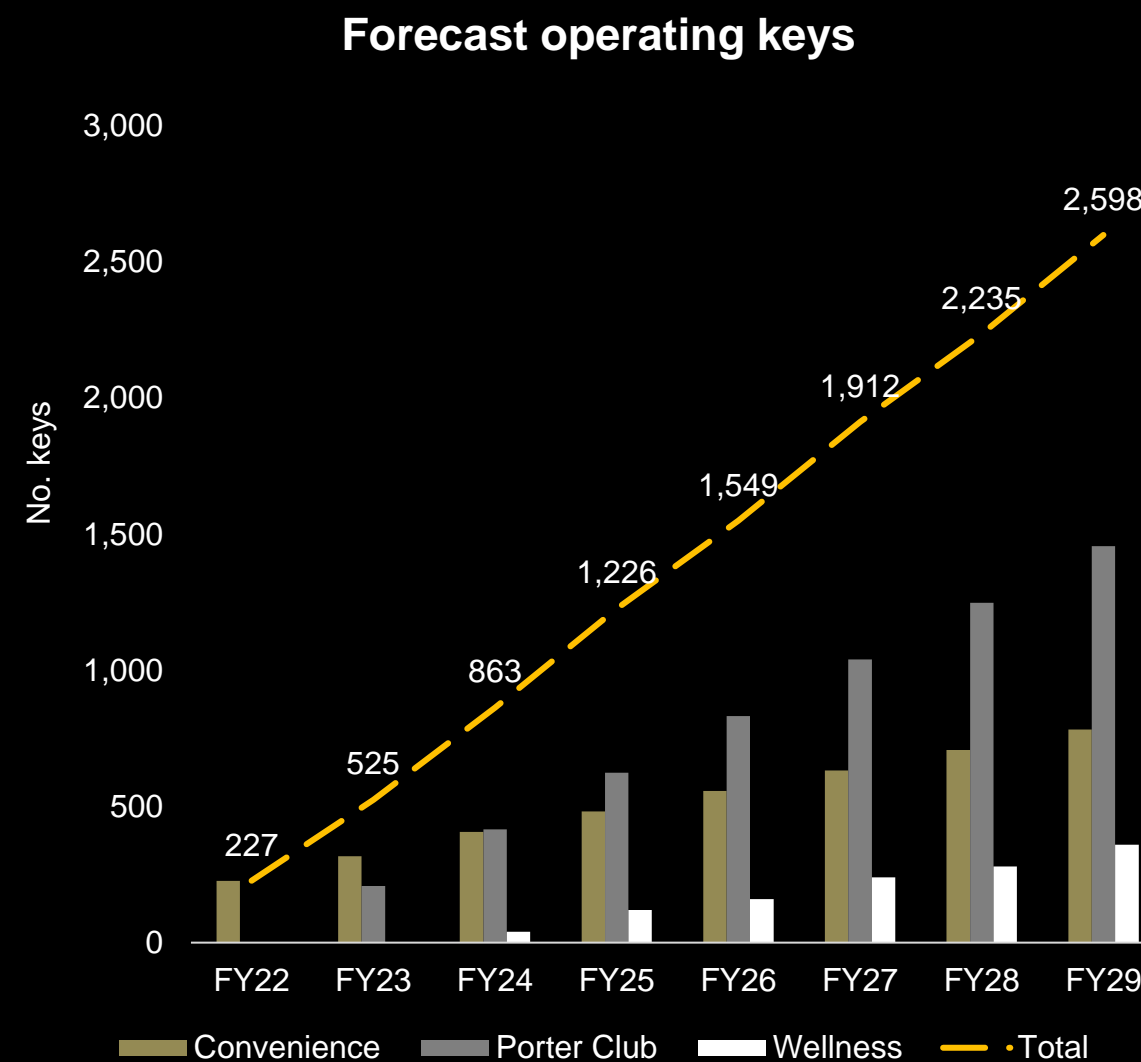
Indicative timeline and project plan for the Cremorne Wellness Hotel



Growth Strategy

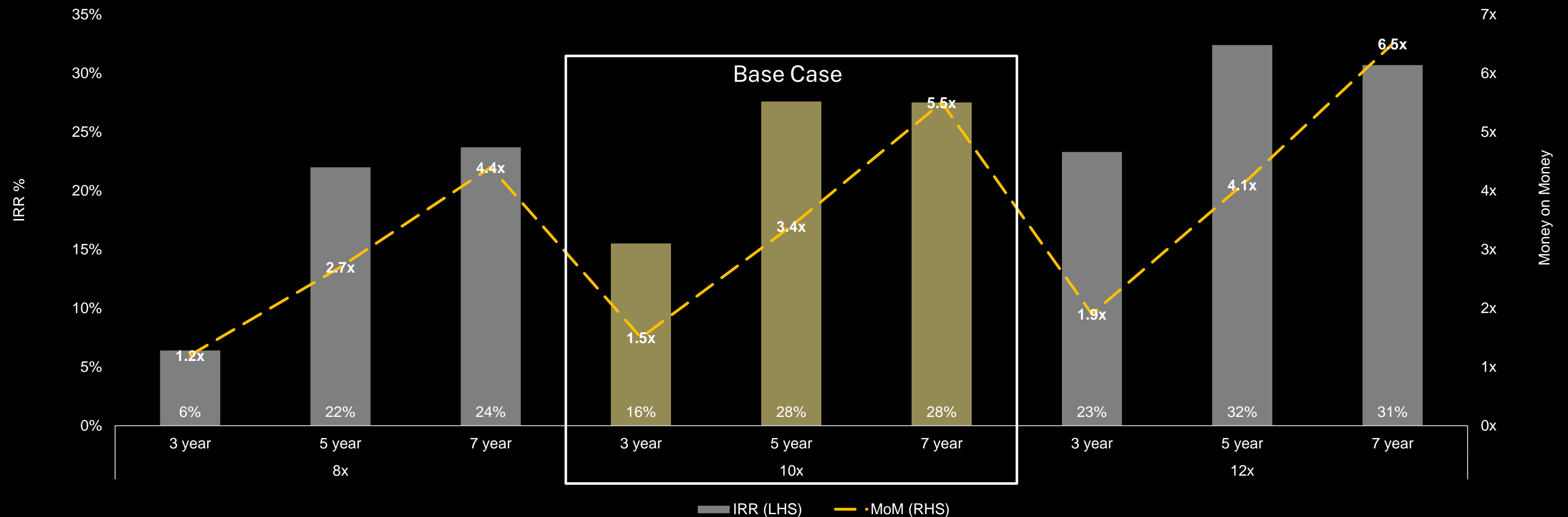
Growth will be focused on the Wellness and Porter Club verticals across Australia.
AHMG will partner with Australia's leading wellness operator to seek a dominant market position in 5 years.

- Aim to secure 1-2 urban wellness hotel sites per year
- Acquire multiple urban wellness sites without a hotel per year
- Target rooftops and basements in Melbourne, then Sydney, East Coast
- Aim to build scale and become the dominant wellness market player within 5 year
- Aim to launch one new Porter Club per year in major Australian capital cities



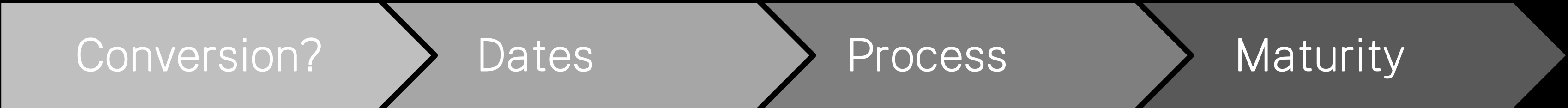
Indicative returns

The following graph represents indicative returns assuming a \$2m equity investment over a three, five and seven year investment horizon at an exit multiple of 8x, 10x and 12x EBITDA.



Next steps

Convertible note holders can convert their investment into shares in the Hotel & Wellness Co.



Do I convert to shares?

Decide if you would like to convert your debt into shares (equity).

Note that you will receive a 25% discount to the assessed market value, at the time of conversion.

When can I convert?

You can elect to convert at any time. The dates where your investment will actually convert to shares are fixed at 15 December and 30 June of each year. You must give at least 30 days notice.

What do I do?

If you want shares in The Hotel & Wellness Co. then tell your adviser.
If you want to keep your investment as debt then you don't have to do anything.

What if I don't convert?

If you elect not to convert to shares your debt will be repaid in full on 31 March 2024.

Appendix

Wellness and bathing industry

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Thermal bathing market

Wellness and bathing is a US \$60b established, global market with a long rich cultural history

Iceland



USA



England



Turkey



Globally: 26,000 thermal springs in 100+ countries



* Note the US spa industry is US \$18.1b in revenue and an average spend of US \$98 per visit

Japan



Australia



China



India



Source: Global Wellness Institute (GWI)

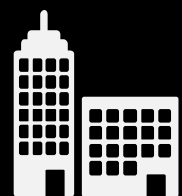
Urban wellness and bathing

Urban wellness is growing rapidly and is a clear global market trend



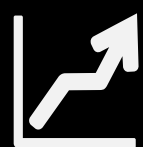
Urban wellness venues

- Accessible bathing and wellness in cities without having to travel to regional areas
- Modern revival and contemporary take of an ancient tradition
- Urban bath houses, day spas and other wellness and treatment facilities
- Typically stand-alone venues with short visitation times and without accommodation



Urban wellness hotels

- Many global precedents of regional wellness hotels (with accommodation)
- Few global precedents but multiple global groups entering the space
- Typically bundled packages of accommodation, bathing, treatments, food and beverage
 - Pricing for all inclusive packages often \$1,000+ per night
- High margins in bathing, which can be offered to non hotel guests to increase patronage



Growing global market

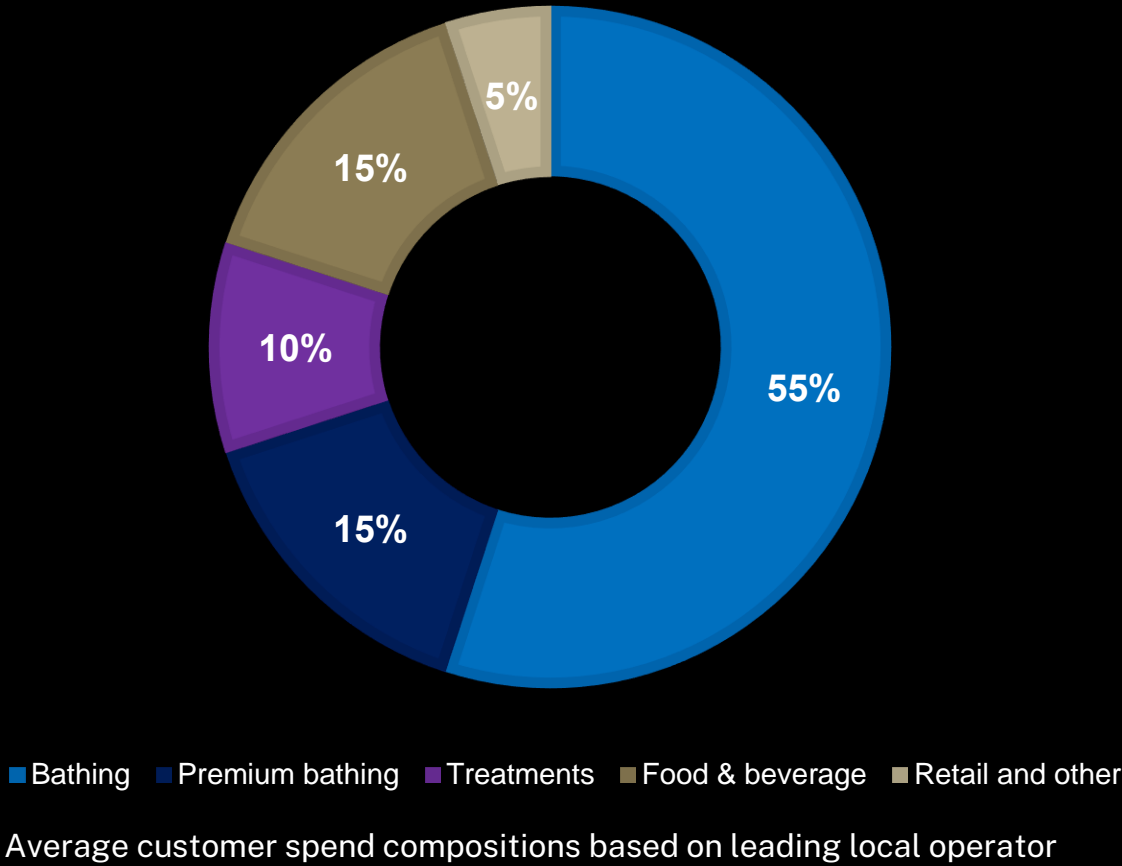
- Thermal springs are the most popular spa experience globally
- Urban bathhouses and wellness playgrounds identified as a 2022 key market trend (by GWI)
- Global trend in urbanisation likely to accelerate post pandemic

Profitability for bathing and wellness

Thermal bathing is a high margin business, complemented by a range of strong margin offerings

Urban wellness hotel category	Gross margins**	EBITDA margins**
Bathing	85% to 90%	50% to 65%
Spa treatments	60% to 70%	45% to 55%
Food and beverage	25% to 30%	10% to 20%
Accommodation*	40% to 50%	25% to 30%
Overall wellness hotel	60% to 70%	35% to 40%

Breakdown of average customer spend

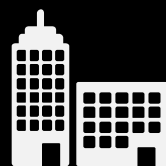


* Hotel guests at urban wellness hotels will account for a material percentage of overall wellness capacity, lowering reliance on day visitation. The accommodation is also expected to drive higher average overall spend per person

** Margins are indicative but based on actual proprietary data from industry operators

Pricing for bathing and wellness

AHMG pricing likely to be in line with market but generally less than global comparables



Urban wellness hotels			
\$ AUD room per night	Bathing only	Bathing & treatments	All inclusive
Peninsula Hot Springs*	\$650	\$1,070 - \$1,260	Not offered
Dolder Grand	Not offered	Not offered	\$1,000 - \$5,000
Terme* (regional)	\$370	N/A	\$650 - \$1,300+
Cremorne** (proposed)	\$850	\$1,150 - \$1,300	Not offered

Bathing and wellness			
\$ AUD per person	60 minute bathe	90+ minute bathe	Bathe & massage
Peninsula Hot Springs*	\$65	\$120 - \$175	\$235 - \$310
Alba*	n/a	\$95+	\$350 - \$650
Aire	Not offered	\$175	\$350 - \$450
World Spa	n/a	\$100+	n/a
Terme*	\$60+	\$80+	\$200+
Dolder Grand	Not offered	Not offered	\$300+
Liquidrom	\$60	\$70	\$150
Vetta Nordic Spa*	Not offered	\$100	\$275
Cremorne (proposed)	TBD	\$65 - \$130	\$280+

* Asterix indicates regional (not urban) location for comparison purposes
** Cremorne accommodation package includes breakfast for each guest
Based on global pricing, we see significant scope to increase pricing due to the premium high demand offering