

The logo for Alloggio, featuring the word "alloggio" in a bold, dark blue, lowercase sans-serif font, followed by a stylized blue icon of three dots.

# Prospectus

Initial Public Offering of Shares



Issuer:  
**Alloggio Group Limited**  
(ACN 645 582 225)

Lead Manager:

**BELL POTTER**

Co Manager:

**On Market**

Financial Advisor

  
RAWSON LEWIS

# Important notices

## Offer

This Prospectus is issued by Alloggio Group Limited (ACN 645 582 225) (**Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). This Prospectus contains an invitation for you to apply for fully paid ordinary shares (**Shares**) in the Company (**Offer**). Refer to Section 7 of this Prospectus for further information.

## Lodgement and listing

This Prospectus is dated 18 October 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Prospectus Date**). The Company will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

## Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs (including financial and tax issues).

It is important that you read this Prospectus carefully and in its entirety before deciding whether or not to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether or not to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be other risk factors in addition to the risks in Section 5 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on information contained in this Prospectus. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

## Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for or acquire Shares offered under this Prospectus (**Applications**) in the seven-day period after the Prospectus Date (**Exposure Period**). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days).

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of the funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Applications received during the Exposure Period.

## Financial information presentation

Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

All references to FY19, FY20 and FY21 appearing in this Prospectus are to the financial years ended 30 June 2019, 2020 and 2021, respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, except where otherwise stated.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 4 and 5.

## Past performance statements

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

## Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'will', 'could', 'would', 'should', 'believes', 'estimates', 'expects', 'intends', 'plans', 'anticipates', 'predicts', 'outlook', 'forecasts', 'guidance' and other similar words that involve risks and uncertainties. Any forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company. Any forward-looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 5, the specific and general assumptions set out in Section 4.8, the sensitivity analysis set out in Section 4.9 and other information contained in this Prospectus.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend to update



or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

## Market Data

This Prospectus, including the Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to Alloggio's business and markets. The Company has obtained significant portions of this information from market research prepared by third parties.

Any statements, data or other content referenced or attributed to reports by a third party (each a **Third Party Report**) in this Prospectus represent research opinions or viewpoints only of that third party, and are in no way to be construed as statements of fact. Whilst the views, opinions, forecasts and information contained in Third Party Reports are based on information believed by the third party author in good faith to be reliable, that third party author is not able to make any representation or guarantee as to the accuracy or completeness of any information upon which a view, opinion or forecast or information contained in any Third Party Report is based. Any views, opinions or predictions contained in a Third Party Report are subject to inherent risks and uncertainties, and third parties do not accept responsibility for actual results or future events.

Any statement made in a Third Party Report is made as at the date of that Third Party Report and any forecasts or expressions of opinion are subject to future change without notice by any respective third party author of Third Party Reports. Investors are cautioned not to place undue reliance on Third Party Reports. A third party is not obliged to, and will not, update or revise any content of a Third Party Report, other than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of that Third Party Report. The Third Party Reports do not represent investment advice or provide an opinion regarding the merits of the Offer.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any (if any) of the forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. The Company has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

## Disclaimers

Bell Potter Securities Limited has acted as Lead Manager to the Offer. Bell Potter Securities Limited has not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its affiliates, officers or employees. To the maximum extent permitted by law, Bell Potter Securities Limited and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

## Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy securities in the United States and may not be distributed to, or relied upon by, persons in the United States. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws.

For details of selling restrictions that apply to the Offer and the sale of Shares in certain jurisdictions outside of Australia, please refer to Section 9.22.

## Prospectus availability

During the Exposure Period, an electronic version of this Prospectus (without an application form) will be available at [www.alloggio.com.au](http://www.alloggio.com.au). If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety. You may, before the Closing Date, obtain a paper copy of this Prospectus is available free of charge to any person in Australia by calling the Alloggio's IPO Information Line on 1300 288 664 (within Australia) and +61 (2) 9698 5414 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday (excluding public holidays). This Prospectus is also available to persons who are Australian residents in electronic form at the Offer website [www.alloggio.com.au](http://www.alloggio.com.au).

For details relating to the availability of this Prospectus in certain jurisdictions outside of Australia, please refer to Section 9.16.

## Applications

Applications may be made only during the Offer Period on the application form attached to, or accompanying, this Prospectus. By making an Application, you represent and warrant that you were given access to this Prospectus, together with an application form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. Refer to Section 7 for further information.

## Offer management

The Offer is being arranged, managed and underwritten by Bell Potter Securities Limited.

## Important Notices

### No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

### Privacy

By completing an Application Form to apply for Shares, you are providing personal information to the Company through the Share Registry, which is contracted by or on behalf of the Company to manage Applications. The Company and the Share Registry on the Company's behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of the Company. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Company's register of members;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you provide from time to time change.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry through the following means:

Website: <https://www.automicgroup.com.au>

Telephone: 1300 288 664 (within Australia)  
or +61 (2) 9698 5414 (international)

Email: [hello@automic.com.au](mailto:hello@automic.com.au)

### Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

### Intellectual Property

This Prospectus may contain trademarks of third parties which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with the Company.

### Consent not sought for certain statements

Unless specifically noted in Section 9, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus on the basis of ASIC Corporations (Consents to Statements Instrument 2016/72 relief from the Corporations Act for statement used from books, journals or comparable publications).

### Company Website

The Company maintains a website at [www.alloggjo.com.au](http://www.alloggjo.com.au). Any references to documents included on the Company's website are for convenience only, and information contained in or otherwise accessible through this or a related website, or a website referred to in this Prospectus is incorporated in this Prospectus by reference and is not a part of this Prospectus.

### Investigating Accountant's Report and Financial Services Guide

The provider of the Investigating Accountant's Report is required to provide Australian Retail Investors with a financial services guide in relation to its independent review under the Corporations Act (Financial Services Guide). The Investigative Accountant's Report and the Financial Services Guide is provided in Section 8.

### Defined terms and abbreviations

Some words and expressions used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear. Unless otherwise stated or implied, references to times in this Prospectus is to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in AUD unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding.



## Questions

If you have any questions about how to apply for Shares, please call your Broker. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions in relation to the Offer, you can call Alloggio's Offer Information Line on 1300 288 664 (within Australia) and +61 (2) 9698 5414 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays) or email [hello@automic.com.au](mailto:hello@automic.com.au).

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, Broker, lawyer or other professional adviser before deciding whether or not to invest in the Company.

**This Prospectus is important and should be read in its entirety.**

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# Key Offer Information

## Offer Statistics

Offer Price	\$0.20
Total proceeds from the Offer	\$16.5 million
Number of Shares offered to New Shareholders under the Offer	82,500,000
Total number of Shares on issue on Completion of the Offer	200,730,021
Market capitalisation at the Offer Price <sup>1</sup>	\$40.1 million
Estimated net cash/(debt) <sup>2</sup> on Completion of the Offer	(\$21.1 million)
Enterprise value at the Offer Price <sup>2,3</sup>	\$61.2 million
Enterprise value / FY21 Revenue <sup>2,3</sup>	5.4x
Enterprise value / FY21 pro forma EBITDA <sup>2,3</sup>	13.2x

1. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares at Completion of the Offer.

2. On a post AASB 16 basis (includes lease liabilities).

3. Enterprise value is equal to the market capitalisation of the Company less the expected net cash / (debt) on Completion of the Offer and is shown on a post AASB16 basis.

## Key Dates

Prospectus Date	18 October 2021
Retail Offer opens	2 November 2021
Retail Offer closes and Applications due	15 November 2021
Settlement of the Offer	22 November 2021
Issue of Shares under the Offer (Completion of the Offer)	23 November 2021
Expected despatch of holding statements	23 November 2021
Shares expected to begin trading on ASX on a normal settlement basis	29 November 2021

## Dates may change

Note: This timetable is indicative only and may be subject to change without notice. Unless otherwise indicated, all times are Sydney time. The Company and the Lead Manager reserve the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement of the Offer, in each case without notification. If the Offer is cancelled or withdrawn before the Settlement of the Offer, then Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible.

## How to invest

Applications for Shares can be made in accordance with the procedures described in this Prospectus. Instructions on how to apply for Shares in the Retail Offer are set out in Section 7 and on the back of the Application Form. There is no general public offer.

## Questions

Please call the Offer Information Line on 1300 288 664 (within Australia) or +61(2) 9698 5414 (outside Australia) from 8.30am to 7.00pm (Sydney time) Monday to Friday (excluding public holidays), email [hello@automic.com.au](mailto:hello@automic.com.au) or use the live chat function at <https://investor.automic.com.au/#/support/contact>. If you are unclear in relation to any matter or are uncertain as to whether Alloggio is a suitable investment for you, you should seek advice from your accountant, financial advisor, stockbroker, lawyer or other independent professional advisor before deciding whether to invest in Shares.



## Hotels

**alloggio:**



**Alloggio Hamilton Brisbane**  
Conveniently located close to Brisbane Airport, recently renovated and perfect for the pre or post-flight stay. Also popular with corporate travellers.



**Bega Downs Motor Inn**  
Located in the lush farming region of the NSW South Coast, the hotel is popular with families and corporate travellers.



**Alloggio Thornton**  
This brand new hotel is located minutes from the M1 Pacific Motorway, less than 20 minutes from Newcastle and equipped with modern meeting rooms featuring the latest technology. Popular for offsite team sessions.

## Holidays

**Winning  
HOLIDAYS**



**Winning Holidays**  
The marketplace for all holiday accommodation, hosting all brands.

**STAYS  
NEWCASTLE**

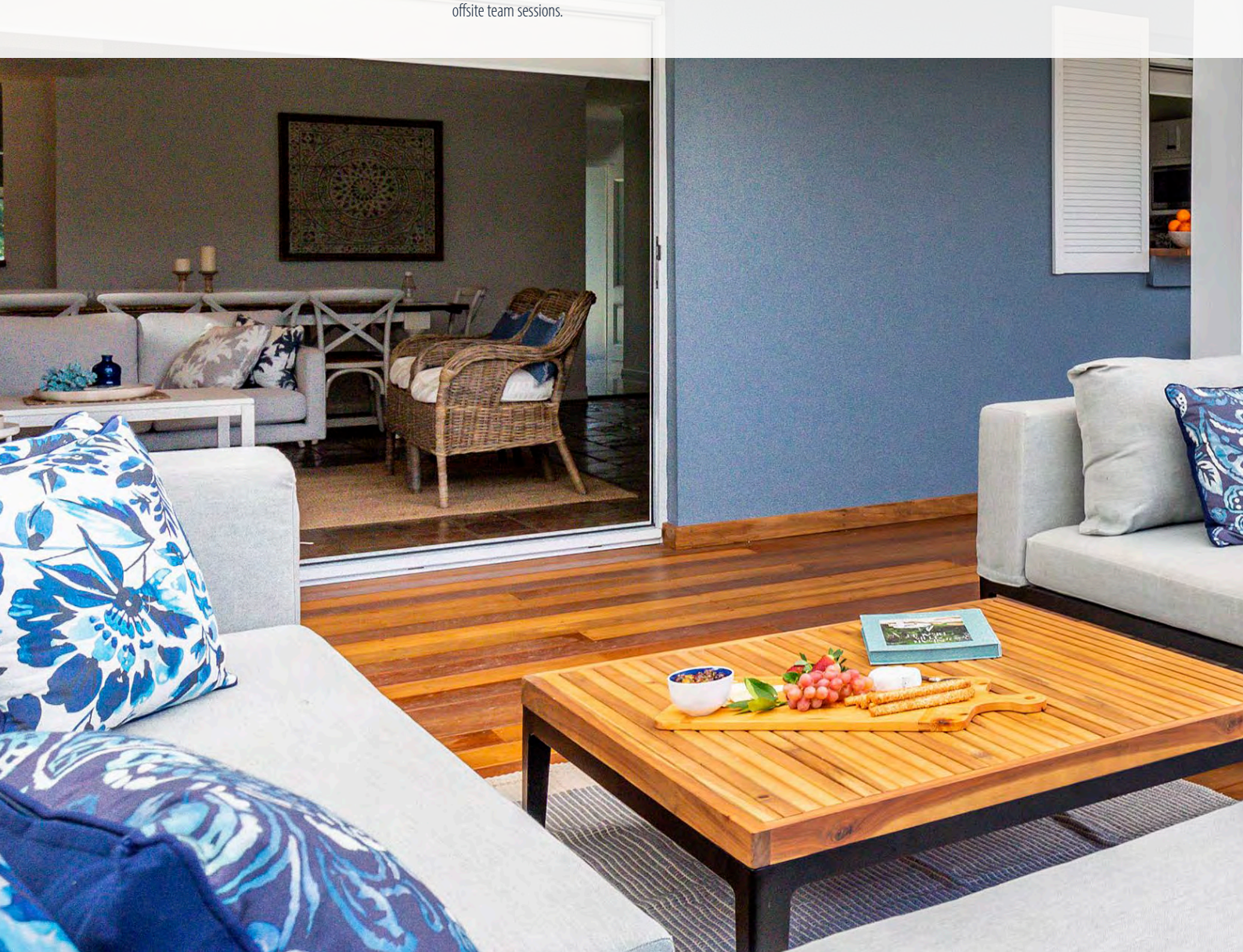


**Stays Newcastle**  
Providing holiday homes and apartments for corporate stays and short term rentals in Newcastle.

**PORT STEPHENS  
ACCOMMODATION**



**Port Stephens Accommodation**  
Only three hours' drive north of Sydney or a short flight from most Australian capital cities, featuring a broad range of holiday accommodation from apartments to luxury homes.





# alloggio: Business at a Glance

## Agile Sites



### Coffs Harbour Holiday Accommodation

Coffs Harbour and Coast is a popular tourist destination and well-liked by family and friends on driving getaways with lush rainforests, stunning national parks, beautiful beaches and a host of family-friendly attractions.



### Noosa Holiday Rentals

Providing experiences for the most discerning traveller seeking luxury accommodation options, with breathtaking scenery and pristine natural surroundings. Noosa is one of our ultimate escape destinations.



### Mollymook Milton

Offering holiday accommodation on the South Coast to suit every budget and only three hours' drive from Sydney and Canberra, ideally located for that quick getaway or an extended break and perfect for golfing, surfing, relaxing.



### Jervis Bay Rentals

Located on the South Coast and covering the luxury holiday rental market of Huskisson, Vincentia, Hyams Beach and the broader Jervis Bay region. The perfect spot for complete relaxation.



### Verve Vacation Rentals

Covering the Mornington Peninsula, Vic, Verve offers well-appointed and impeccably maintained properties with all the fine details added to make your stay memorable.



### Agile Sites

Specialising in temporary accommodation for workers in mining, government, health services and infrastructure in a post COVID-19 environment.



# Letter from the Chair



## Dear Investor,

I am delighted to be able to offer you the opportunity to become a shareholder of Alloggio Group Limited (**Alloggio**).

Alloggio is a leading operator of short-term rental accommodation (**STRA**) in Australia. It operates through two business divisions – Holiday Property Management (currently managing 879 holiday homes, units and apartments) and Mid-market Hotels (currently managing 13 hotels with 428 rooms).

The Company has developed an in-house scalable cloud-based technology platform which provides an end-to-end solution for both the traveller and holiday property owner. The fundamentals for Alloggio are attractive as it has a proven business model in a large addressable market where there will be increasing demand for short term rental accommodation.

Led by founder William Creedon, the Company has an experienced management team and a strong track record of financial performance and growth.

Under this Prospectus, the Company is seeking to raise \$16.5 million through the issue of 82.5 million new shares at \$0.20 per Share. The Board and management are excited by the opportunities resulting from Alloggio listing on the Australian Securities Exchange. The funding from the listing will enable the Company to implement its existing growth strategies and to pursue expansion through acquisition and consolidation opportunities that exist in the highly fragmented STRA market.

In addition, there is anticipated to be a substantial increase in travel activity as Australia emerges from the post COVID-19 lockdown period.

This Prospectus contains important information about the Offer, the industry in which Alloggio operates, Alloggio's current business and its financial and operating performance. The key risk factors that could affect Alloggio's business, financial condition and performance are outlined in Section 5 of this Prospectus.

This is an exciting time for Alloggio which has an established technology platform and proven operating model to pursue growth opportunities organically and through acquisition and contribute to the post COVID-19 recovery of the tourism sector within Australia.

On behalf of my fellow Directors and our management team, we look forward to welcoming you as a shareholder of Alloggio.

Yours Faithfully

A handwritten signature in black ink that reads "John Murphy". The signature is fluid and cursive, with a large initial 'J'.

**John Murphy**











## Section 1

# Investment Overview





## 1.1. Introduction

Topic	Summary
<b>Who is Alloggio?</b>	<p>Alloggio is a leading operator of short-term rental accommodation (<b>STRA</b>) on the east coast of Australia with a current portfolio of over 879 holiday properties and 13 mid-market hotels which comprise of 428 hotel rooms.</p> <p>Alloggio utilises its cloud-based technology platform to operate its two key business divisions:</p> <ol style="list-style-type: none"> <li><b>1 Holiday property management</b> – An end-to-end management solution for holiday property owners offering STRA in popular tourism destinations</li> <li><b>2 Mid-market hotels</b> – Leasing and operation of mid-market hotels</li> </ol> <p><i>For more information see Section 3</i></p>
<b>What is Alloggio's cloud-based technology platform?</b>	<p>Alloggio has developed its own scalable cloud-based technology platform using a combination of proprietary internally-developed software and technologies combined with licensed third-party software. The Company's cloud-based technology platform has a range of functionalities which includes, property management solutions, data analytics to provide dynamic pricing across its holiday property and mid-market hotel portfolio and providing the traveller with a seamless experience from search to booking to check-in to check-out.</p> <p><i>For more information see Section 3.5</i></p>
<b>What is Alloggio's history?</b>	<p>Alloggio was established in 2015 by William Creedon. Alloggio has grown to over 60 staff and the platform currently hosts 879 holiday properties and 428 hotel rooms along the east coast of Australia.</p> <p><i>For more information see Section 3</i></p>
<b>What is the Offer?</b>	<p>An Initial Public Offering of 82.5 million new fully paid ordinary shares at \$0.20 per share.</p> <p><i>For more information see Section 7</i></p>
<b>Why is the Offer being conducted?</b>	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> <li>o Fund future potential acquisition opportunities;</li> <li>o Business development, including marketing;</li> <li>o Technology and platform development; and</li> <li>o Working capital and costs of the Offer.</li> </ul> <p><i>For more information see Sections 3, 4 and 7</i></p>

## 1.2. Key features

Topic	Summary
<b>Where does Alloggio operate?</b>	<p>Alloggio operates from hubs in key tourism destinations on the east coast of Australia. The Company has a current portfolio of over 879 holiday properties and 13 mid-market hotels which comprise of 428 hotel rooms, located in metropolitan and regional areas.</p> <p><i>For more information see Section 3.1</i></p>
<b>How does Alloggio generate income?</b>	<p>Alloggio's holiday property management division generates revenue through:</p> <ul style="list-style-type: none"> <li>o booking fees;</li> <li>o holiday property management fees;</li> <li>o marketing and service fees;</li> <li>o accounting and reporting fees; and</li> <li>o ancillary fees.</li> </ul> <p>Alloggio's mid-market hotel division collects 100% of hotel revenue from accommodation and related services, which include:</p> <ul style="list-style-type: none"> <li>o accommodation fees paid by travellers;</li> <li>o ancillary fees paid by travellers;</li> <li>o sub-leasing/licensing of areas within some of its mid-market hotels;</li> <li>o provision of food and beverage and function services; and</li> <li>o facilitation of bookings for large groups, providing accommodation and making travel arrangements.</li> </ul> <p>During 2021, Alloggio has also been able to secure significant revenues from a number of regional NSW local health districts through the short term licensing of regional hotels for COVID-19 accommodation purposes.</p> <p><i>For more information see Sections 3 and 4</i></p>
<b>What is Alloggio's growth strategy?</b>	<p>Alloggio is focused on executing a range of growth initiatives, including:</p> <ul style="list-style-type: none"> <li>o ongoing in-house development of Alloggio's scalable, cloud-based technology platform;</li> <li>o growing holiday property management rights portfolio organically and through acquisition;</li> <li>o procuring stand-alone hotel leases; and</li> <li>o continued investment in digital marketing strategies.</li> </ul> <p><i>For more information see Section 3</i></p>

Topic	Summary			
<b>What is Alloggio's pro forma historical financial performance?</b>	<b>(\$'000)</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
	<b>Revenue</b>	<b>5,780.4</b>	<b>7,456.1</b>	<b>11,293.1</b>
	Other income	86.1	641.5	1,351.6
	Marketing and advertising	(163.3)	(184.9)	(233.1)
	Salaries, wages and administration	(3,500.6)	(4,355.9)	(6,074.1)
	Other expenses	(668.5)	(812.8)	(1,681.5)
	<b>EBITDA</b>	<b>1,534.2</b>	<b>2,744.1</b>	<b>4,655.9</b>
	Depreciation and amortisation	(1,589.2)	(2,402.8)	(3,351.9)
	<b>EBIT</b>	<b>(55.1)</b>	<b>341.2</b>	<b>1,304.0</b>
	Net interest income / (expense)	(863.7)	(1,218.4)	(1,658.8)
	<b>NPBT</b>	<b>(918.7)</b>	<b>(877.1)</b>	<b>(354.8)</b>
	Income tax expense	-	(63.6)	(187.2)
	<b>NPAT</b>	<b>(918.7)</b>	<b>(940.7)</b>	<b>(542.1)</b>
	<p>The information presented above contains non-IFRS financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.</p> <p>The Pro Forma Historical Financial Information included in this Prospectus has been prepared on the basis described in Sections 4.2.1 and 4.2.2.</p> <p><i>For more information see Section 4.5</i></p>			
<b>What is Alloggio's dividend policy?</b>	<p>Alloggio intends to pursue strong growth opportunities through organic and inorganic growth. Alloggio does not have any present plan to pay dividends. The payment of a dividend by Alloggio, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of Alloggio and its Directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of Alloggio, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Alloggio, and any other factors the Directors may consider relevant.</p> <p><i>For more information see Section 4.1</i></p>			



### 1.3. Key strengths

Topic	Summary
<b>Large and growing addressable market with compelling fundamentals</b>	<p>The total addressable market for Alloggio in Australia across all its current revenue streams for mid-market hotels and STRA is estimated at \$7.3 billion per year.</p> <p>Although the COVID-19 pandemic had a significant negative impact on travel, a partial recovery has commenced, particularly driven by domestic travel. As vaccine rollouts pick up pace globally and domestically, a full recovery in global travel is expected by 2023 or 2024 (and sooner domestically), resulting in strong visitor demand for mid-market hotels and STRA in Australia.</p> <p><i>For more information see Section 2</i></p>
<b>Scalable technology</b>	<p>The Company's bespoke platform is specifically designed to be scalable and fast, utilising cloud-based infrastructure, specifically for Alloggio's systems and features to be developed in a timely and cost-efficient manner compared to more traditional infrastructure and hosted solutions. The information held on Alloggio's scalable cloud-based platform is hosted in Australia.</p> <p><i>For more information see Section 3.5</i></p>
<b>Fragmentation and competitive landscape provide consolidation opportunities</b>	<p>The fragmented base of STRA hosts/owners presents significant opportunities for professional management and integrated services to deliver enhanced guest experiences and optimal returns for hosts/owners.</p> <p><i>For more information see Section 2</i></p>
<b>Proven growth strategy</b>	<p>In 2015, Alloggio was established through the acquisition of a stand-alone accommodation group in Newcastle, NSW. Alloggio has grown to currently operate from multiple tourism destination hubs managing over 879 holiday properties and 13 mid-market hotels, comprising 428 hotel rooms. The Company's growth has been achieved through significant investment into building a scalable, cloud-based technology platform enabling Alloggio to expand into new and existing tourist destinations both organically and through acquisition.</p> <p>Alloggio has demonstrated a track record of increasing GBV, division contribution and number of properties. Alloggio plans to continue to leverage its cloud-based technology platform to extract operational efficiencies and scale benefits, increasing its holiday properties and mid-market hotel inventory organically or through the execution of its proven and disciplined acquisition strategy.</p> <p><i>For more information see Section 3</i></p>
<b>Strong financial track record</b>	<p>Alloggio has a strong track record of financial performance and growth. The Company is well positioned to take advantage of its growth initiatives, including acquisitions.</p> <p><i>For more information see Sections 3 and 4</i></p>
<b>Experienced Board and management team</b>	<p>Alloggio's Board has a diverse range of skill sets including relevant industry and business knowledge, financial management, legal, corporate strategy and corporate governance experience and expertise.</p> <p>Alloggio's Management team has significant experience and expertise across hotel and tourism, corporate strategy, product development, technology, marketing, legal expertise and finance.</p> <p><i>For more information see Section 6</i></p>

**1.4. Key risks**

Topic	Summary
<b>Performance of Technology</b>	<p>Alloggio operates an online platform and presence and is heavily reliant on information technology to make the Alloggio platform available to users. Alloggio's platform uses software created by Alloggio and software licensed from third-parties. Alloggio's business also depends on the performance and reliability of internet, mobile and other infrastructure, which is outside of Alloggio's control.</p> <p>There is a risk that Alloggio or third-party suppliers may fail to adequately maintain their information technology systems, which may cause disruptions to Alloggio's platform. There is also a risk that systems failures or delays, corruption of databases or other electronic information, power failures, issues with upgrades, technical malfunctions and other disruptions to information technology systems used by Alloggio, its third-party suppliers or its users may cause disruptions to Alloggio's platform or adversely affect user experience on the platform. This may adversely affect Alloggio's ability to attract and retain users to its platform. This may have a material adverse impact on Alloggio's reputation, financial performance and growth prospects, particularly if the interruptions continue for a prolonged period of time.</p> <p><i>For more information see Section 5.2.1</i></p>
<b>Data breaches and cybersecurity</b>	<p>Alloggio collects a wide range of personal, financial and service usage data and other confidential information from users in the ordinary course of its business, such as contact details and addresses, and stores that data electronically. Alloggio is also reliant on third party suppliers who may collect information on Alloggio's users, such as payment details. As an online business, Alloggio is subject to cyber attacks. Alloggio and, as far as Alloggio is aware, those third-party suppliers have systems in place to maintain the confidentiality and security of that data and detect and prevent unauthorised access to, or disclosure of, that data. There can be no guarantee that the systems will completely protect against data breaches and other data security incidents. This may be due to Alloggio or its suppliers not adequately maintaining or securing their systems, or their systems being subject to cyberattacks, viruses, data theft, ransomware attacks, phishing attacks or hacking. As the techniques used to hack or otherwise obtain unauthorised access to data and information frequently change, even if Alloggio and its suppliers have systems in place to detect such access attempts, their systems may be unable to anticipate and prevent any new hacking techniques. If any data breaches or data security incidents occur, and Alloggio's data security infrastructure is unable to reduce the impact of such attacks, this could result in a loss of information and system integrity, misappropriation of accessed data including for fraudulent purposes or significant disruptions to Alloggio's marketplace, all of which may reduce demand for Alloggio's services by users. It may also cause Alloggio to breach privacy and other laws, which may expose Alloggio to regulatory prosecution or substantial financial penalties. Alloggio may also incur significant costs to remedy any loss of data. This may have a material adverse impact on Alloggio's reputation and financial position.</p> <p><i>For more information see Sections 5.2.2</i></p>
<b>Regulatory</b>	<p>The STRA market is an increasingly regulated environment. Alloggio is required to ensure it complies with existing laws and regulation including newly introduced codes of conduct in the course of managing its mid-market hotels and holiday letting properties. Alloggio's operations require it to hold appropriate real estate licences and operate trust accounts in New South Wales and Queensland. This requires the Company to employ and retain appropriately qualified and skilled staff to oversee the day to day operations of the business. A failure to do so may give rise to a loss of the licences it needs to carry on its business. If appropriate alternate employees are not recruited in a timely manner, Alloggio could lose its right to manage properties which would have a substantial impact on the business and its financial performance.</p> <p><i>For more information see Sections 5.2.4</i></p>

Topic	Summary
<b>New Technologies</b>	<p>Alloggio's success in the future may depend on its ability to continue to identify and deploy the most appropriate new technologies and features in its platform. There is a risk that Alloggio may fail to update its platform to adopt new technologies, or that other businesses may develop or adopt new technologies which give them a competitive advantage over Alloggio's platform. This may render Alloggio's platform less competitive. There is a risk that Alloggio's competitors may be able to replicate existing and new technologies used by Alloggio in its platform at a cheaper cost to users, which may also render Alloggio's platform less competitive. Alloggio may need to invest significant time and costs into updating its technology to remain competitive, which may have a material adverse impact on its financial performance. Even if Alloggio does adopt new technologies or launch new features on its platform, there is a risk that users may not perceive any value in those new technologies or features, which may reduce demand for Alloggio's platform. This may have a material adverse impact on Alloggio's financial performance and prospects.</p> <p><i>For more information see Section 5.2.3</i></p>
<b>Changes to laws and regulations</b>	<p>The Company operates in a sector where the laws and regulations around its operations are evolving. There is a risk that new laws or regulations may be enacted, or existing laws and regulations may be amended in such a way that impose obligations on the Company. For example, the Company is subject to privacy, data, insurance and taxation laws and regulations, which are also evolving. The Company is also subject to industry specific regulations which effect STRA providers. If any laws, regulations or licencing requirements are adopted which are more stringent than the laws, regulations and licencing requirements currently applying to the Company's operations, the Company may need to invest significant time and costs into complying with those laws including updating its form of management agreement for use with property owners and terms and conditions for both property owners and travellers. If Alloggio is found to be non-compliant with any such laws, Alloggio may also be subject to prosecution by regulators including loss of its real estate licences or be required to pay penalties which may be significant. Depending on the significance of the changes to the laws, regulations and licencing requirements applying to the Company, the Company may even need to fundamentally change its business model. This may have a material adverse impact on the Company's ongoing operations, financial performance and growth prospects.</p> <p><i>For more information see Section 5.2.5</i></p>
<b>Competition</b>	<p>The STRA market has had, and will continue to see, entry of new competitors that may markedly increase competitive pressures on Alloggio. The Company recognises the potential risk that existing competitors or new entrants to the market may increase the competitive landscape and have an adverse impact on the financial performance of the Company which in turn, would erode the Company's revenue and market share. Participants in the hospitality sector may seek to imitate Alloggio's strategies and/or may attempt to take market share from Alloggio or may develop alternative products or have more effective customer engagement which reduce Alloggio's competitiveness.</p> <p>Alloggio's customers have a range of hotel and accommodation alternatives in the Australian market and the emergence of alternative products or new competitors could affect Alloggio's ability to attract or retain customers and impact the growth of Alloggio's business.</p> <p>Existing competitors and new entrants in the market both domestically and overseas may also engage in strategic partnerships or acquisitions, develop superior technology, increase marketing activity and/or offer competitive pricing. There is a risk that the Company may be unable to respond to such competition and this may reduce demand for the Company's service which in turn, may have a material adverse effect on its revenue, profit margins, operations, financial position and growth prospects.</p> <p><i>For more information see Section 5.2.6</i></p>

Topic	Summary
<b>Debt and funding for future acquisitions</b>	<p>There is a risk Alloggio may become unable to repay its current or future debt facilities with third party financiers in terms. Further, if the Company fails to comply with a condition of these facilities and does not remedy the breach, a financier may take action to enforce recovery of the debt against the Company and its assets. Such action would have a significant negative affect on the Company's business, financial position and prospects.</p> <p>While Alloggio believes it will have sufficient funds after completion of the IPO to meet all of its growth and capital requirements for the near term, Alloggio may seek to exploit opportunities in its market that will require it to raise additional capital from equity or debt sources. There can be no assurance that Alloggio will be able to raise such capital on favourable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.</p> <p><i>For more information see Section 5.2.7</i></p>
<b>Marketing and distribution channels</b>	<p>Where Alloggio is fulfilling the accommodation orders from OTAs it has a very low cost of customer acquisition. The cost of customer acquisition by the OTAs is borne by the individual OTAs. There is a risk that may change.</p> <p>There is a risk that Alloggio's own marketing strategy for Winning Holidays may become more expensive as a result of increased competition bidding higher prices for accommodation providers and/or digital media. Alloggio's direct advertising and direct marketing channels may also become less effective if, for instance, mass-marketing becomes less effective or there are changes to the algorithms or terms of services for search engines (like Google, Airbnb), which may cause Alloggio to be ranked lower or excluded from search results.</p> <p>Alternatively, competition for accommodation provider leads could see a higher cost of customer acquisition and/or a lower margin on rental revenue. This could lead to a decline in the profitability of Alloggio in providing accommodation to their customers.</p> <p>As a result, Alloggio may have to turn to more expensive forms of advertising and marketing in order to effectively communicate with and attract customers and may be unable to grow at the expected rate of profitability which would have a material adverse effect on the Company's ability to generate customer volume, achieve profitable growth and ultimately deliver shareholder value.</p> <p><i>For more information see Section 5.2.9</i></p>
<b>COVID-19</b>	<p>COVID-19 is a major community and economic concern which is having an impact on business operations in Australia and globally. Alloggio's revenues have been directly impacted by border closures and the imposition of lockdowns in many states and territories. There is a risk that government or industry measures taken in response to COVID-19, will continue to restrict the ability of users of Alloggio's marketplace to provide or receive services through the marketplace and adversely affect Alloggio's business.</p> <p>While Alloggio undertook and continues to take steps to comply with COVID-19 safe practices and to ensure the continuing operation of the business, there is also a risk that Alloggio may be unable to provide services such as cleaning for a period of time if a service provider has contracted COVID-19 or are quarantined. These risks may have a material adverse impact on Alloggio's operations, financial performance and growth prospects. Alloggio will update the market about any material impact of COVID-19 on its business.</p> <p><i>For more information see Section 5.2.11</i></p>



Topic	Summary
<b>Intellectual property rights</b>	<p>The Company places significant weight on the value of its intellectual property and know-how to maintain its competitive position in the market. The Company's success may depend on its ability to obtain trademark protection for the names or symbols under which it markets its products, or to obtain copyright protection of its proprietary technologies and other innovations. There is a risk that the Company may fail or be unable to protect its intellectual property rights, which may have a significant adverse effect on the Company and its prospects.</p> <p><i>For more information see Section 5.2.14</i></p>
<b>Other risks</b>	<p>A number of other risks are included in Section 5.</p> <p><i>For more information see Section 5.2 and 5.3</i></p>

## 1.5. Board and Senior management

Topic	Summary	
Who are the Directors and senior management of the Company?	<b>Directors</b>	
	<b>Name</b>	<b>Position</b>
	John Murphy	Non-Executive Chairman
	William Creedon	Chief Executive Officer
	Karen Howard	Non-Executive Director
	Christopher Sneddon	Non-Executive Director
	Matthew Keen	Non-Executive Director
	<b>Senior Management</b>	
	<b>Name</b>	<b>Position</b>
	William Creedon	Chief Executive Officer
	Michael Potts	Chief Financial Officer/Company Secretary
	Craig Roxby	Business Analyst
	Luke De Landelles	Head of Product & Technology
Susan Nelson	Head of Finance	
Nicole Smith	Executive Manager Hotels	
Rodney Hearn	Holidays Group Operations Manager	
For more information see Section 6		

## 1.6. Significant interests of key people and related party transactions

Topic	Summary		
What are the shareholding interests in the Company post Completion of the Offer?	Shares held at Completion of the Offer		
		Shares	%
	Existing Shareholders (excluding Directors)	35,471,578	18%
	Directors	67,858,429	34%
	Convertible note holders	14,900,014	7%
	New Shareholders	82,500,000	41%
	<b>Total</b>	<b>200,730,021</b>	<b>100%</b>
	<i>For more information see Section 7.1.3</i>		
What is the interest of Director's in shares at Completion of the Offer?	On Completion of the Offer, the relevant interests in Shares held by the Directors are expected to be as follows:		
		Relevant interests in Shares at Completion of the Offer <sup>1</sup>	
	Director	Number of Shares	%
	John Murphy	3,571,429	1.8%
	William Creedon	46,929,510	23.4%
	Karen Howard	10,928,790	5.4%
	Christopher Sneddon	6,428,700	3.2%
	Matthew Keen	0	0.0%
	<b>Total</b>	<b>67,858,429</b>	<b>33.8%</b>
	1. Directors may hold their interests in the Shares shown above directly, or through holdings by companies or trusts.		
	<i>For more information see Section 6.4.3</i>		
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	At Completion of the Offer, it is expected that 90,623,931 Shares, representing approximately 45% of the total issued capital of the Company on an undiluted basis, will be subject to either ASX imposed escrow and/or voluntary escrow arrangements, as summarised below:		
	Escrow arrangement	Escrow Period	% of Shares (on an undiluted basis)
	ASX imposed escrow	Up to 24 months from Completion	45%
	Voluntary escrow	From Completion to February 2022	5%
	10,288,575 of ASX escrowed shares are being voluntarily extended beyond the ASX escrow period to 28 February 2022.		
	<i>For more information see Section 7.9 and 9.13</i>		

## 1.7. Proposed use of funds and key terms and conditions of the Offer

Topic	Summary																		
<b>What is the Offer?</b>	<p>The Offer contained in this Prospectus is an invitation to apply for 82.5 million Shares to raise \$16.5 million by Alloggio at the Offer Price. The Shares being offered will represent 41% of the total number of Shares on issue on Completion of the Offer.</p> <p><i>For more information see Section 7.1 and 7.2</i></p>																		
<b>Who is the issuer of this Prospectus?</b>	<p>Alloggio Group Limited is a company registered in New South Wales.</p> <p><i>For more information see Section 9.1</i></p>																		
<b>What is the proposed use of the funds raised under the Offer?</b>	<table> <tr> <th>Sources</th><th>\$m</th></tr> <tr> <td>Cash proceeds for New Shares issued under Offer</td><td>16.5</td></tr> <tr> <td><b>Total</b></td><td><b>16.5</b></td></tr> </table> <table> <tr> <th>Uses</th><th>\$m</th></tr> <tr> <td>Execute strategic and target growth initiatives</td><td>11.0</td></tr> <tr> <td>Working capital</td><td>3.2</td></tr> <tr> <td>Costs of the Offer</td><td>1.5</td></tr> <tr> <td>Technology and platform development</td><td>0.8</td></tr> <tr> <td><b>Total</b></td><td><b>16.5</b></td></tr> </table> <p>The above table should be considered an indication of current intention as at the Prospectus date. Investors should note, as with any projection, the allocation of funds set out above is considered an indication of current intention as at the Prospectus Date and may change depending on a number of factors including the growth rate of the business, the mix of rental properties acquired, the sources of funding utilised and general economic conditions. In light of this, the Board reserves the right to adjust the way the funds are applied at its discretion.</p> <p><i>For more information see Section 7.1.1</i></p>	Sources	\$m	Cash proceeds for New Shares issued under Offer	16.5	<b>Total</b>	<b>16.5</b>	Uses	\$m	Execute strategic and target growth initiatives	11.0	Working capital	3.2	Costs of the Offer	1.5	Technology and platform development	0.8	<b>Total</b>	<b>16.5</b>
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Working capital	3.2																		
Costs of the Offer	1.5																		
Technology and platform development	0.8																		
<b>Total</b>	<b>16.5</b>																		
<b>Will the Shares be quoted on ASX?</b>	<p>Alloggio will apply to ASX within seven days after the Prospectus Date for its admission to the Official List, and quotation of Shares by, ASX under the code "ALO".</p> <p>Completion of the Offer is conditional on ASX approving that application and granting permission for the Shares to be quoted on ASX on terms acceptable to the Company. If this approval is not given within three months of the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all monies received from Applicants will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p><i>For more information see Section 7.12.1</i></p>																		

Topic	Summary
<b>How is the Offer structured and who is eligible to participate in the Offer?</b>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>the Retail Offer consisting of the: <ul style="list-style-type: none"> <li>Broker Firm Offer; and</li> <li>Priority Offer; and</li> </ul> </li> <li>the Institutional Offer.</li> </ul> <p>No general public offer of Shares will be made under the Offer.</p> <p><i>For more information see Sections 7.3, 7.4 and 7.6</i></p>
<b>Is the Offer underwritten?</b>	<p>Yes.</p> <p><i>For more information see Section 9.6</i></p>
<b>What is the allocation policy?</b>	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Lead Manager in consultation with the Company having regard to the allocation policies outlined in Sections 7.3.4, 7.4.5 and 7.6.2.</p> <p>The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager in consultation with the Company.</p> <p>The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in consultation with the Lead Manager.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients.</p> <p><i>For more information see Sections 7.3.4, 7.4.5 and 7.6.2</i></p>
<b>Is there any brokerage, commission or stamp duty payable by Applicants?</b>	<p>No brokerage, commission or stamp duty will be payable by Applicants on the acquisition of Shares under the Offer.</p> <p><i>For more information see Section 7.8</i></p>
<b>What are the tax implications of investing in the Shares?</b>	<p>A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Section 9.15. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether or not to invest.</p> <p><i>For more information see Section 9.15</i></p>
<b>When will an Applicant receive confirmation that an Application has been successful?</b>	<p>It is expected that holding statements will be despatched by standard post on or around 23 November 2021.</p> <p><i>For more information see Section 7.12.2</i></p>

Topic	Summary
<b>How can an Applicant apply for Shares?</b>	<p><b>Broker Firm Offer Applicants</b></p> <p>Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Application Form attached to or accompanying this Prospectus and following the instructions of their Broker who invited them to participate in the Broker Firm Offer.</p> <p><b>Priority Offer Applicants</b></p> <p>Applicants under the Priority Offer must apply in accordance with the relevant instructions provided in their Priority Offer invitation made under this Prospectus. Existing Shareholders and Noteholders are treated as Priority Offer Applicants.</p> <p><b>Institutional Offer Applicants</b></p> <p>The Lead Manager has separately advised Institutional Investors of the application procedure under the Institutional Offer.</p> <p><i>For more information see Sections 7.3.2, 7.4.2 and 7.6.1</i></p>
<b>What is the minimum Application size?</b>	<p>The minimum Application size under the Broker Firm Offer and the Priority Offer is \$2,000 (which is equivalent to 10,000 Shares in aggregate).</p> <p><i>For more information see Section 7.2</i></p>
<b>Can the Offer be withdrawn?</b>	<p>The Company may withdraw the Offer at any time before the issue of Shares to Applicants under the Offer. If the Offer, or any part of it, does not proceed, all monies received from Applicants will be refunded (without interest) in accordance with the Corporations Act.</p> <p><i>For more information see Section 7.11</i></p>
<b>Where can I find out more information about the Offer?</b>	<p>All enquiries in relation to this Prospectus should be directed to the Alloggio IPO Offer Information Line on:</p> <ul style="list-style-type: none"> <li>o within Australia 1300 288 664; or</li> <li>o outside Australia: +61 (2) 9698 5414</li> </ul> <p>from 8.30am to 5.30pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>If you have any questions about whether or not to invest in the Company, you should seek professional advice from your accountant, financial advisor, stockbroker, tax advisor, lawyer or other professional advisor before deciding whether or not to invest.</p> <p><i>For more information see Section 7</i></p>







## Section 2

# Industry Overview







## **The Australian Mid-market Hotels Short-term Rental and Accommodation (STRA) Market**

This report describes the Australian mid-market hotels and short-term rental accommodation (**STRA**) market, and has been commissioned from Frost & Sullivan by Alloggio Group Limited (hereafter referred to as Alloggio or the Company) to support its initial public offering (**IPO**) process.

### **2.1. Introduction and background**

Alloggio is a leading operator of short-term rental accommodation (**STRA**) on the east coast of Australia and one of the largest operators of short-term holiday accommodation in Australia. The Company's businesses include:

- Middleware linking third party Online Travel Agents (**OTAs**) and travellers with holiday accommodation;
- Its proprietary OTA brands offering holiday accommodation;
- Management and servicing portal for holiday accommodation properties; and
- Operation of mid-market hotels

### **2.2. Market Definition, Industry Structure and Methodology**

#### **2.2.1 Definitions**

Key definitions used in this report include the following:

**Mid-market hotels:** The Australian Accommodation Monitor<sup>1</sup> categorises hotels into (1) Luxury and Upper Upscale, (2) Upscale and Upper Midscale and (3) Midscale and Economy on the basis of their Average Daily Rate (**ADR**).<sup>2</sup> Mid-market hotels in this report refer to midscale and economy hotels.

**STRA:** Also called vacation rentals or 'alternative accommodation', STRA refers to a furnished self-contained property that can be rented for upwards of a day to as long as a few months. STRA can be non-hosted (where the host does not reside on the premises when the accommodation is provided) or hosted (where the host resides on the premises during the provision of the accommodation). Whilst STRA partially cannibalises existing accommodation options (such as hotels and motels), it also grows the total accommodation market by attracting travellers who would not otherwise have used paid accommodation.

**OTAs:** Web-based platforms that allow travellers to research and book accommodation and related services for travel directly with suppliers (e.g. Airbnb, HomeAway and Stayz, Expedia Group (Wotif.com, Last Minute), Booking.com, Trip.com and Ctrip).

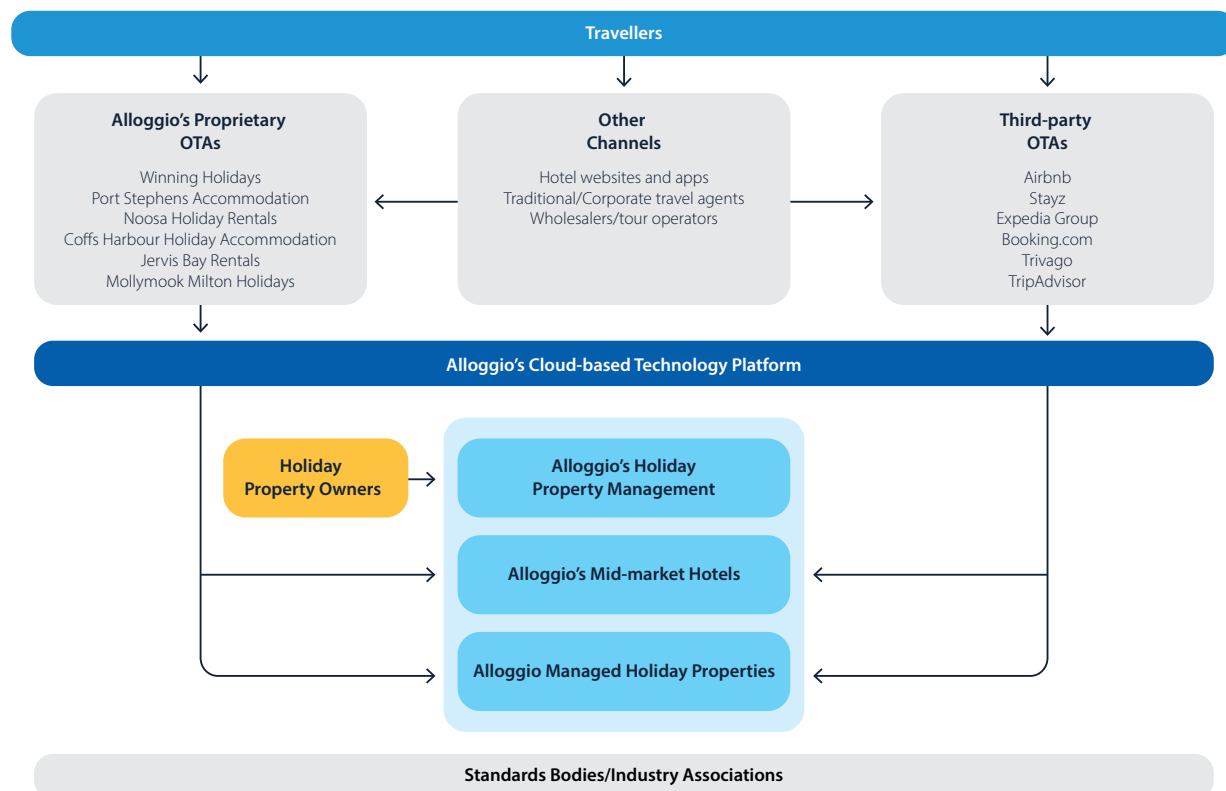
1. STR, <https://str.com/whitepaper/australian-accommodation-monitor-summary-financial-year-performance-2019-2020>, accessed 14 Sep 2021.

2. ADR is a measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold. ADR = Room Revenue/ Rooms Sold.

## 2.2.2 Industry Structure

The chart below outlines how Alloggio operates in the mid-market hotels and STRA industry in Australia:

**Figure 2.1: How Alloggio Operates in the Mid-market Hotels and STRA Industry, Australia, 2021**



Source: Frost & Sullivan

The distribution of hotel rooms and STRA is complex, involving a number of different channels. Integration of these channels is essential given the characteristics of room inventory (i.e. a hotel room or STRA can only be sold once) and the desire to optimise pricing across channels. Most accommodation providers utilise multiple distribution channels, creating challenges in managing inventory in real-time. Other technology challenges faced by hotels and STRA include duplication of data, and complex synchronisation between disparate systems.

Over time, indirect distribution channels, especially OTAs, have taken a growing share of hotel and STRA distribution, driven by their significant marketing budgets and the ability for travellers to compare options across multiple brands. OTAs are more important as a distribution channel for independent properties, which generally lack the marketing budgets of the branded groups. For these operators, distribution through OTAs allows them to reach a much broader network of travellers.

Meta-search providers (that aggregate search results for a traveller's chosen itinerary and provide links through to OTAs or other distribution channels) may also operate as OTAs (by offering consumers the option to book accommodation through their platforms); for example, Trivago and TripAdvisor.

## 2.2.3 Methodology

In writing this report, Frost & Sullivan has used existing published data sources from government statistics, journals, articles, analyst reports and company reports and presentations, which are considered reliable.

All financial data in the report is given in Australian dollars (\$), except as otherwise indicated.

## 2.3. Regulatory Landscape Impacting Mid-market Hotels and STRA

### 2.3.1 Hotels

As with the wider accommodation and foodservice industries, hotels are required to comply with Australian Consumer Law (**ACL**), Competition and Consumer Act 2010 (**CCA**), the Australia New Zealand Food Standards Code, the Franchising Code of Conduct (if operating as a franchise), relevant employee awards, workplace health and safety (**WHS**) regulation, as well as relevant state and territory government license and permit requirements.<sup>3</sup> State/territory licenses and permits include those for preparing and/or selling food; selling and/or consumption of alcohol; erecting/displaying signage; restricted trading days; outdoor dining; playing video/sound recordings; and disposal of waste.

### 2.3.2 STRA

The rapid growth in STRA over the past decade in Australia has meant that the regulatory frameworks remain different and evolving across states and territories.

The table below outlines regulatory developments in relation to STRA:

**Table 2.1: Relevant Regulatory Developments in relation to STRA, Australia**

State/Territory	Relevant Regulatory Developments
<b>New South Wales (NSW)</b>	State Environmental Planning Policy (Affordable Rental Housing) Amendment (Short-term Rental Accommodation) 2021 – a new planning framework, fire safety standards for STRA dwellings and a new Government-run STRA Register. <sup>4</sup>  The mandatory Code of Conduct for the Short-term Rental Accommodation Industry (commenced December 2020 and updated May 2021) – new minimum standards of behaviour and requirements for all participants (booking platforms, hosts, guests, letting agents and facilitators). <sup>5</sup>
<b>Victoria</b>	Changes to the Owners Corporations Act 2006 introduced in February 2019 to prevent STR apartment buildings being used to host unruly parties. <sup>6</sup>
<b>Queensland</b>	Local council approvals required in some instances (e.g. Brisbane City Council requires hosts to apply for a development approval if they are not residing in the property and are using the entire dwelling for short-term letting). <sup>7</sup>
<b>Tasmania</b>	The Short Stay Accommodation Act 2019 (the Act) – requires booking platform providers to collect and display certain information regarding short stay premises listing on their booking platforms. This information must be provided to the Director of Building Control on a quarterly basis. <sup>8</sup>
<b>South Australia</b>	Short Term Holiday Rental Accommodation Bill 2021 being considered – to provide for oversight of the short-term holiday rental property market, to provide protections for neighbouring residents, create and maintain a register, etc. <sup>9</sup>

3. Accommodation and food services industry, Australian Government, <https://business.gov.au/planning/industry-information/accommodation-and-food-services-industry>, accessed 1 Sep 2021.

4. NSW Government, <https://www.planning.nsw.gov.au/Policy-and-Legislation/Under-review-and-new-Policy-and-Legislation/Short-term-rental-accommodation>, accessed 1 Sep 2021.

5. NSW Government, <https://www.fairtrading.nsw.gov.au/about-fair-trading/legislation-and-publications/changes-to-legislation/changes-to-short-term-rental-accommodation>, accessed 1 Sep 2021.

6. Victoria State Government, <https://www.consumer.vic.gov.au/housing/owners-corporations/rules-and-resolving-disputes/short-stay-accommodation>, accessed 1 Sep 2021.

7. Brisbane City Council, <https://www.brisbane.qld.gov.au/planning-and-building/planning-guidelines-and-tools/brisbane-city-plan-2014/supporting-information/holiday-and-short-term-rentals>, accessed 1 Sep 2021.

8. Tasmanian Government, <https://cbos.tas.gov.au/topics/housing/short-and-medium-term-visitor-accommodation>, accessed 1 Sep 2021.

9. Local Government Association of South Australia, <https://www.lga.sa.gov.au/news-and-events/news/latest-news/short-term-holiday-rental-accommodation-bill-2021>, accessed 1 Sep 2021.

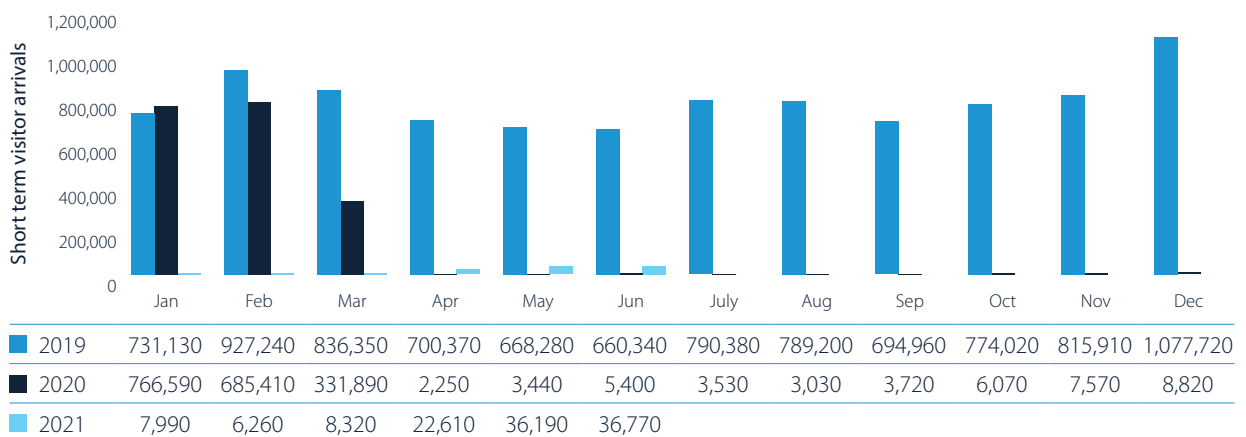
State/Territory	Relevant Regulatory Developments
<b>Western Australia</b>	A registration scheme for short-term accommodation providers is being considered by the State Government. <sup>10</sup>
<b>Northern Territory and Australian Capital Territory</b>	No specific regulations finalised for STRA. <sup>11</sup>

Sources: Relevant Government Regulators

## 2.4. COVID-19 Impact and Implications

**Impact on Tourism:** The international border closures on account of Coronavirus Disease (COVID-19) resulted in short-term international visitor arrivals into Australia dropping from 766,587 in Jan 2020 to 2,249 in April 2020 (and ending the year at 8,822 in December 2020).<sup>12</sup>

**Figure 2.2: Short Term Visitor Arrivals into Australia, 2019, 2020 and H1 2021**



Source: Overseas Arrivals and Departures, Australia, ABS, Jun 2021

The national lockdown in April 2020 also resulted in 91% drop in total visitor spend and a 97% drop in domestic flight passengers.<sup>13</sup> The Delta variant – and the resultant rise in cases since June 2021 – resulted in targeted lockdowns; hampering recovery in tourism activity. However, the acceleration of the vaccine rollout in the country is expected to support easing of restrictions once vaccination targets are reached. As of 15 October 2021, 83.6% of eligible people over the age of 16 in Australia have had at least one dose and 65.4% is fully vaccinated.<sup>14</sup> Also, continued border closures have supported strong domestic tourism spend (discussed in more detail in the Market Drivers section that follows).

**Government Response:** Apart from the JobKeeper Payment scheme<sup>15</sup> that helped businesses affected by the pandemic, the Commonwealth Government also launched the Recovery for Regional Tourism Program (\$50 million), the Zoos and Aquariums support program (\$95 million), and the Business Events Grant program (\$50 million). \$76 million was already allocated for bushfire recovery in the tourism sector.<sup>16</sup> These have helped accommodation and tourism businesses weather the difficult operating conditions as a result of the pandemic.

10. Government of Western Australia, <https://www.commerce.wa.gov.au/consumer-protection/short-term-rental-accommodation>, accessed 1 Sep 2021.

11. Short-term and Airbnb accommodation: Legislation changes, Rentcover, Nov 2020, <https://www.rentcover.com.au/info-centre/legislation-that-governs-short-term-accommodation>, accessed 1 Sep 2021.

12. Australian Tourism in 2020, Tourism Research Australia, Aug 2021.

13. Ibid.

14. COVID-19 Vaccine Roll-out, Australian Government, 15 Oct 2021, [https://www.health.gov.au/initiatives-and-programs/covid-19-vaccines?gclid=CjwKCAjw-sqKBhEiwAVaQ9a-ZGH5aP0mabRy4Vlw\\_rpn9lafJXwiuJ6j6TrbFsVBoa35Je11MexoCil8QAvD\\_BwE](https://www.health.gov.au/initiatives-and-programs/covid-19-vaccines?gclid=CjwKCAjw-sqKBhEiwAVaQ9a-ZGH5aP0mabRy4Vlw_rpn9lafJXwiuJ6j6TrbFsVBoa35Je11MexoCil8QAvD_BwE), accessed 15 Oct 2021

15. A wage subsidy that helped eligible organisations significantly affected by the pandemic to retain their employees.

16. Australian Tourism in 2020, Tourism Research Australia, Aug 2021.



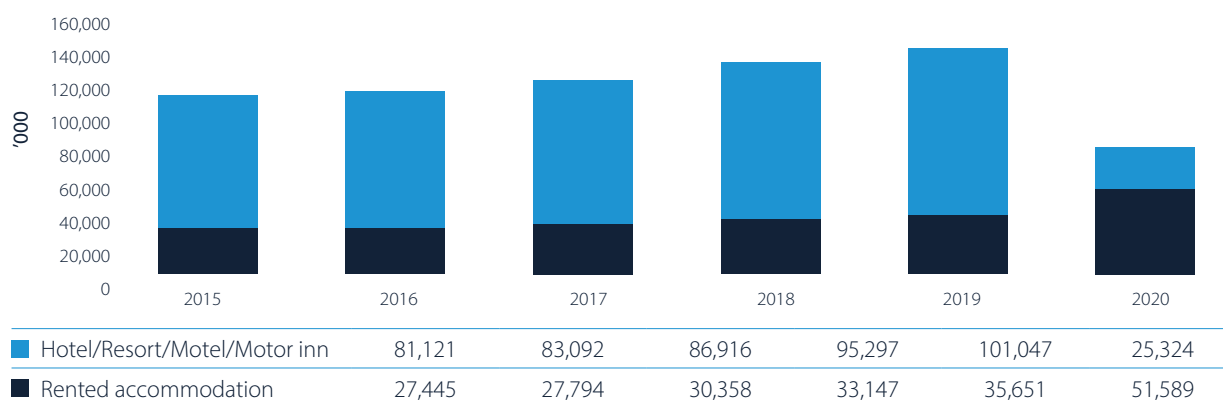
## 2.5. Market Drivers for Mid-market Hotels and STRA Markets

The key trends supporting growth in the Australian mid-market hotels and STRA market are described in more detail below:

### 2.5.1 Domestic Travel

With 77% of all visitor spend in the country in 2019 (and 90% of all visitor spend in regional destinations) coming from domestic travel,<sup>17</sup> this remains the single most important driver of demand for hotels and STRA. As the figure below highlights, pre-COVID-19, domestic visitor nights using hotels/resorts/motels/motor inns and rented accommodation has shown steady growth over time (registering a compound annual growth rate (CAGR) of 5.9% over the period 2015 to 2019).

**Figure 2.3: Domestic Visitor Nights, Australia, Year ending December 2015-2020**

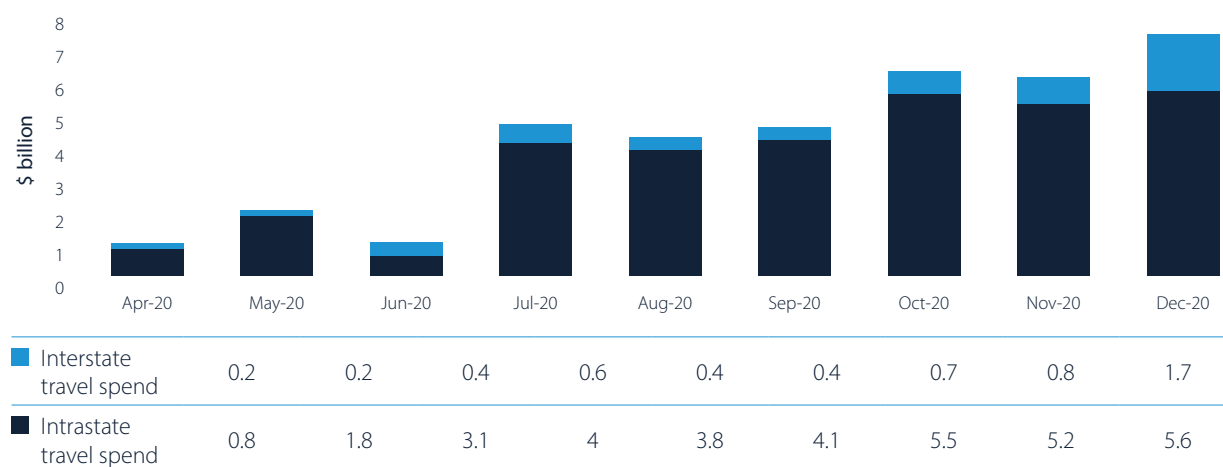


Source: Tourism Research Australia: National Visitors Survey

Excludes Guest house or bed & breakfast; Caravan park or commercial camping ground; Backpacker or hostel; Other commercial accommodation; Own property; Friends or relatives' property; Caravan or camping – non-commercial; Other private accommodation

Whilst there was a significant drop in domestic tourism in 2020, from the low point of April, domestic tourism spend increased steadily throughout the year. The figure below highlights the strong recovery in domestic travel spend over the course of 2020, with the majority being intrastate travel spend.

**Figure 2.4: Total Domestic Travel Spend, Australia, Apr-Dec 2020**



Source: Tourism Research Australia: National Visitors Survey.

17. Australian Tourism in 2020, Tourism Research Australia, Aug 2021.

For the March quarter 2021, total domestic overnight and daytrip spend was \$22.9 billion (19% higher than spend in the December quarter 2020).<sup>18</sup> This recovery in domestic travel is expected to gain momentum on account of the following factors:

- Reduction in unemployment. The unemployment rate has declined from 7.4% in July 2020 to 4.6% in July 2021.<sup>19</sup> And the Reserve Bank of Australia (RBA) expects the unemployment rate to trend lower next year, to around 4.25% at the end of 2022 and 4% at the end of 2023.<sup>20</sup>
- Increased work-from-home practices allow families greater flexibility in working from holiday destinations (spurring demand for regional locations) and increases weekday demand for accommodation as opposed to the historical weekend demand peak (37% of employed Australian adults worked from home at least once a week in June 2021, compared with 24% at least once a week before March 2020).<sup>21</sup>
- Expected improvement in incomes (in June 2021, one in four (26%) Australians expected their household income to increase over the next 12 months).<sup>22</sup>
- Pent-up demand for domestic travel as a result of lockdowns in 2020 and 2021 (over the next 12 months from June 2021, one in three (32%) Australians plan to use their current or expected savings on travel).<sup>23</sup>
- Lack of international travel likely to spur increased spend on domestic travel. With international borders closed for the most part of 2020 and 2021, domestic tourism is benefitting from Australian spend that would have otherwise gone in overseas holidays (in 2019, Australian spent \$43 billion on overseas holidays).<sup>24</sup>
- Strong regional tourism activity. For the year ending Mar 2021, regional destinations accounted for 71% of total domestic tourism.<sup>25</sup> This strong activity in regions within a 2-3 hour drive of capital cities is expected to continue to underpin and grow domestic demand. In the months Jan – Mar 2021, spend in regional Australia surpassed pre-pandemic levels.<sup>26</sup>

## 2.5.2 Eventual Return of International Visitors

Whilst international borders are likely to reopen in phases from end of 2021 (and overseas inflow is expected to increase slowly), the true scale of international visitor activity can be gauged from pre-COVID-19 numbers. In 2019, 8.7 million international visitors aged 15 and over travelled to Australia, stayed 274 million nights and spent \$45 billion in total (with 38% of spend being on holidays).<sup>27</sup> An eventual return to these levels of overseas visitor inflow is expected to underpin long-term demand for mid-market hotels and STRA.

## 2.5.3 Long-term Drivers of Australia as a Tourist Destination

The reputation that Australia enjoys as an attractive tourist destination (on account of its wealth of natural assets) is expected to underpin long term international tourist volumes. More importantly, in a post-COVID-19 world, countries such as Australia that have implemented strong responses to the pandemic, that demonstrate strong social responsibility<sup>28</sup> and that boast quality health and hygiene infrastructure are expected to be viewed favourably by international tourists. A study by World Economic Forum (WEF) and World Travel & Tourism Council (WTTC) has found Australia to rank amongst the topmost global destinations when health and hygiene scores were plotted against travel and tourism competitiveness.<sup>29</sup> This is expected to support overseas visitor demand for mid-market hotels and STRA in Australia.

18. Ibid.

19. Labour Force, Australia, Australian Bureau of Statistics (ABS), Jul 2021.

20. Statement by Philip Lowe, Governor: Monetary Policy Decision, RBA, Aug 2021.

21. Household Impacts of COVID-19 Survey, ABS, Jun 2021, <https://www.abs.gov.au/statistics/people/people-and-communities/household-impacts-covid-19-survey/jun-2021>, accessed 31 Aug 2021.

22. Ibid.

23. Ibid.

24. Australian Tourism in 2020, Tourism Research Australia, Aug 2021.

25. Tourism Research Australia: National Visitors Survey.

26. Australian Tourism in 2020, Tourism Research Australia, Aug 2021.

27. Tourism Research Scenarios, Tourism Research Australia, Apr 2021.

28. Responsibility in relation to preventing the spread of the virus (e.g. self-quarantine, social distancing, wearing face masks).

29. The Impact of Health and Hygiene on Post COVID-19 Destination Competitiveness in Asia Pacific Report, Pacific Asia Travel Association (PATA), Global Health Security (GHS) Index, TCI Research, Tripadvisor, the World Economic Forum (WEF), 2020.

### 2.5.4 Benefits of STRA for Owners

STRA – as demonstrated by the global success of companies such as Airbnb – is one of the most high-profile examples of the ‘sharing economy’ (which allows people to share assets, resources, time, and skills across Internet-based platforms). This can help leverage underused assets; it also allows individuals to earn more easily and with greater flexibility. There has been immense growth in the sharing economy (across various sectors) over the last decade and this is likely to increase even further. More specifically, STRA provides flexibility to hosts/owners to book their investment property for themselves, friends and family for personal use. There is also the flexibility to sell the property without being locked into long term contracts with tenants. Higher nightly rates and the ability to price higher based on seasonal/event-based demand spikes also ensure higher overall income for STRA property hosts/owners. As a result, the number of STRA listings available for booking has seen significant growth over the recent past. For example, the number of Airbnb listings in Australia grew by an average of 2.43% a month over the period between July 2016 and February 2019.<sup>30</sup>

### 2.5.5 Digital Transformation of the Sector

Driven by improve Internet access and speeds, increased use of smartphones and enhanced payment options, an increasing proportion of travel is managed online, including through websites and smartphone apps. As the table below shows, on a number of different parameters, Australia shows high levels of digital service and content use, compared to worldwide averages.

**Table 2.2: Digital Service and Content Use, Australia and Global, Jan 2021**

	Australia	Global
Internet users as % of total population	89.0%	59.5%
% of Internet users aged 16 to 64 who own some form of smart home device	14.6%	12.3%
Active social media users as a % of total population	79.9%	53.6%
Average US\$ spent on online purchases of consumer goods per ecommerce user in 2020	\$1,492	\$703
% of Internet users aged 16 to 64 who use mobile banking or financial services apps each month	48.9%	38.7%
% of Internet users aged 16 to 64 who research products online before making a purchase	58.2%	55.6%

Source: Digital 2021: Global Overview Report, Kepios, We Are Social and Hootsuite, Jan 2021, <https://datareportal.com/reports/digital-2021-global-overview-report>, accessed 31 Aug 2021.

Responding to the high consumer propensity to research and purchase a range of products and services online, OTAs have widened their offering over time (beyond flight bookings, to accommodation options, insurance, vehicle hire, etc.), as well as the features offered (robust search capabilities, comparison of options, tips, etc.). Within the mid-market hotel and STRA sector, digital technologies are increasingly being used to manage guest experiences often downloaded to smartphones, for example through the use of digital keys or connected room apps.

Linking back-end systems to these applications and on-the-ground service capability are important to efficiently manage the guest experience. On-the-ground capabilities are especially crucial given the shift to omni-channel guest engagement. Omni-channel facilitates seamless and integrated customer experience leveraging both online and brick-and-mortar engagement and services. A customer interaction can commence in one channel using one device and switch channels/devices/modes of interaction dynamically with no loss of context. The benefits are greater wallet share from enthusiastic customers who become brand advocates on social media, attracting new clientele.

From a property owner or hotel operator perspective as well, while many smaller properties were in the past reliant on manual approaches to manage bookings and inventory (e.g. basic spreadsheets or pen and paper), digital distribution has become a critical success factor.

30. Opening the door on the rise of Airbnb in Australia, Thomas Sigler and Radoslaw Panczak, InDaily, Feb 2020, <https://indaily.com.au/news/analysis/2020/02/14/opening-the-door-on-the-rise-of-airbnb-in-australia/>, accessed 6 Sep 2021.

### 2.5.6 Demand for STRA from Families Undertaking Home Renovations

The boom in home renovations has driven the demand for temporary accommodation such as use of STRA. Stricter lending criteria amongst banks (as a result of the banking royal commission), weak wage growth, and low consumer confidence are hampering householders in their plans to move houses. Consequently, families tend to opt for renovating their existing homes rather than buying new homes. The total value of alterations and additions to residential building in Australia has seen an 18.5% increase from March quarter 2020 to March quarter 2021.<sup>31</sup>

### 2.5.7 Rising Expectations of STRA

With the rapid expansion in the number and variety of STRA options available, there is a clear need to raise trust in the sector. Guest screening undertaken by some of the major booking platforms helps reassure property hosts/owners, whilst features such as service ratings/rankings visible on the platform help build traveller confidence. Travellers are also increasingly expecting an experience that is similar to a hotel experience (including meet and greet, booking experiences, arrival packages, room cleaning, linen change, etc.). This is prompting STRA property hosts/owners to rely on professional management teams to ensure expectations are met.

### 2.5.8 STRA Owner Need for External Expertise and Resources

In a low interest rate environment,<sup>32</sup> STRA hosts/owners are looking to maximise yield from their STRA properties. However, for the majority of hosts/owners, property maintenance and management are not their core focus or their area of expertise. This, when done in-house, often leads to ad hoc maintenance and poor guest experience. As a result, the need is increasingly felt for a dedicated, experienced and well-resourced team who can undertake regular maintenance and deliver all the services needed to result in optimal guest experience.

## 2.6. The Market Opportunity

The table below outlines the number of domestic visitor nights for hotels/resorts/motels/motor inns and rented houses/units/apartments.

**Table 2.3: Domestic Visitor Nights, Australia, Year ending Mar 2020 and 2021**

	Hotel/Resort/Motel/Motor inn		Rented house/unit/apartment	
	Year ending Mar 2020	Year ending Mar 2021	Year ending Mar 2020	Year ending Mar 2021
<b>Number of domestic visitor nights</b>	97.4 million	51.8 million	34.3 million	27.2 million

Source: Tourism Research Australia: National Visitors Survey

For the year ending Mar 2021, other key metrics are highlighted below:

**Table 2.4: Domestic Visitor Metrics, Australia, Year ending Mar 2021**

	Hotel/Resort/Motel/Motor inn	Rented house/unit/apartment
	Year ending Mar 2021	Year ending Mar 2021
<b>Number of domestic visitors</b>	18.0 million	6.8 million
<b>Average number of domestic visitor nights</b>	3	4

Source: Tourism Research Australia: National Visitors Survey.

31. Building Activity, Australia, ABS, Jul 2021, <https://www.abs.gov.au/statistics/industry/building-and-construction/building-activity-australia/latest-release>, accessed 3 Sep 2021.

32. The Reserve Bank of Australia has suggested that the current record low interest rate of 0.1% is likely to be maintained till 2024, Statement by Philip Lowe, Governor: Monetary Policy Decision, RBA, 7 Sep 2021.



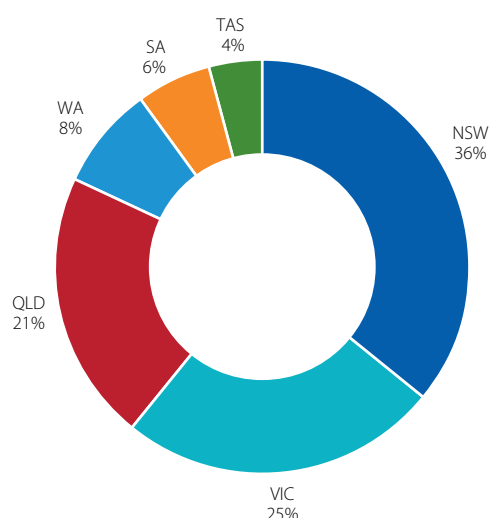
## Section 2 Industry Overview

The number of STRA listings on major booking platforms in Australia was 223,676 in January 2020.<sup>33</sup> However, the total number of STRA properties (across all OTAs and with other channels) is estimated at over 500,000.<sup>34</sup>

Of the total STRA listings, the majority are managed by individuals or organisations with ten or under properties (of which those with a single property are the largest segment).<sup>35</sup>

As the figure below highlights, the majority of STRA listings are across the east coast of the country.

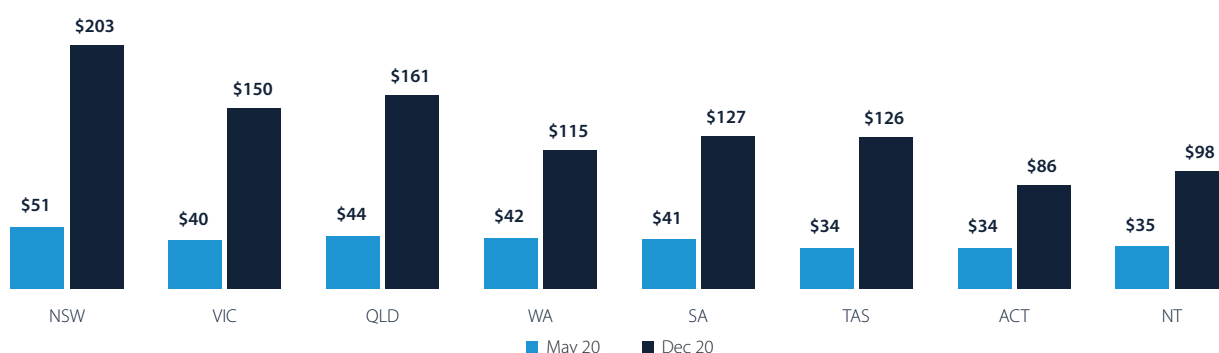
**Figure 2.5: Number of Online STRA Listings, % split by State, 2020**



Source: 'Growing Up Fast', New report into Australia's rapidly evolving short term rental market, Transparent Intelligence, Feb 2021.

The figure below highlights Revenue per Available Room (**RevPAR**) (calculated by multiplying a hotel's average daily room rate by its occupancy rate) for STRA in May 2020 soon after the national lockdown and in December 2020 when the easing of restrictions in many parts of the country resulted in a recovery of demand for STRA.

**Figure 2.6: Revenue Per Available Room, STRA, Australia, May and Dec 2020**



Source: 'Growing Up Fast', New report into Australia's rapidly evolving short term rental market, Transparent Intelligence, Feb 2021.

By considering the number of midscale and economy accommodation rooms in the country (108,290 for 2019-20)<sup>36</sup>, Alloggio's estimate of average revenue per room, the total number of STRA visitor nights (35.65 million for 2019)<sup>37</sup>, and Alloggio's estimate of average nights per STRA booking, average number of bookings per STRA and average gross revenue<sup>38</sup> per STRA per year, the total addressable market (**TAM**)<sup>39</sup> for Alloggio across both mid-market hotel and STRA in Australia is estimated at \$7.3 billion per year.

33. 'Growing Up Fast', New report into Australia's rapidly evolving short term rental market, Transparent Intelligence, Feb 2021.

34. Frost & Sullivan estimate based on Tourism Research Australia: National Visitors Survey data and Alloggio data.

35. 'Growing Up Fast', New report into Australia's rapidly evolving short term rental market, Transparent Intelligence, Feb 2021.

36. Australian Accommodation Monitor, STR, Sep 2020.

37. Tourism Research Australia: National Visitors Survey.

38. Aggregate of booking fee, management fee, distribution fee, damage waiver, guest service charge (where applicable).

39. Not actual market revenues, but revenues should Alloggio attain 100% penetration of the available market.

## 2.7. Competitive Environment

Key trends in the competitive landscape for mid-market hotels and STRA are outlined below.

**Competitive tools:** Key factors providing competitive advantage include those set out below:

- o **OTAs:** Visitor traffic to website, brand recall and credibility with travellers, ease of use (delivering a superior booking experience), low booking fees, property insurance covering listed properties, secure online payment processing with multiple payment options, back-end analytics, etc.
- o **Hotel Operators:** Scale/network of properties (enabling group-wide promotions and marketing, reach across states, etc.), location of hotels (with proximity to tourist destinations/business hubs), high maintenance and upkeep standards (to ensure optimal guest experience), competitive pricing, etc.
- o **Property Managers:** Experienced team of property managers, scale (to obtain best rates from trades for maintenance works), high customer service standards, strong housekeeping and maintenance track record, guest screening, online interface and updated (and comprehensive) information for property owners, etc.

**Competitors:** The table below highlights some of the major industry stakeholders apart from Alloggio:<sup>40</sup>

**Table 2.5: Examples of Industry Stakeholders, 2021**

Types of Industry Stakeholders	Examples
<b>Third-party OTAs</b>	<ul style="list-style-type: none"> <li>o Airbnb, HomeAway and Stayz, Expedia Group (Wotif.com, Last Minute), Booking.com, Trip.com and Ctrip, Trivago, TripAdvisor (Flipkey), etc.</li> </ul>
<b>Other Mid-market Hotel Operators</b>	<ul style="list-style-type: none"> <li>o Accor, Choice Hotels (Econo Lodge, Comfort, Quality Inn, Clarion, Ascend, etc.), Best Western, Golden Chain, Next Story Group (Country Comfort), etc.</li> </ul>
<b>Property Managers</b>	<ul style="list-style-type: none"> <li>o Real estate agents such as LJ Hooker, Raine &amp; Horne, Century 21, Laing Simmons, McGrath, Elders, etc.</li> <li>o Specialist STRA managers such as Hometime, MadeComfy, KozyGuru, HomeHost, etc.</li> </ul>

Source: Company sources and Frost & Sullivan.

Whilst the OTA segment is dominated by a few major global companies, OTAs typically prefer using local firms to undertake on-the-ground fulfilment (in terms of guest check-in, property access, facilitating late checkout, property maintenance, cleaning, supplies, facilitating purchase of premium food & beverage, experiences, etc.)

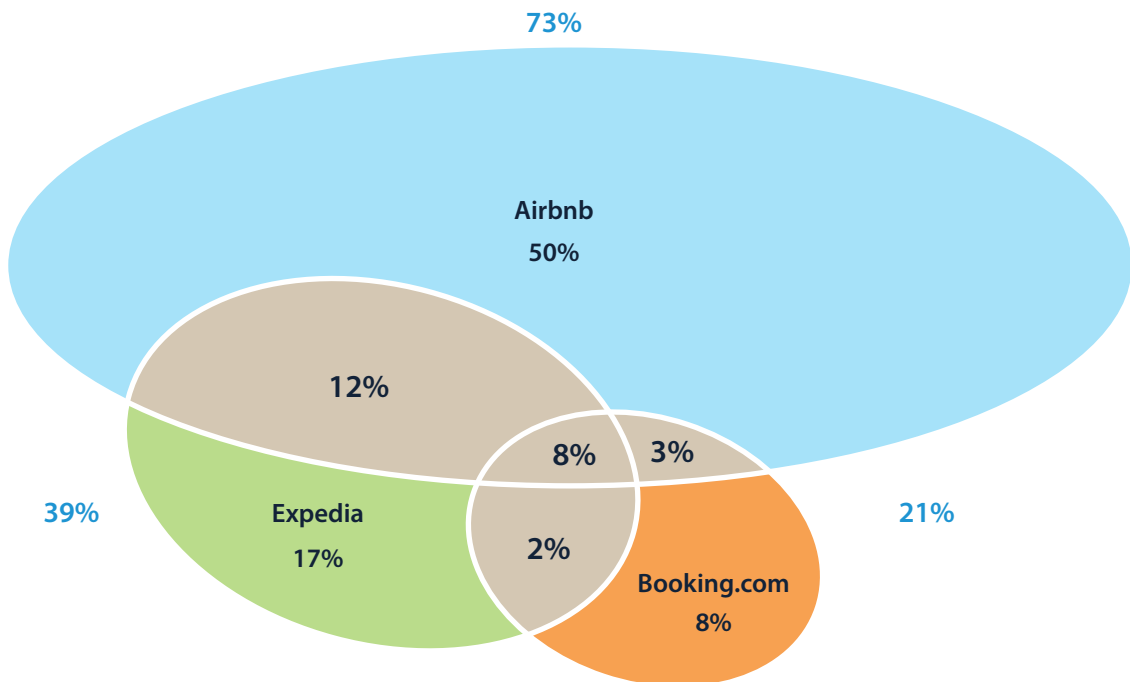
Apart from some franchises, the mid-market hotel segment is extremely fragmented.

STRA property managers include those that manage a single listing (generally their own home) and multi-property managers who manage portfolios of properties on behalf of the property owners. Individual owner/managers lack the scale to be considered serious competition. Rental divisions within real estate agencies manage portfolios (or holiday property management rights) on behalf of STRA property owners. These holiday property management rights are however, not the prime focus of real estate agencies (whose main revenue stream comes from property sales) and since holiday property management rights can be bought and sold, they become an avenue for rapidly growing the STRA portfolio of STRA-focused property management firms.

As the figure below highlights, only 25% of Australia's STRA stock on the major OTA platforms is listed on more than one OTA.

40. Examples; not a comprehensive list.

Figure 2.7: STRA Supply by Major OTA, Australia, 2020



Source: 'Growing Up Fast', New report into Australia's rapidly evolving short term rental market, Transparent Intelligence, Feb 2021

### 2.8. Conclusions

The strong recovery in domestic travel (particularly to regional destinations), the normalisation of overseas visitor demand once international borders are reopened, the long-term attractiveness of Australia as a tourist destination, multiple benefits realised by STRA owners, digital transformation of the sector (evident in the high patronage of online booking platforms and the corresponding expansion of services and features offered digitally to travellers), continued demand for STRA from families undertaking renovations, rising expectations of the STRA sector, as well as STRA owner need for professional management resources are some of the major factors driving demand for mid-market hotels and STRA in Australia.

The total addressable market for Alloggio in Australia across all its current revenue streams for mid-market hotels and STRA is estimated at \$7.3 billion per year.

Although the COVID-19 pandemic had an enormous negative impact on travel, a partial recovery has commenced, particularly driven by domestic travel. As vaccine rollouts pick up pace globally and domestically, a full recovery in global travel is expected by 2023 or 2024 (and sooner domestically), resulting in strong visitor demand for mid-market hotels and STRA in Australia.

In the context of the continued shift towards digitally-enabled omni-channel guest experiences, companies with robust, integrated and data-driven digital platforms coupled with on-the-ground service capability are likely to enjoy greater competitive advantage over the long term. The fragmented base of STRA hosts/owners presents significant opportunities for professional management and integrated services to deliver enhanced guest experiences and optimal returns for hosts/owners.

## 2.9. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Alloggio and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's licence or Financial Services Licence. This report does not constitute advice in respect of the IPO.







## Section 3

# Company overview





### 3.1. Introduction to Alloggio

Alloggio is a leading operator of short-term rental accommodation (**STRA**) on the east coast of Australia with a current portfolio of over 879 holiday properties and 13 mid-market hotels which comprise of 428 rooms.

Alloggio utilises a range of cloud-based technology platforms to operate its two key business divisions:

1. **Holiday property management** – An end-to-end management solution for holiday property owners offering STRA in popular tourism destinations
2. **Mid-market hotels** – Leasing and operation of mid-market hotels

Alloggio's holiday property management division operates and services holiday properties on behalf of the property owner in exchange for management and service fees. These properties are located in popular tourism destinations on the east coast of Australia.

Alloggio also manages mid-market hotels in metropolitan and regional NSW and QLD. Alloggio leases the property from the owner on a long-term basis and operates the mid-market hotel independently, either with a localised brand or Alloggio brand.

Holiday properties and mid-market hotels are listed directly on Alloggio's proprietary website and marketplaces, and also indirectly through third-party OTAs. Travellers can feel safe in the knowledge that the fulfilment of the accommodation order even when booked via a third-party OTA is still managed by Alloggio.

Alloggio has developed its own scalable cloud-based technology platform using a combination of proprietary internally-developed software and technologies combined with licensed third-party software. The Company's cloud-based technology platform has a range of functionalities which includes, property management solutions, data analytics to provide dynamic pricing across its holiday property and mid-market hotel portfolio and providing the traveller with a seamless experience from search to booking to check-in to check-out.

Alloggio aspires to be the leading consolidator and operator in the highly fragmented STRA industry in Australia by:

- continued in-house development of Alloggio's scalable, cloud-based technology platform;
- seamless migration of holiday properties onto Alloggio's platform in a highly fragmented market;
- the acquisition of holiday property management rights from traditional property managers such as real estate agents, of which holiday property management is non-core to their operations;
- geographical diversification of holiday properties as well as mid-market hotels under management, into new and existing popular tourism destinations;
- growth of existing holiday properties portfolio via localised direct marketing and referrals;
- procurement of stand-alone mid-market hotel leases; and
- continued identification of sites for mid-market hotels that Alloggio will manage.

In FY21, Alloggio generated revenue of \$11.3 million<sup>1</sup> and EBITDA of \$4.7 million<sup>2</sup>, an increase of 51% and 70% respectively on FY20.

1. Excludes rental concessions and COVID stimulus grants such as Jobkeeper.

2. Pro forma and assumes an Offer size of \$16.5 million. Post AASB 16.

## 3.2. Evolution and growth of Alloggio

Alloggio was founded in 2015 by CEO William Creedon after almost two decades working extensively in the hospitality and mid-market hotel industries in Australia and globally. During that time he was engaged by corporations, financial institutions and business advisors to resolve inefficiencies in the delivery of accommodation and hospitality management systems and processes, the gateway for a traveller's experience.

Alloggio's first acquisition was of a stand-alone hotel in Newcastle, NSW in 2015 and Alloggio has since grown to currently operate from multiple popular tourism destination hubs managing over 879 holiday properties and 13 mid-market hotels, comprising 428 rooms. The Company's growth has been achieved through significant investment into building a scalable, cloud-based technology platform enabling Alloggio to expand into new and existing tourist destinations both organically and through acquisitions.

The evolution of Alloggio's operations since it was founded in 2015 is presented in Table 3.1 below:

**Table 3.1: Evolution of Alloggio**

Financial year	Location	Transaction
2015	Newcastle, NSW	47 room mid-market hotel
2016	Tighes Hill, NSW	14 room mid-market hotel
	Mayfield, NSW	24 room mid-market hotel
2017	Port Stephens, NSW	holiday property management rights
	Port Stephens, NSW	holiday property management rights
	Hamilton, NSW	16 room mid-market hotel
2018	Port Stephens, NSW	holiday property management rights
	Bathurst, NSW	60 studio apartments hotel
2019	Hamilton, NSW	32 room mid-market hotel
	Bega, NSW	27 room mid-market hotel
	Newcastle, NSW	18 room mid-market hotel
	Mayfield, NSW	16 room mid-market hotel
2020	Hamilton, QLD	44 room mid-market hotel
	Coffs Harbour, NSW	holiday property management rights
	Coffs Harbour, NSW	holiday property management rights
	Thornton, NSW	55 room mid-market hotel
2021	Noosa, QLD	holiday property management rights
	Milton, NSW	holiday property management rights
	Jervis Bay, NSW	holiday property management rights
	Mornington Peninsula, VIC	holiday property management rights
	Ulladulla / Mollymook, NSW	holiday property management rights
	Hamilton, QLD	47 room mid-market hotel and 1-bedroom apartments
	Coogee, NSW	28 studio apartments

Note: Alloggio has signed commercial leases for a ~25 room mid-market hotel in Sydney NSW, expected to be operational by Alloggio in calendar year 2023. See Section 9.5.1 for further details..

### 3.3. Business model

Alloggio's operations consist of two key divisions:

#### 1. Holiday property management

Alloggio's property management division is an end-to-end solution for property owners, operating and servicing holiday homes in exchange for management and service fees. The properties are currently located in popular tourism destinations on the east coast of Australia.

#### 2. Mid-market hotels

Alloggio manages mid-market hotels in metropolitan and regional NSW and QLD. Alloggio leases the property from the owner on a long-term basis and operates the mid-market hotel independently, either maintaining the localised brand or incorporating the Alloggio brand.

Holiday properties and mid-market hotels are listed directly on Alloggio's proprietary website and marketplaces, and also indirectly through third-party OTAs. If an Alloggio managed property is booked via a third-party OTA, the fulfilment of services (such as cleaning, linen, maintenance etc) is still managed by Alloggio.

#### 3.3.1 Holiday property management

##### 3.3.1.1 Property management solutions for holiday properties

Alloggio provides an end-to-end property management solution for holiday properties offering STRA in popular tourism destinations.

The Company's end-to-end property management solution offers:

- o localised presence in each tourism destination enabling local management of cleaning and general services relating to the holiday property;
- o marketing initiatives such as access to Alloggio's database of over ~109,000 travellers, extensive social media networks, global connections and partnerships with tourism, destination and event specialists;
- o holiday property styling and photography;
- o management of rates and accommodation availability across live booking websites including seasonal specials, last minute discounts and repeat traveller discounts;
- o dynamic pricing seamlessly adjusting accommodation rates according to the supply and demand of travellers;
- o collation of, and response to, traveller and holiday property owner communication;
- o processing of bookings and advising travellers of the terms and conditions relating to the holiday property;
- o ensuring localised codes of conduct (which differ from jurisdiction to jurisdiction) are enforced;
- o secure automated key collection or meet and greet services;
- o traveller services such as on-call response for travellers throughout their stay and after-hours emergencies;
- o pre-arrival holiday property inspection;
- o administration of security deposits and bonds to cover any damages;
- o voluntary feedback review upon check-out;
- o receipt and payment of creditor invoices from the property management rights for work and services at the holiday property;
- o trust accounting to meet jurisdictional regulations; and
- o provision of monthly property owner's statements.

As Alloggio continues to grow and expand its inventory of holiday properties, the Company expects its traveller base to grow as more travellers are attracted to its own proprietary websites and marketplaces. Alloggio interacts with its travellers directly through its proprietary websites, marketplaces and mobile applications, gaining valuable insights into traveller preferences, enabling it to constantly evolve its traveller service offering to better serve traveller's needs. Alloggio seeks reviews for each of its holiday properties upon check-out to assist with further promotion and general feedback.




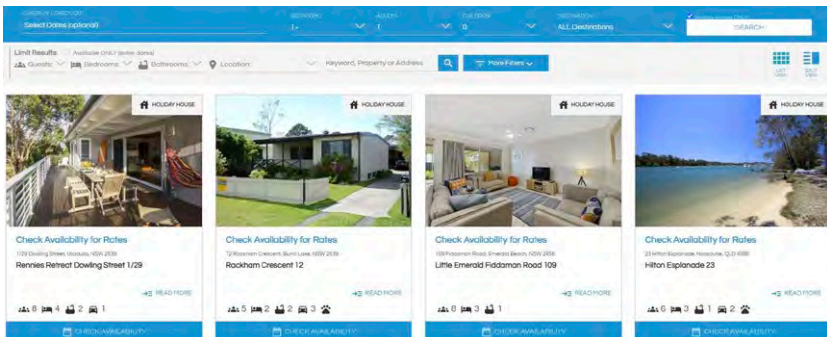
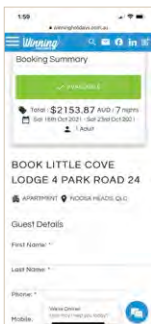
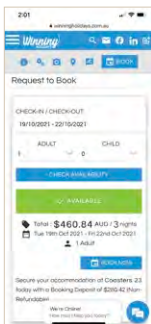

Alloggio believes understanding what travellers are looking for from their holiday/getaway, and finding the right holiday accommodation for them is essential to creating a positive experience and an ongoing relationship with the traveller. Alloggio consistently focusses on managing and improving the traveller experience from the initial booking, through to the stay and beyond.

Expansion of the Alloggio holiday property offering to a wider range of popular tourism destinations across Australia will provide more opportunities for new and existing travellers to explore Australia with Alloggio.

### 3.3.1.2 Bookings through Alloggio's proprietary websites and marketplaces

Alloggio utilises its scalable, cloud-based technology platform to enable travellers to book an Alloggio managed holiday property or at a mid-market hotel directly with one of Alloggio's proprietary websites and marketplaces such as [alloggio.com.au](http://alloggio.com.au), [holidayhomespecialists.com](http://holidayhomespecialists.com), [winningholidays.com.au](http://winningholidays.com.au) and others.

Bookings via Alloggio's proprietary websites and marketplaces are user-friendly, easy to navigate and highly discoverable online via its web-enabled and mobile application platform.

Steps	Description	Visual
1	Search a location	
2	Select a property	
3	Booking confirmation	
4	Request to Book	
5	Arrival	

### 3.3.1.3 Co-ordinate the services on behalf of third-party OTAs

Alloggio integrates its scalable cloud-based technology platform with third-party OTAs to enable its managed holiday properties to be marketed across multiple websites to maximise bookings for holiday property owners. This extensive online network ensures Alloggio managed holiday properties are visible through both domestic and international accommodation search websites and that live bookings can be made for an Alloggio managed holiday property at any time.

Third-party websites and other marketing channels such as visitor centres receive a commission on bookings for Alloggio managed holiday properties. These commissions are paid by the traveller.

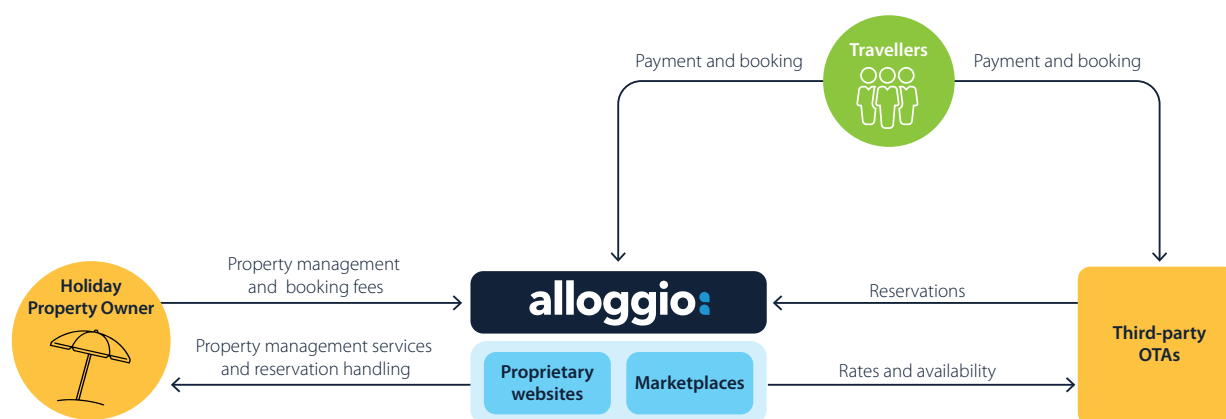
If an Alloggio managed holiday property is booked via a third-party OTA, the fulfilment of services (such as cleaning, linen, maintenance etc) is still managed by Alloggio.

### 3.3.1.4 Holiday property management revenue model

Alloggio's holiday property management division generates revenue through:

- booking fees;
- holiday property management fees;
- marketing and service fees;
- accounting and reporting fees; and
- ancillary fees

**Figure 3.1: Holiday property management revenue model**



### 3.3.2 Mid-market hotels

Alloggio's mid-market hotel division operates under commercial leasing arrangements, managing 3 to 4-star hotels each comprising of 14 to 60 rooms. As at 30 September 2021, the Company operates and manages 13 mid-market hotels which comprise 428 rooms located in metropolitan and regional NSW and QLD.

Alloggio leases the mid-market hotel from the owner on a long-term basis, typically between 10 to 30 years, and operates the mid-market hotel independently. This structure allows Alloggio to operate with lower capital expenditures whilst being able to leverage its cloud-based technology platform to:

- enable management of rates and accommodation availability across live booking websites including seasonal specials, last minute discounts, and repeat traveller discounts;
- maximise utilisation through marketing initiatives such as access to Alloggio's database of over ~109,000 travellers, extensive social media networks, global connections and partnerships with tourism, destination and event specialists;
- set dynamic pricing seamlessly altering accommodation rates according to the supply and demand of travellers;
- collate and respond to traveller communication;
- process bookings and advise travellers of the Terms and Conditions relating to the mid-market hotel;

- o centralise smart-locking technology remotely enabling access to mid-market hotels rooms for travellers and tradespeople;
- o provide traveller services such as on-call response for travellers throughout their stay and after-hours emergencies;
- o organise contractors;
- o enable costs efficiencies by centralised reservations, procurement, marketing, sales and finance co-ordination; and
- o seek traveller feedback review upon check-out.

Alloggio's mid-market hotels typically target individuals, families and business travellers and have long standing relationships with corporate partners including SMEs, large corporations and Government clients. The Company's mid-market hotels have the capacity to provide facilities for meetings, food and beverage offering, conferences and exhibitions, all arranged and managed locally.

### 3.3.2.1 Mid-market hotel revenue model

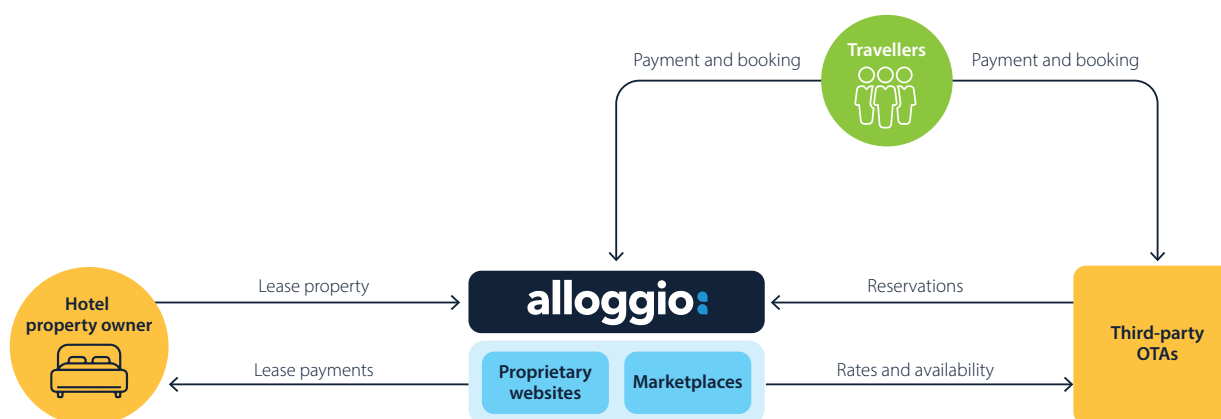
Alloggio's mid-market hotel division collects 100% of hotel revenue from accommodation and related services, which include:

- o accommodation fees paid by travellers;
- o ancillary fees paid by travellers;
- o sub-leasing/licensing of areas within some of its mid-market hotels;
- o provision of food and beverage and function services; and
- o facilitation of bookings for large groups, providing accommodation and making travel arrangements.

During 2021, Alloggio has also been able to secure significant revenues from a number of regional NSW local health districts through the short term licensing of regional hotels for COVID-19 accommodation purposes.

Alloggio is responsible for any costs associated with front-of-house operations, housekeeping, linen, utilities, rent, insurances and statutory compliance.

**Figure 3.2: Mid-market hotel revenue model**



### 3.4. Portfolio overview

Alloggio operates from hubs in key tourism destinations on the east coast of Australia. The Company has a current portfolio of over 879 holiday properties and 13 mid-market hotels which comprise of 428 hotel rooms, located in metropolitan and regional areas.

Alloggio's hubs are overseen by a general manager and employees, having responsibility over the daily operations of the holiday properties and mid-market hotels they manage:

- o creating economies of scale for owners and service providers;
- o contributing to sustainable micro-economies; and
- o providing localised support to owners enabling them and their properties to meet travellers' expectations.

#### 3.4.1 Holiday property management

Alloggio's holiday property management business includes localised brands such as Noosa Holiday Rentals, Port Stephens Accommodation and marketplace brands such as Winning Holidays. Each has a reputation of providing holiday property owners a quality end-to-end property management solution. Alloggio values the local brand equity and accordingly retains the brand names of the holiday properties it manages in each tourism destination.







**Table 3.2: Alloggio's holiday property management brands and hubs**

Hub		Marketplace
Noosa		
Coffs Harbour		
Port Stephens		
Newcastle		
Jervis Bay		
Mollymook/Milton		
Mornington		

### 3.4.2 Mid-market hotels

Alloggio operates numerous mid-market hotel brands through metropolitan and regional NSW and QLD. The Company's mid-market hotels operate either as a localised brand such as Bega Downs Motor Inn or multi-sites utilising the Alloggio brand, such as Alloggio Newcastle Beach.

**Table 3.3: Alloggio's mid-market hotel brands and locations**

	Location	Brands
QLD	Pegasus Motor Inn and Serviced Apartments	 PEGASUS MOTOR INN AND SERVICED APARTMENTS
	Alloggio Hamilton Brisbane Airport	<b>alloggio:</b> hamilton brisbane airport
NSW	Alloggio Newcastle Beach	<b>alloggio:</b> newcastle beach
	Alloggio Thornton	<b>alloggio:</b> thornton
	Alloggio Bathurst	<b>alloggio:</b> bathurst
	Alloggio Hanbury Lodge	<b>alloggio:</b> hanbury mayfield
	Alloggio Tudor Hamilton	<b>alloggio:</b> tudor hamilton
	Alloggio Studios on King	<b>alloggio:</b> studios on beaumont
	Bega Downs Motor Inn	 BEGA DOWNS MOTOR INN
	Aspire Mayfield	 ASPIRE MAYFIELD / NEWCASTLE
	Newcastle Accommodation Tighes Hill	 NEWCASTLE ACCOMMODATION TIGHES HILL
	Studios on Beaumont	 STUDIOS ON BEAUMONT
	Coogee Studio Apartments	 COOGEE STUDIO APARTMENTS



### 3.5. Technology platform and intellectual property

Alloggio has developed its own scalable cloud-based technology platform using a combination of proprietary internally-developed technologies with licensed third-party software.

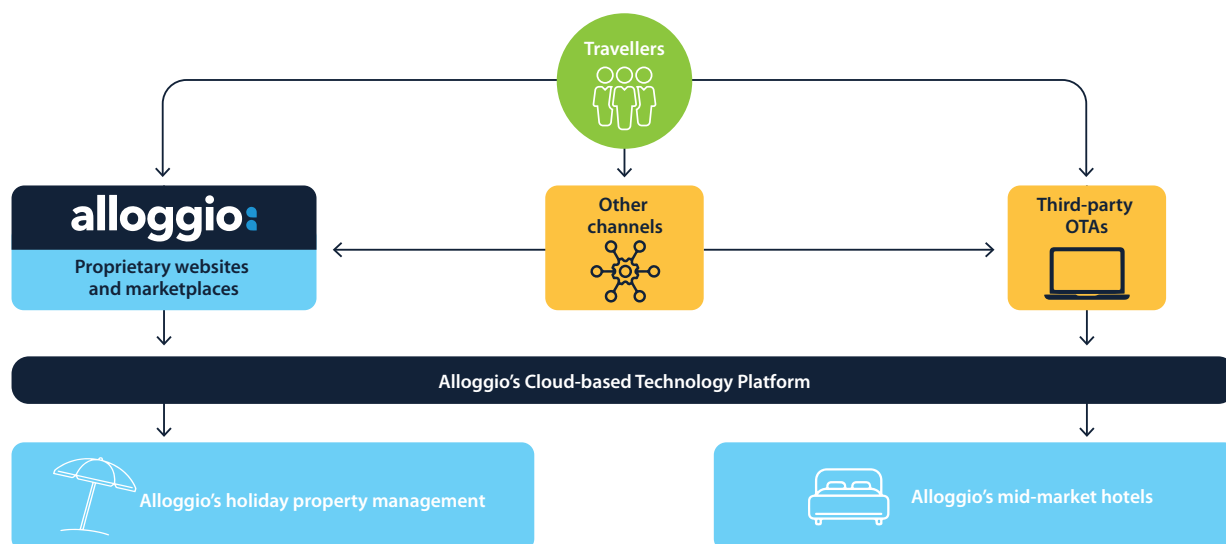
The Company's bespoke platform is specifically designed to be scalable and fast, utilising cloud-based infrastructure, specifically for Alloggio's systems and features to be developed in a timely and cost-efficient manner compared to more traditional infrastructure and hosted solutions. The information held on Alloggio's scalable cloud-based platform is hosted in Australia.

Key features of Alloggio's scalable cloud-based technology platform include:

- back-end automation to facilitate efficiency and maximise margins;
- interlinking of multiple third-party software and technologies;
- surfacing datapoints to be utilised for Alloggio's present and potential future holiday property owners; and
- integrated third-party and in-house data feeds.

An overview of Alloggio's scalable cloud-based technology platform is provided in Figure 3.3 below.

**Figure 3.3: Alloggio's cloud-based technology platform**



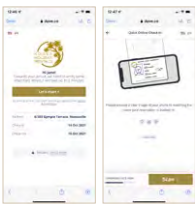
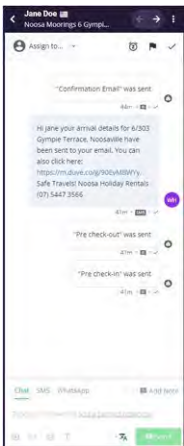
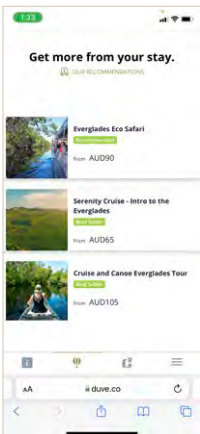
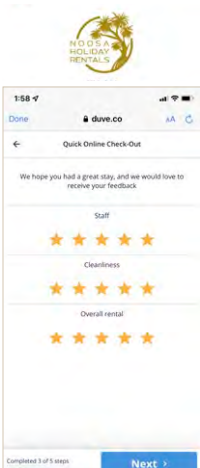
Alloggio seeks to provide both traveller and holiday property owners with a seamless end-to-end experience through bespoke user-friendly interfaces. Alloggio has designed its user interface for an optimised experience that seamlessly transitions from desktop to mobile web on iOS and Android. This user experience continuity means that traveller and holiday property owner interactions are repeatable across every channel.

#### 3.5.1 Traveller interface – Alloggio Assist

Alloggio Assist is an automated online assistant to help travellers prior to booking, on location and enable engagement with local providers, venues and services.

Alloggio Assist enables the Company to provide live and immediate solutions to travellers across a range of mediums, including email, sms, push notifications, web-based portals and social media.

**Table 3.4: Alloggio Assist functionalities**

	<p>Contactless online check-in`</p>	<p>Safe and efficient management of traveller arrival via digital signatures and payments. In hotels this is taken a step further and travellers are issued unique personalised entry codes prior to their arrival, for their individual use during their stay including access to car parks, foyers and their hotel rooms</p>
	<p>Communication automation</p>	<p>Traveller communication and engagement is automated to reduce manual and repetitive tasks, while tailoring information specific to the traveller</p>
	<p>Online upsells</p>	<p>Increasing value and generating revenue by allowing each traveller to curate their experiences and add-ons. Room upgrades, welcome packs, and local activities are all available via an integrated payment gateway</p>
	<p>Reviews</p>	<p>Upon departure every traveller is asked to provide feedback on their stay and the property, which is used to ensure continuous improvement and manage maintenance matters.</p>

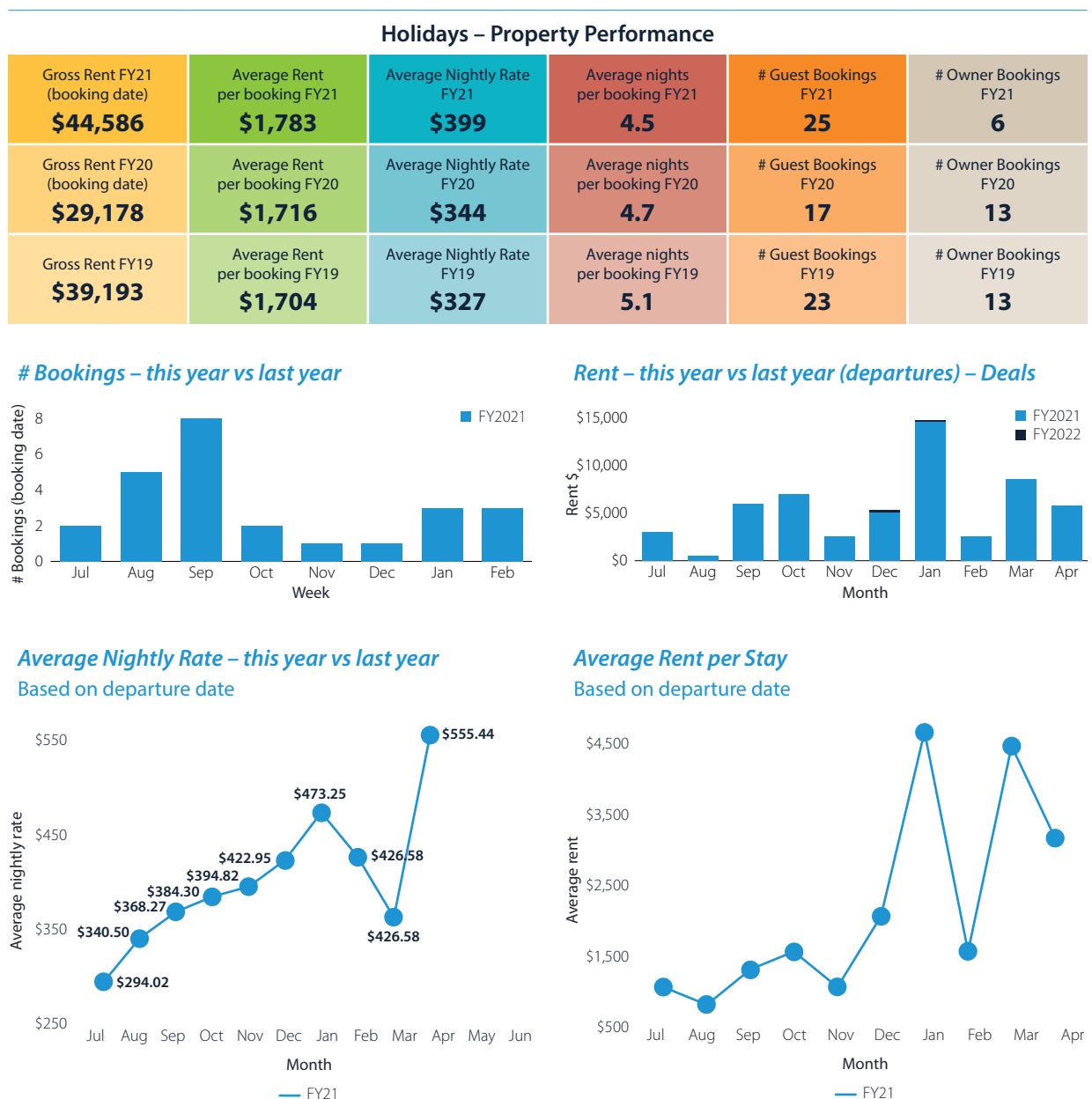
### 3.5.2 Holiday property owner portal

The Alloggio scalable cloud-based technology platform allows the holiday property owner real-time accessible and transparent overview of the performance of their individual holiday property, as well as being able to:

- reserve booking dates for themselves;
- view rates and tariffs;
- see future bookings of their holiday property;
- request property maintenance;
- discuss holiday property home improvements; and
- review invoicing and monthly statements.

Figure 3.4 highlights some of the key analytics that Alloggio's platform provides the holiday property owner.

**Figure 3.4: Owner portal**





### 3.5.3 Back-end platform

Alloggio's proprietary data analytics allows the platform to optimise the pricing of inventory for holiday property reservations. This enables Alloggio to conduct dynamic pricing and allocate resources such as marketing, cleaning etc in real-time.

Alloggio constantly sources software partners from around the world in order to facilitate data-backed decision-making and proactive planning, utilised for:

- dynamic pricing to adjust tariffs real-time based on market demand and competitor pricing;
- trust and operational accounting;
- the payments portal;
- providing proprietary data analytics on each property and overall portfolio;
- personalised holiday property owner reports;
- end-to-end seamless documentation of maintenance and tracking to completion; and
- creation of holiday property revenue appraisals via proprietary data analytics from comparable properties within the Alloggio portfolio.

## 3.6. Marketing

Alloggio deploys various targeted marketing strategies, investing into organic and paid initiatives which attract travellers to its proprietary websites and marketplaces. A summary of Alloggio's targeted marketing strategies is contained in Table 3.5 below.

**Table 3.5: Alloggio's targeted marketing strategies**

Source	Description	Holidays Division	Mid-market hotels Division
Electronic Direct Mail marketing	A database of 109,000 and growing is segmented by geographical location, demographic and historical travel patterns. These audiences are targeted with relevant and specific content including seasonal promotions, property recommendations and industry insights.	✓	
Organic Search Engine Queries	Alloggio brands feature prominently in organic search results due to the indexing of each property listing, location data and high online traffic volumes within each destination hub.	✓	
Direct Websites	Alloggio's local brands offer travellers the lowest rates across all distribution channels. As the Company's proprietary brands continue to gain greater awareness, an increasing number of travellers are likely to book via one of its proprietary websites or marketplaces.	✓	✓
Brand search queries	A growing number of travellers come to the respective website by typing one of the Alloggio locations into a search engine.	✓	✓
Social Media community	Alloggio's digital marketing team delivers social media content tailored to each destination hub. In addition, it seeks to identify and distribute topical and contemporary travel industry content to an online community of over 20,000 social media followers.	✓	✓

## Section 3 Company overview

Source	Description	Holidays Division	Mid-market hotels Division
Others, including earned media, referrals and partnerships	Includes consumer media coverage and marketing partnerships.	✓	✓
Search Engine Marketing	An investment in long term SEO strategy and practices combined with a paid search budget means Alloggio and its brands feature strongly in both paid and organic search.	✓	
Display advertising	Remarketing to travellers who did not proceed to book or abandoned during the process as well as targeting identified keyword searches.  Alloggio undertakes programmatic digital display advertising with the sole purpose to build Alloggio's proprietary brands, drive awareness and convert.	✓	✓
Social Media Marketing	Using Facebook and Instagram to promote its brands to travellers in their social media news feeds, and to promote sporting events, festivals, concerts, conferences, exhibitions. This content marketing strategy drives engagement, with budget allocation to both paid and organic strategies in place.	✓	
Re-targeting	Re-targeting of travellers who have visited and not yet booked via our marketplaces ensures we increase conversions and maximise marketing budgets.	✓	✓
Referrals Program	Received from local contractors, Real Estate Agents, travellers, other local businesses throughout the Company's networks.	✓	✓
Community Programs	Relationships formed with local community groups, sporting organisations, and associations.	✓	✓

The Company's marketing campaigns are reviewed and analysed by a range of performance indicators, which enables Alloggio to measure the success of a campaign and make adjustments to maximise the return on marketing spend.

### 3.6.1 Employees and organisational structure

Alloggio is headquartered in Newcastle with local staff employed in its key tourist destination hubs. As at 30 June 2021, the Alloggio team consisted of over 60 employees, engaged on a full-time, part-time and casual basis.

Alloggio has a strong workplace culture focussing on equality, cultural diversity and affirmative action in the workplace and recognises this as an integral part of a positive working environment. It is Alloggio's policy to recruit the best person for the job based on merit and the principles outlined in its Equal Employment Opportunity Policy, with a commitment to recruiting and promoting from within the Company wherever appropriate.

### 3.7. COVID-19

Alloggio experienced a slowdown in bookings and revenue in late March 2020 due to the impact of the COVID-19 pandemic.

Contributing factors were international border closures, state-imposed lockdowns and/or state border closures which caused the postponement or cancellation of STRA and mid-market hotel bookings.

The impact of COVID-19 on the tourism and leisure sector resulted in an opportunity for Alloggio to increase its geographic footprint through acquisitions of holiday property management rights from traditional property managers such as real estate agents, of which holiday property management is non-core to their operations. Between July 2020 and June 2021, Alloggio secured holiday property management rights in popular tourism destinations such as Noosa, Jervis Bay and Coffs Harbour.

See Section 2.4 for further details.

### 3.8. Growth and expansion

Alloggio has demonstrated a track record of increasing GBV, division contribution and number of properties. Alloggio plans to continue to leverage its cloud-based technology platform to extract operational efficiencies and scale benefits, increasing its holiday properties and mid-market hotel inventory organically or through the execution of its proven and disciplined acquisition strategy.

Alloggio is focused on executing a range of growth initiatives, including:

- o ongoing in-house development of Alloggio's scalable, cloud-based technology platform;
- o growing its holiday property management rights portfolio organically and through acquisition;
- o procuring stand-alone hotel leases; and
- o continued investment in digital marketing strategies.

#### 3.8.1 Ongoing in-house development of Alloggio's scalable, cloud-based technology platform

Ongoing in-house development of Alloggio's scalable, cloud-based technology platform allows the Company to:

- o drive innovation and automation;
- o enhance the holiday property owner portal interface and provide accurate and efficient data analytics;
- o improve a traveller's booking experience through proprietary websites and marketplaces;
- o maximise returns from its marketing spend;
- o further monetise its inventory through plugins with corporate partners and other ancillary revenues; and
- o further extract operational efficiencies and benefits of scale through the Alloggio platform.

#### 3.8.2 Growing holiday property management rights portfolio organically and through acquisition

Since its establishment in 2015, Alloggio has successfully expanded into new and existing tourism destinations within the east coast of Australia, both organically and through acquisitions. Each acquisition has presented a significant opportunity for Alloggio to increase its holiday property and mid-market hotel inventory position and provide additional traveller experiences. Through leveraging its cloud-based technology platform and key strengths in management of STRA, Alloggio continues to improve on the traveller experience, retention of the traveller relationship whilst generating value to holiday property owners and mid-market hotel landlords.

When expanding into new and existing tourism destinations, Alloggio utilises a hub and spoke model to provide localised services such as property management and marketing, whilst providing a base for the Company to organically grow.



## Section 3 **Company overview**

Alloggio is well positioned to execute on its acquisition strategy due to the extensive industry expertise and track record of the management team and its strong relationships with key stakeholders. The Listing will provide Alloggio with access to capital, increase its profile and further enhance Alloggio's ability to execute acquisitions.

Post Completion of the Offer, the Company intends to continue to acquire holiday property management rights businesses, private businesses, infrastructure and related assets which operate within the STRA industry.

### **3.8.3 Procuring stand-alone mid-market hotel leases**

In parallel with the growth of the holiday property management rights business division, the procurement of standalone mid-market hotel leases allows the Company to provide travellers with a large and diverse range of accommodation styles, coupled with a greater choice of destinations to visit.

Alloggio is sought after by sophisticated developers, investors and consortia whom recognise the strength of the Alloggio brand and its cloud-based technology platform to:

- o enable management of rates and accommodation availability across live booking websites including seasonal specials, last minute discounts, and repeat traveller discounts;
- o maximise utilisation through marketing initiatives such as access to Alloggio's database of over ~109,000 travellers, extensive social media networks, global connections and partnerships with tourism, destination and event specialists;
- o set dynamic pricing seamlessly altering accommodation rates according to the supply and demand of travellers;
- o collate and respond to traveller communication;
- o process bookings and advising travellers of the Terms and Conditions relating to the mid-market hotel;
- o centralise smart-locking technology remotely enabling access to mid-market hotels rooms for travellers and tradespeople;
- o provide traveller services such as on-call response for travellers throughout their stay and after-hours emergencies;
- o organise contractors;
- o enable costs efficiencies by centralised reservations, procurement, marketing, sales and finance co-ordination; and
- o seek traveller feedback review upon check-out.

Alloggio's mid-market hotels typically target individuals, families, business travellers and have long standing relationships with corporate partners including SMEs, large corporations and Government clients. Additionally, the Company's mid-market hotels provide facilities for meetings, conferences and exhibitions, food and beverage offerings, all arranged and managed on-site by Alloggio's hotel management team.

## **3.9. Continued investment in digital marketing strategies**

Alloggio believes there is significant potential to continue investing in organic and paid marketing initiatives with a positive return on investment. The Company will continue to diligently invest in digital marketing strategies to attract travellers to Alloggio's proprietary websites and marketplaces. This will be achieved through ongoing investment in online and offline marketing channels as well as increased brand presence and awareness while driving further demand across key tourism destinations.

Innovative video advertising will be a key medium providing access to richer engagement and access to connected devices.

### 3.10. Regulatory framework

Alloggio operates under regulatory and legislative frameworks which vary state by state. One of the emerging challenges for Local and State Governments is how to regulate the STRA sector.

Regulatory and legislative frameworks have created a barrier to entry, given the increased regulation to the STRA sector. The evolving regulatory and legislative framework across multiple jurisdictions has enabled Alloggio to acquire holiday property management rights from traditional holiday property managers such as real estate agents.

Alloggio contributes to Local and State Government requests for industry submissions, to assist with the regulation of the STRA industry and how it can best operate. This engagement has provided Alloggio with a targeted focus on understanding, complying with, and educating its holiday property owners on their responsibilities.

See Section 2.3 for further details.

#### **ESG commitment**

Alloggio recognises that a complete understanding of opportunity and risk includes consideration of issues relating to sustainable and responsible investing. The Company is committed to acting ethically and responsibly across every aspect of business and complying with all relevant legislation and standards. The Company expects the same commitment from every business and individual in its supply chain.

#### **Social responsibility**

Traveller safety and wellbeing is important to Alloggio. The Company provides vetted accommodation rather than the unregulated type offered by private providers. The Company believes in its responsibility to support the communities it is part of. Alloggio enables travellers to curate their stay by linking them with providers at their destination including retail, food, and leisure experiences. Alloggio also engages with local providers for accommodation fulfilment across cleaning, maintenance and traveller services.

#### **Governance**

Alloggio complies with all relevant regulatory and legislative frameworks. The Company's governance is overseen by a Board of Directors that meets regularly and comprises of two independent Directors and three non-independent Directors.

#### **Regional communities**

There has been a positive trend in consumer sentiment towards regional areas supported by considerable promotion of the regions Alloggio operate in, as Australians explore holidaying closer to home. See Section 2.5.1 of the Independent Market Report.

In regional areas where Alloggio has a presence, the Company employs and contracts locals to maintain properties and keep travellers comfortable and safe. Alloggio's local business networks mean when you visit an Alloggio managed holiday property or mid-market hotel, you're supporting local service providers such as tour operators and restaurants, housekeeping and property maintenance crews.







## Section 4

# Financial Information

### 4.1. Introduction

The Financial Information of Alloggio contained in this Section 4 includes:

- o **Statutory Historical Financial Information**, for Alloggio comprising:
  - o statutory consolidated historical income statements for FY19, FY20 and FY21 (**Statutory Historical Income Statements**);
  - o statutory consolidated historical cash flow statements for FY19, FY20 and FY21 (**Statutory Historical Cash Flow Statements**); and
  - o statutory consolidated historical statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**).
- o **Pro Forma Historical Financial Information**, being the:
  - o pro forma consolidated historical income statements for FY21 (**Pro Forma Historical Income Statements**);
  - o pro forma consolidated historical cash flow statements for FY21 (**Pro Forma Historical Cash Flows**);
  - o pro forma consolidated statement of financial position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**);

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively the **Historical Financial Information**.

Alloggio has a 30 June financial year end. As such, any references in this Section to 'FY' refer to 30 June financial year end.

The Historical Financial Information should be read together with the other information contained in this Prospectus, including:

- o management's discussion and analysis set out in this Section 4.9.1;
- o the risk factors described in Section 5;
- o an assessment of the impact of COVID 19, set out in Section 3.7;
- o the description of the use of the proceeds of the Offer described in Section 7.1.1;
- o the Independent Limited Assurance Report, set out in Section 8; and
- o the indicative capital structure described in Section 9.4.

Unless stated otherwise, all amounts disclosed in this section are presented in Australian dollars and rounded to the nearest thousand. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

Investors should note that past performance is not an indication of future performance.

### 4.2. Basis of preparation and presentation of the Historical Financial Information

#### 4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Historical Financial Information.

The Historical Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Alloggio's underlying historical financial performance, cash flows and financial position for the periods FY19 to FY21.

Statutory Historical Financial Information for FY19 and FY20 is sourced from Special Purpose Aggregated Financial Statements audited by ESV Accounting and Business Advisors while Statutory Historical Financial Information for FY21 is sourced from Consolidated General Purpose Financial Statements audited by PKF (NS) Audit and Assurance Limited Partnership. The Directors believe there are no differences between the Pro forma Aggregated Financial Statements and Consolidated Financial Statements for FY19.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards (**AAS**) issued by the AASB, which are consistent with IFRS and interpretations issued by the IASB.

The pro forma adjustments to the Statutory Historical Financial Information are related to the ongoing costs of being a listed entity and the Offer costs being \$1.85 million. Pro forma Historical Financial Information has not been presented for FY19 and FY20 as the pro forma adjustments would be the same as for FY21.

The Significant Accounting Policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus unless stated otherwise.

References to acquisitions in this section and the prospectus in general, refer to the acquisition of holiday property management rights and are not business combinations in accordance with Australian Accounting Standards.

### 4.3. **AASB16**

Alloggio adopted AASB 16 leases (**AASB 16**) effective on 1 January 2019. Under AASB 16 Alloggio is required to recognise a lease liability and a right-of-use asset on the balance sheet for most leases. As a result of the adoption of AASB 16, operating expenses decrease and depreciation and interest expense increase, and the timing of expense recognition changes due to the change from a straight-line rental expense to depreciation and interest expense (with interest expense having an accelerated profile).

### 4.4. **Non-IFRS financial measures**

Alloggio uses certain measures to manage and report on the business that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 4 and under ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information as non-IFRS financial measures.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although Alloggio believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should be considered as supplements to the consolidated statement of profit or loss and consolidated statement of cash flow measures that have been presented in accordance with the AAS and IFRS, nor as a replacement for them. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, Alloggio uses the following non-IFRS financial measures:

- o **Other income** – comprises revenue generated from rent concession income and Government grants – COVID-19.
- o **Marketing and advertising expenses** – represents largely discretionary and directly controllable expenses related to digital marketing, social media and search engine marketing.
- o **Salaries, wages and administration expenses** – represents personnel and related costs (including salaries, wages, payroll tax, superannuation, leave entitlements, as well as recruitment, training and staff amenities) associated with business development, human resources, and company operations;
- o **Other expenses** – comprise labour on-costs, hotel food and beverage, other direct holiday property management and mid-market hotel costs and other miscellaneous expenses;
- o **EBITDA** – is earnings/(losses) before interest (net finance income), taxation, depreciation and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation, amortisation and before interest and taxation. Alloggio also calculates EBITDA margin, which is EBITDA expressed as a percentage of total revenue. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA and EBITDA margin should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Alloggio operations.



## Section 4 Financial Information

- o **EBIT** – is earnings/(losses) before interest (net finance income) and taxation.
- o **Gross Booking Value** – the total amount paid by the traveller for their stay.
- o **Division Contribution** – revenue generated by each division less any rental expense.
- o **Operating cash flow** – is EBITDA after the removal of non-cash items in EBITDA (e.g. share-based payment expenses and movements in provisions) and changes in working capital. Alloggio uses operating cash flow to indicate the level of operating cash flow generated from EBITDA.
- o **Capital expenditure** – is a combination of capitalised development costs and other costs related to property, plant and equipment.
- o **Working capital** – includes trade and other receivables and other current assets less trade and other payables, other liabilities and provisions;

### 4.5. Statutory and Pro forma Historical Income Statements

*Table 4.1: Statutory and Pro forma Historical Income Statement*

(\$'000)	Notes	Statutory			Pro forma
		FY19	FY20	FY21	FY21
<b>Revenue</b>		<b>5,780.4</b>	<b>7,456.1</b>	<b>11,293.1</b>	<b>11,293.1</b>
Other income	1,2	86.1	641.5	1,351.6	1,351.6
Marketing and advertising		(163.3)	(184.9)	(233.1)	(233.1)
Salaries, wages and administration	3	(3,500.6)	(4,355.9)	(5,727.5)	(6,074.1)
Other expenses		(668.5)	(812.8)	(1,452.6)	(1,681.5)
<b>EBITDA</b>		<b>1,534.2</b>	<b>2,744.1</b>	<b>5,231.4</b>	<b>4,655.9</b>
Depreciation and amortisation	4	(1,589.2)	(2,402.8)	(3,351.9)	(3,351.9)
<b>EBIT</b>		<b>(55.1)</b>	<b>341.2</b>	<b>1,879.5</b>	<b>1,304.0</b>
Net interest income/(expense)	5	(863.7)	(1,218.4)	(1,658.8)	(1,658.8)
<b>NPBT</b>		<b>(918.7)</b>	<b>(877.1)</b>	<b>220.6</b>	<b>(354.8)</b>
Income tax expense	6	–	(63.6)	(331.1)	(187.2)
<b>NPAT</b>		<b>(918.7)</b>	<b>(940.7)</b>	<b>(110.5)</b>	<b>(542.1)</b>

Notes:

1. Comprises revenue generated from rent concession income and Government grants – COVID-19.
2. FY21 other income includes \$0.798 million of NSW government regulated COVID-19 rent concessions, relating to FY20, with agreements reached with the Company's landlords in FY21.
3. FY21 pro forma salaries, wages and administration expenses do not include the one-off cost of \$0.2m relating to the issue of Director Options at Completion of the Offer.
4. Relates to the depreciation of right of use assets and property, plant and equipment. Amortisation relates to the acquisition of holiday property management rights.
5. Net interest income/(expense) relates to interest and finance charges on lease liabilities and borrowings.
6. Income tax expense is calculated in accordance with the relevant taxation legislation. The allowable tax deductions differ to those included in the accounting profit and loss. In addition tax losses from FY19 have been offset against tax profits in FY20 and FY21. This includes the impact of deferred tax on costs associated with the IPO.

#### 4.5.1 Pro Forma adjustments to the Statutory Historical Income Statements

**Table 4.2: Pro Forma adjustments to Statutory Historical EBITDA**

(\$'000)	Notes	FY21
<b>Statutory EBITDA</b>		<b>5,231.4</b>
Costs of the Offer	1	(228.8)
Incremental public company costs	2	(346.6)
<b>Pro Forma EBITDA</b>		<b>4,655.9</b>

**Table 4.3: Pro Forma adjustments to Statutory Historical NPAT**

(\$'000)	Notes	FY21
<b>Statutory NPAT</b>		<b>(110.5)</b>
Costs of the Offer	1	(228.8)
Incremental public company costs	2	(346.6)
Pro Forma tax adjustment	3	143.9
<b>Pro Forma NPAT</b>		<b>(542.1)</b>

Notes:

1. Offer costs relate to the expensed portion of the total Offer costs incurred by Alloggio only including lead manager, adviser, accounting and legal fees and are considered to be a non-recurring item.
2. Incremental public company costs represent Alloggio's estimate of the incremental costs of operating as a publicly listed company, inclusive of Directors' fees, production of annual reports, holding an annual general meeting, company secretarial and legal costs and other costs from the time of listing.
3. Income tax expense included in the Financial Information has been adjusted to reflect the assumption of an effective corporate tax rate of 25% applied on the pro forma adjustments in note 1 and 2.

## 4.6. Statutory and Pro Forma Historical Statement of Financial Position

*Table 4.4: Statutory and Pro Forma Historical Statement of Financial Position*

(\$'000)	Notes	30 June 2021 Historical Actual	Impact of Pre-IPO Capital Raising	Impact of the Offer	30 June 2021 Pro-forma historical
<b>Current assets</b>					
Cash and cash equivalents	1	361.8	2,155.0	14,998.5	17,515.2
Trade and other receivables		670.6			670.6
Other current assets		517.8			517.8
<b>Total current assets</b>		<b>1,550.2</b>	<b>2,155.0</b>	<b>14,998.5</b>	<b>18,703.7</b>
<b>Non-current assets</b>					
Property, plant and equipment		475.9			475.9
Right of use assets		29,872.5			29,872.5
Intangible assets		9,511.1			9,511.1
Prepayments		66.1			66.1
<b>Total non-current assets</b>		<b>39,925.5</b>			<b>39,925.5</b>
<b>Total assets</b>		<b>41,475.7</b>	<b>2,155.0</b>	<b>14,998.5</b>	<b>58,629.2</b>
<b>Current liabilities</b>					
Trade and other payables		1,248.2			1,248.2
Borrowings		1,184.2			1,184.2
Lease Liabilities		2,571.6			2,571.6
Other		561.6			561.6
<b>Total current liabilities</b>		<b>5,565.6</b>			<b>5,565.6</b>
<b>Non-current liabilities</b>					
Borrowings		5,005.0			5,005.0
Lease liabilities		29,854.3			29,854.3
Other		253.7			253.7
<b>Total non-current liabilities</b>		<b>35,113.0</b>			<b>35,113.0</b>
<b>Total liabilities</b>		<b>40,678.6</b>			<b>40,678.6</b>
<b>Net assets</b>		<b>797.1</b>	<b>2,155.0</b>	<b>14,998.5</b>	<b>17,950.6</b>



(\$'000)	Notes	30 June 2021 Historical Actual	Impact of Pre-IPO Capital Raising	Impact of the Offer	30 June 2021 Pro-forma historical
<b>Equity</b>					
Issued capital	2,4	7,673.1	2,155.0	14,848.6	24,676.7
Other contributed equity		–			–
Share-based payment reserve		(4,500.1)			(4,500.1)
Share option reserve	3,4	–		549.4	549.4
Foreign currency reserve		–			–
Accumulated losses	3	(2,375.9)		(399.6)	(2,775.5)
<b>Total equity</b>		<b>797.1</b>	<b>2,155.0</b>	<b>14,998.5</b>	<b>17,950.6</b>

Notes:

- On the basis the IPO raises \$16.5 million, cash and cash equivalents increases to \$17.5 million on a Pro Forma basis due to:
  - \$2.16 million raised from the Pre-IPO Offer (net of costs); and
  - \$16.5 million raised as a result of the gross proceeds from the Offer (\$15.0 million) less the cash impact of the Costs of the Offer of \$1.5 million.
- On the basis the IPO raises \$16.5 million, share capital increases to \$24.7 million on a Pro Forma basis due to:
  - issue of \$2.16 million of Shares from the Pre-IPO Offer (net of costs); and
  - \$16.5 million new equity raised via the Offer less the cash impact of the Costs of the Offer of \$1.5 million.
- Alloggio has valued Director Options using the Black-Scholes method and considers the value of the Director Options to be approximately \$0.4 million.
- Alloggio has valued Lead Manager Options using the Black-Scholes method and considers the value of the Lead Manager Options to be approximately \$0.15 million.

## 4.7. Indebtedness

Table 4.5 sets out the net cash/(debt) position as at 30 June 2021, on a statutory and pro forma basis (after Completion of the Offer).

**Table 4.5: Indebtedness**

(\$'000)	Note	30 Jun 21 Statutory	Impact of Pre-IPO Capital Raising	Impact of the Offer	30 Jun 21 Pro-forma
Cash and cash equivalents	1,2	361.8	2,155.0	14,998.5	17,515.2
Borrowings		6,189.2			6,189.2
<b>Net cash/(debt) pre AASB 16</b>		<b>(5,827.4)</b>	<b>2,155.0</b>	<b>14,998.5</b>	<b>11,326.0</b>
Lease Liabilities		32,425.9			32,425.9
<b>Net cash/(debt) post AASB 16</b>		<b>(38,253.3)</b>	<b>2,155.0</b>	<b>14,998.5</b>	<b>(21,099.9)</b>

Refer to notes 1,2 in Table 4.4.

Alloggio has a business finance agreement in place with CBA. At 30 June 2021 the Market rate Loan facility balance was \$5.4 million.

The business finance agreement with CBA contains financial covenants that are customary for similar facilities made available for corporate borrowers.

### 4.7.1 Description of New Banking Facilities

#### 4.7.1.1 Overview

Alloggio proposes to enter into a new facility agreement with the Commonwealth Bank of Australia (**CBA**), subject to completion, for the provision of a committed \$7.645 million secured Market Rate Loan that will replace the existing \$5.395 million Market Rate Loan, a Bank Guarantee facility for \$0.797 million that replaces the previous Bank Guarantee facility of \$0.647 million, a Better Business Loan of \$0.1 million that remains unchanged, and an Overdraft facility of \$0.2 million that remains unchanged (**New Banking Facilities**).

The new facilities with CBA are guaranteed by Alloggio Group Limited and other selected wholly owned subsidiaries of Alloggio Group Limited. Group Entities are also required to provide general security agreements and mortgages of lease as security for the New Banking Facilities.

The new facilities with CBA contain financial covenants that are customary for similar facilities made available for corporate borrowers.

The availability of funding under the New Banking Facilities is dependent on:

- completion of the new facility arrangements;
- simultaneous repayment of the existing debt facilities;
- Tranche 1: \$1.125 million will be paid in respect of previously acquired holiday rent rolls and one mid-market hotel that was funded at acquisition from working capital.
- Tranche 2: \$1.125 million will be available to assist with funding future purchases of holiday rent rolls, with a minimum purchase of \$2.250 million, upon the satisfaction of conditions as specified by the Commonwealth Bank.
- payment of all fees and expenses.

#### 4.7.1.2 Finance costs

The facilities have a market variable interest rate based on the bank bill swap rate (**BBSY**) plus a margin which varies depending on the Leverage ratio.

#### 4.7.1.3 Repayment arrangements

The \$7.645 million facility has a 3 year term from completion. Repayments of principal are required to be paid on 27 January 2022, 26 April 2022, 27 January 2023, 26 April 2023, 29 January 2024 and 26 April 2024. The repayment amounts are \$0.3825 million each.

The \$0.797 million bank guarantee facility has no set term and is repayable at call by CBA.

#### 4.7.1.4 Other financing considerations

The agreements under which the New Facilities are made available contain certain representations, warranties, undertakings and events of default which are customary for facilities of this nature. Any breach by the Alloggio may lead to the funds borrowed becoming due and the New Banking Facilities being cancelled.

## 4.8. Statutory and Pro Forma Historical Cash Flows

Table 4.6 sets out Alloggio's statutory and pro forma historical statements of cash flows for the historical period.

**Table 4.6: Statutory and Pro Forma Historical Cash Flows**

(\$'000)	Statutory			Pro forma
	FY19	FY20	FY21	FY21
<b>EBITDA</b>	<b>1,534.2</b>	<b>2,744.1</b>	<b>5,231.4</b>	<b>4,655.9</b>
Changes in working capital	–	780.7	1,360.7	1,360.7
Non-cash items in EBITDA	(617.3)	(1,918.6)	(4,023.1)	(4,023.1)
<b>Operating cash flow before capital expenditure</b>	<b>916.8</b>	<b>1,606.2</b>	<b>2,568.9</b>	<b>1,993.4</b>
Capital expenditure	(914.4)	12.8	(5,101.5)	(5,101.5)
<b>Cash flow before financing and taxation</b>	<b>2.4</b>	<b>1,619.0</b>	<b>(2,532.6)</b>	<b>(3,108.1)</b>
Proceeds from issue of shares/units	–	–	2,913.0	2,913.0
Repayment of lease liabilities	(763.5)	(1,008.3)	(972.2)	(972.2)
Equity Unit issue transaction cost	–	–	(113.2)	(113.2)
Dividends paid	–	–	(680.0)	(680.0)
Net proceeds from/(repayment of) borrowings	450.4	(159.5)	901.3	901.3
<b>Net cash flow</b>	<b>(310.7)</b>	<b>451.2</b>	<b>(483.7)</b>	<b>(1,059.1)</b>



### 4.8.1 Pro forma adjustments to the statutory historical net cash flows

*Table 4.7: Pro Forma adjustments to Statutory Historical net cash flows*

(\$'000)	FY21
<b>Statutory historical net cash flows</b>	<b>(483.7)</b>
Costs of the Offer	(228.8)
Incremental public company costs	(346.6)
<b>Pro Forma historical net cash flows</b>	<b>(1,059.1)</b>

## 4.9. Key operating and financial metrics

*Table 4.8: Key operating and financial metrics*

\$m	Statutory Historical		
	FY19	FY20	FY21
<b>Key operating metrics</b>			
<b>Holiday properties</b>			
Gross Booking Value	\$7.9	\$8.9	\$18.2
Division Contribution	\$1.8	\$1.9	\$4.3
Number of properties and rooms	510	450	740
<b>Mid-market hotels</b>			
Gross Booking Value	\$3.7	\$5.1	\$6.5
Division Contribution	\$1.1	\$1.1	\$1.7
Number of properties and rooms	197	238	353
<b>Key financial metrics</b>			
Revenue growth	–	29.0%	51.5%
Statutory EBITDA growth	–	78.9%	90.6%
Statutory EBITDA margin	26.5%	36.8%	46.3%
<b>Holiday properties</b>			
Gross Booking Value growth	–	13.5%	104.3%
Division Contribution growth	–	3.3%	123.3%
Number of properties and rooms growth	–	–11.8%	64.4%
<b>Mid-market hotels</b>			
Gross Booking Value growth	–	38.4%	27.2%
Division Contribution growth	–	2.0%	51.3%
Number of properties and rooms growth	–	20.8%	48.3%

## 4.9.1 Management discussion and analysis of key operating and financial metrics

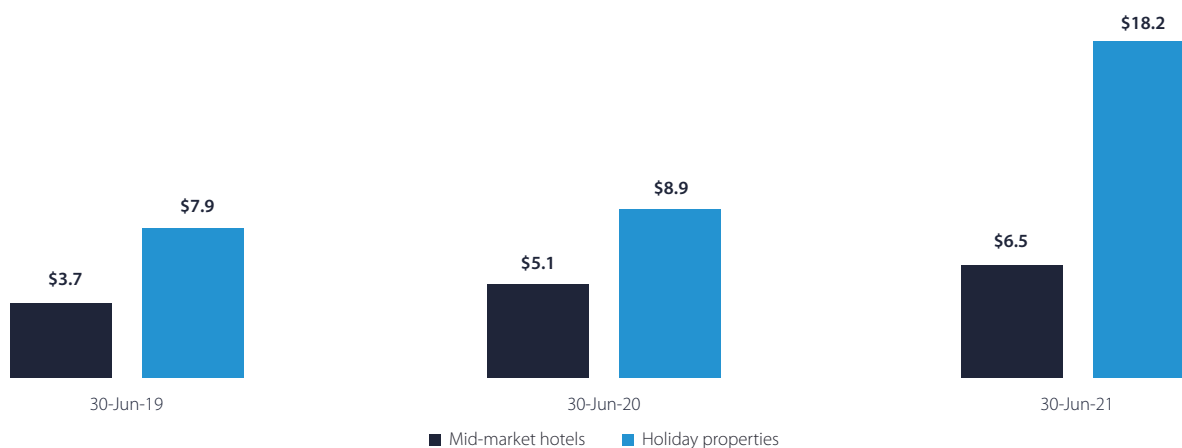
### 4.9.1.1 Operating metrics

Key operating metrics relevant for Alloggio are Gross Booking Value, Division contribution and Number of properties and rooms.

#### Gross Booking Value

Gross Booking Value (**GBV**) is the total amount paid by the traveller for their stay. Collectively, across holiday properties and mid-market hotels, Alloggio achieved a CAGR of 46% since June 2019 organically and through acquisitions as illustrated in Figure 4.1 below.

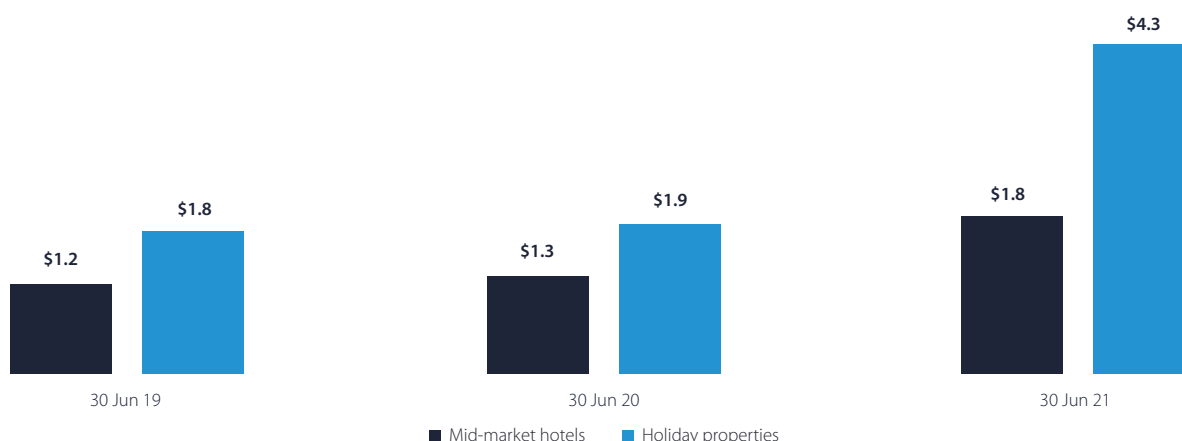
**Figure 4.1: Gross Booking Value FY19 to FY21**



#### Division Contribution

Division contribution is the revenue generated by each division less any rental expense. The holiday property management division is the largest contributor for Alloggio, with holiday properties accounting for 71% of FY21 total contribution. Figure 4.2 shows the division contribution from FY19 to FY20 and CAGR of 43%.

**Figure 4.2: Division contribution from FY19 to FY21**

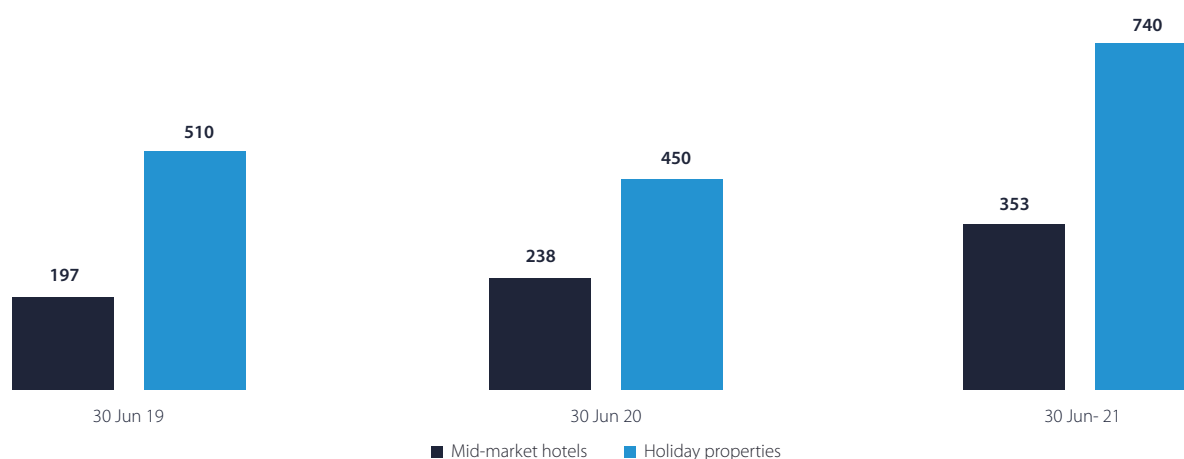


## Section 4 Financial Information

### **Number of properties and rooms**

Alloggio has increased the number of holiday properties from 510 to 740 over the periods FY19 to FY21. Mid-market hotels have also increased from 197 to 353 over the same period. Holiday properties for Alloggio reduced during FY20 to 450 as a result of COVID-19 restrictions and rebounded strongly to 740 in FY21, as illustrated below in Figure 4.3. As at 30 September 2021, Alloggio managed 879 holiday properties and operated 428 mid-market hotel rooms.

**Figure 4.3: Number of holiday properties and mid-market hotel rooms**



### **4.9.1.2 Financial metrics**

Set out below is a discussion of Alloggio's revenues, expenses and operating metrics as well as the main drivers of Alloggio's historical operating and financial performance. The discussion is intended to provide a brief summary only and does not detail all the factors that had an impact on the historical operating and financial performance, nor everything which may impact Alloggio's operating and financial performance.

The following information has been prepared in relation to Alloggio's Historical Financial information for FY19, FY20 and FY21.

#### **Revenue**

Alloggio's revenue comprises of holiday property management revenue and mid-market hotel accommodation revenue. From FY19 to FY21, Alloggio's revenue increased from \$5.8 million to \$11.3 million which has been an increase of 95%. Alloggio's revenue excludes stimulus received during the COVID-19 restrictions such as rent concession income and Government grants, which is disclosed in the Historical Income Statements as Other income.

#### **Holiday property management revenue**

Alloggio's holiday property management division generates revenue from booking fees, management fees, marketing and service fees, accounting and reporting fees and ancillary fees. In FY21, holiday property management revenue represented 42% of revenue.

In FY21, holiday property management revenue was \$4.7 million, an increase of 133% from FY19 revenue of \$2.0 million. This was driven through increases in both acquired and organic revenue.



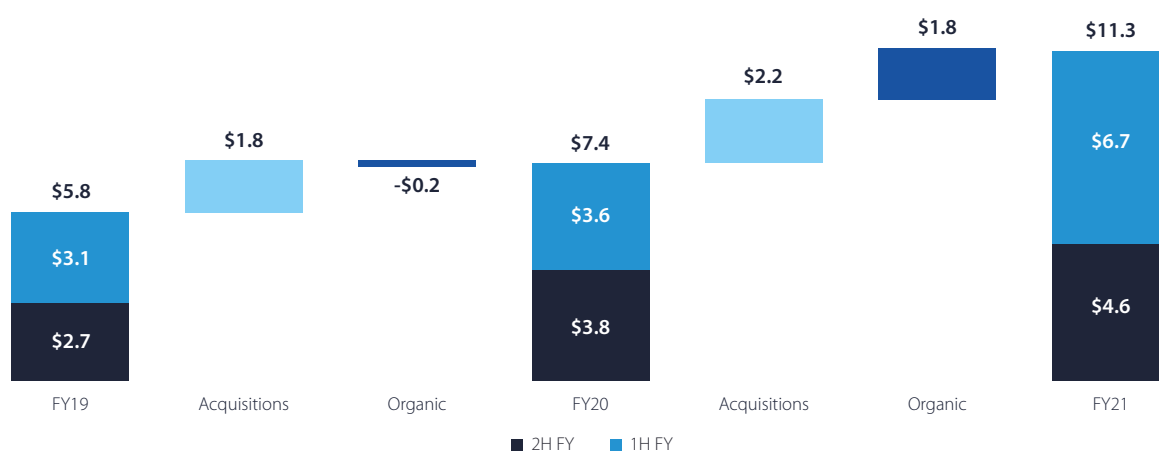
### Mid-market hotel revenue

Alloggio's mid-market hotel division generates revenue from accommodation fees, ancillary fees, sub-leasing of areas within some of its mid-market hotels, provision of food and beverage and function services, and facilitation of bookings for large groups, providing accommodation and making travel arrangements. In FY21, mid-market hotel revenue represented 58% of revenue.

Acquisitions over the period FY19 to FY21 were a strong contributor of the 76% growth in revenue from \$3.7 million to \$6.5 million. Organic revenue over the FY19 to FY21 period was largely impacted from COVID-19 travel and social distancing restrictions.

Figure 4.4 below sets out the incremental revenue impacts of organic growth and acquisitions over the period from FY19 to FY21. Other income is not included.

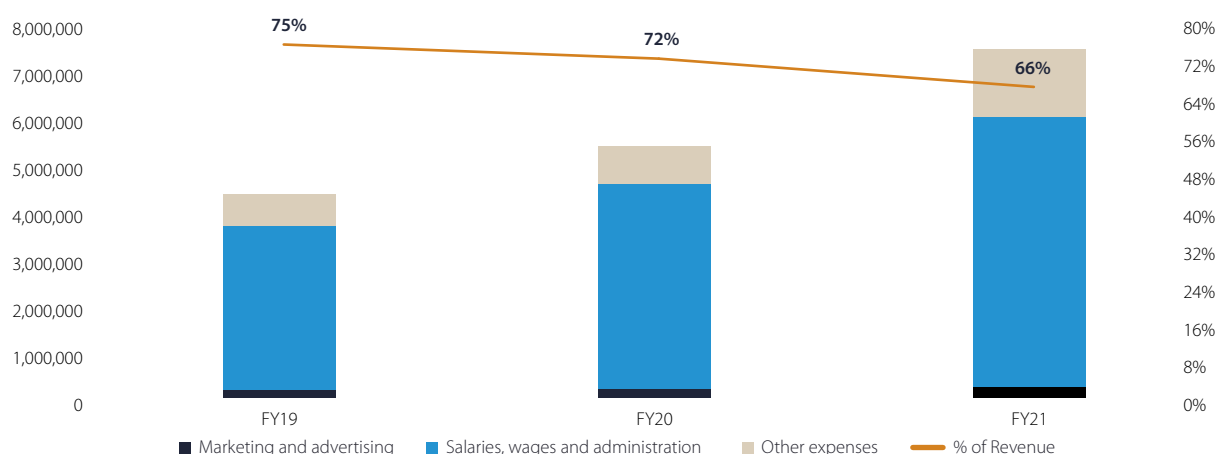
**Figure 4.4: Sources of revenue growth from FY19 to FY21**



### Expenses

Figure 4.5 illustrates total operating expenses and total operating expenses as a percentage of revenue from FY19 to FY21.

**Figure 4.5: Annual operating expenses**

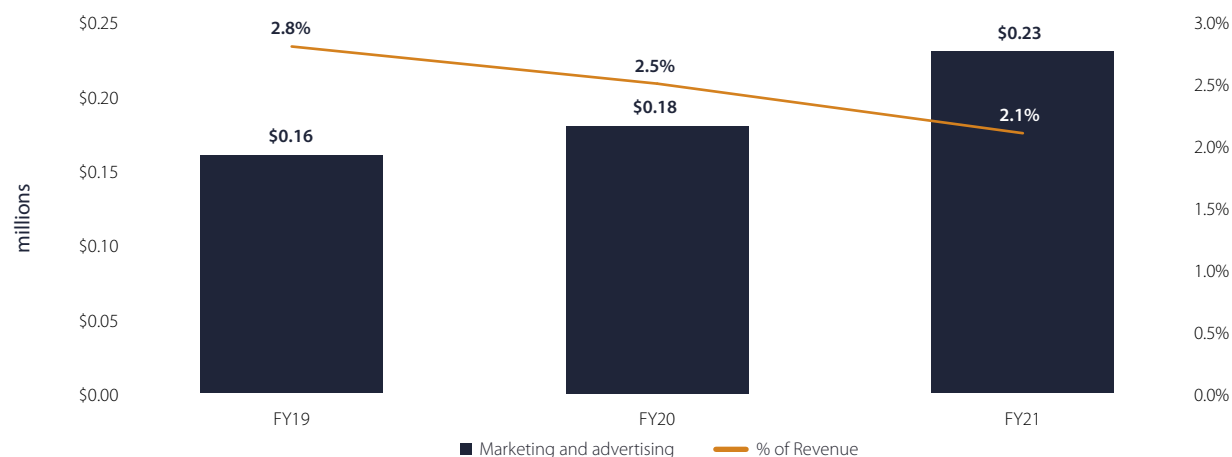


## Section 4 Financial Information

### Marketing and Advertising Expenses

Figure 4.6 illustrates Alloggio's marketing and advertising expenses from FY19 to FY21.

**Figure 4.6: Annual marketing and advertising expenses**

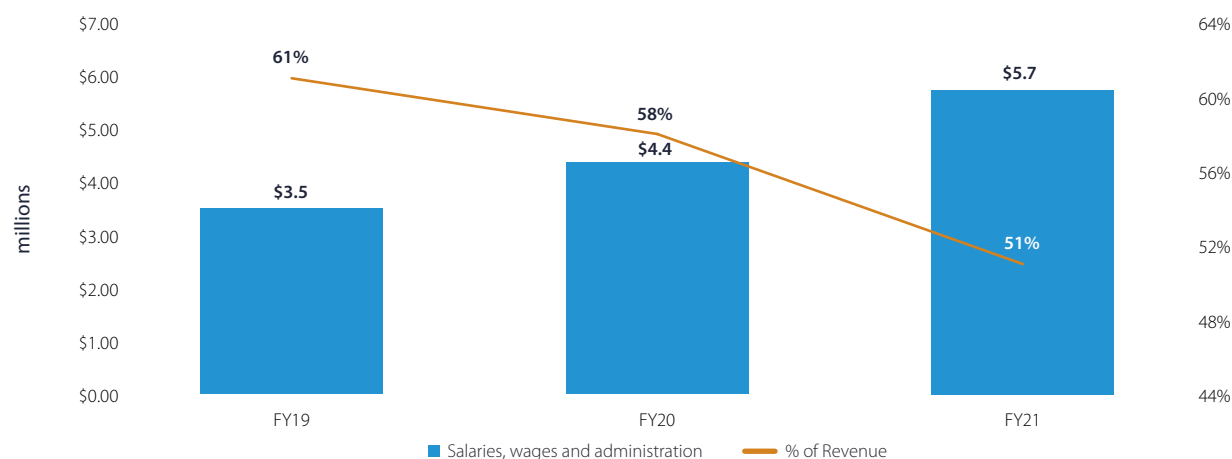


Marketing and advertising expenses increased from \$0.16 million in FY19 to \$0.23 million in FY21 as Alloggio continued to establish itself within new travel destination regions on the east coast of Australia. Despite the 43% increase in marketing and advertising expenses between FY19 and FY21, revenue increased by 95% over the same period, demonstrating strong operating efficiency as marketing and advertising expenses have declined as a percentage of revenue.

### Salaries, wages and administration expenses

Figure 4.7 illustrates Alloggio's salaries, wages and administration expenses from FY19 to FY21.

**Figure 4.7: Annual salaries, wages and administration expenses**



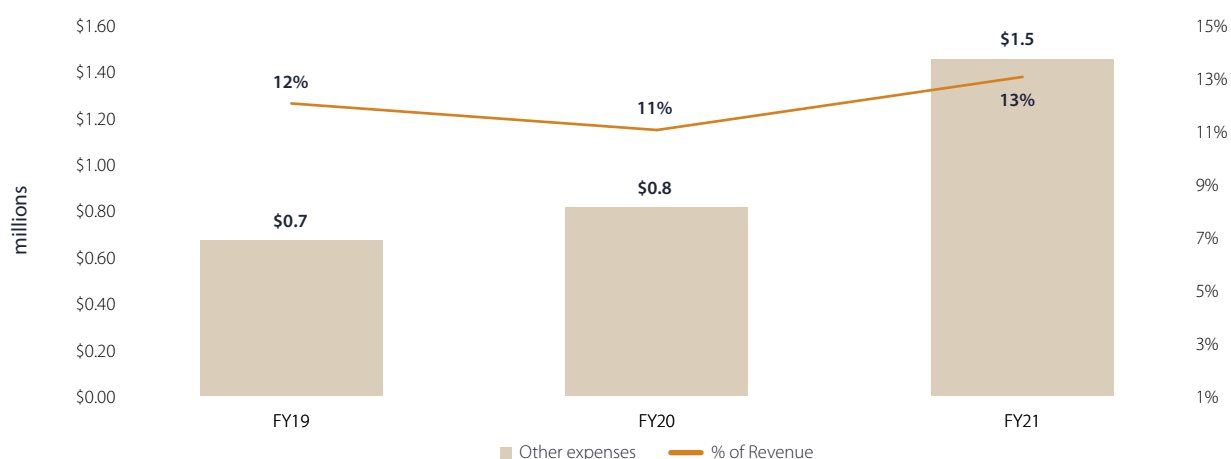
Annual salaries, wages and administration expenses increased from \$3.5 million in FY19 to \$5.7 million FY21 as a result of additional costs related to expansion of the Company's holiday property management and mid-market hotel divisions in-line with the Company's growth strategy.

Salaries, wages and administration expenses increased by 64% from FY19 to FY21, however, it has decreased as a percentage of revenue from 61% to 51% over the same period. This decline as a percentage of revenue demonstrates the cost efficiencies generated through the Company's centralised back office functions such as finance and marketing as part of its hub and spoke model. As Alloggio enters new key tourist destinations and/or expands into already established tourist destinations, fewer additional staff are required to conduct the Company's operations.

### Other expenses

Figure 4.8 illustrates Alloggio's other expenses from FY19 to FY21.

**Figure 4.8: Annual other expenses**



These expenses relate to labour on-costs, hotel food and beverage, other direct holiday property management and mid-market hotel costs and other miscellaneous expenses.

Other expenses increased from \$0.7 million in FY19 to \$1.5 million in FY21 due to direct holiday property management and mid-market hotel costs associated with the continued growth of Alloggio's holiday management property rights and mid-market hotels. Other expenses as a percentage of revenue has remained broadly consistent from 12% in FY19, 11% in FY20 and 13% in FY21.



## Section 4 Financial Information

### EBITDA

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. This measure, which is unaudited, is important to management as an additional way to evaluate the consolidated entity's performance.

### Reconciliation of profit before income tax to EBITDA (post AASB 16) and EBITDA (pre AASB 16):

**Table 4.9: Reconciliation of profit before income tax to EBITDA (post AASB 16) and EBITDA (pre AASB 16)**

(\$'000)	Notes	Statutory		Pro Forma	
		FY19	FY20	FY21	FY21
Profit/(loss) before income tax		(918.7)	(877.1)	220.6	(354.8)
Depreciation and amortisation		1,589.2	2,402.8	3,351.9	3,351.9
Interest revenue		(0.1)	0.0	(0.4)	(0.4)
Finance costs		<b>863.7</b>	<b>1,218.4</b>	<b>1,659.2</b>	<b>1,659.2</b>
<b>EBITDA (post AASB 16)</b>		<b>1,534.2</b>	<b>2,744.1</b>	<b>5,231.4</b>	<b>4,655.9</b>
Rent concession income	1	<b>0</b>	<b>0</b>	(798.5)	(798.5)
Rental expense reinstatement		(1,275.1)	(2,198.6)	(2,209.9)	(2,209.9)
<b>EBITDA (pre AASB 16)</b>		<b>259.0</b>	<b>545.5</b>	<b>2,223.0</b>	<b>1,647.5</b>

Notes:

1. FY21 rent concession income of \$0.798 million (NSW government regulated COVID-19 rent concessions relating to FY20, with agreements reached with the Company's landlords in FY21).

EBITDA (post AASB 16) is adjusted for the reinstatement of the rental expense as per the adoption of AASB 16.

In FY21, Alloggio's Statutory EBITDA (pre AASB 16) was \$2.2 million, an increase from \$0.3 million in FY19.

### Depreciation and Amortisation

The adoption of AASB 16 Leases, has resulted in rental expense being replaced by a depreciation and interest charge. The overall net impact to profit or loss over the life of the lease will not be different.

Right-of-use assets significantly relates to the mid-market hotel leases that Alloggio operates. Due to acquiring more mid-market hotel leases, the asset values have grown from \$14.1 million in FY19 to \$18.0 million in FY20 to \$35.6 million in FY21. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease.

Depreciation in relation to the right-of-use-assets for FY21 is \$2.8 million compared to \$1.9 million in FY19 and \$1.2 million in FY19.

Holiday property management rights are accounted for as an intangible asset with a finite life in accordance with AASB 138 Intangible Assets. They are measured at cost less amortisation and any impairment and are amortised over 15 years. Holiday property management right assets at FY19 of \$5.9 million grew to \$10.7 million in FY21. Amortisation of the holiday property management rights assets for FY21 was \$485 thousand compared to \$396 thousand in FY20 and \$353 thousand in FY19.

***Working capital***

The revenue from the holiday property management division is influenced by the holiday season and climate. Mid-market hotels are impacted to a lesser extent as it generates a greater proportion of revenue from the corporate and Government sectors, which are more consistent throughout the year. Working capital includes trade and other receivables, prepayments, trade and other payables and provisions. Over the course of a full financial year, Alloggio will typically experience movements in working capital in line with seasonal revenue movements.

***Capital expenditures***

Alloggio's capital expenditure relates to investment in the Company's cloud-based technology platform to support the booking and CRM data systems. The mid-market hotels division requires updated furnishings and decorations when needed to maintain the guest experience and standards required for the hotel to maintain occupancy and demand levels.

**4.10. Dividend policy**

Alloggio intends to pursue strong growth opportunities through organic and inorganic growth. Alloggio does not have any present plan to pay dividends. The payment of a dividend by Alloggio, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of Alloggio and its Directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of Alloggio, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Alloggio, and any other factors the Directors may consider relevant.







## Section 5

# Risks





### 5.1. Introduction

This Section describes the potential risks associated with an investment in the Company's business and an investment in Shares. It does not list every risk that may be associated with the Company or an investment in Shares now or in the future and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of the Company, the Directors and the Management team.

The Section and order of risks described in this Section is based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and Management team as at the Prospectus Date. There may be other risks which Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations or the valuation and performance of the Shares. The importance of different risks may change and other risks may emerge in the future.

Before applying for Shares, any prospective investor should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and should consider whether the Shares are a suitable investment, having regard to their own investment objectives, financial circumstances, and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

### 5.2. Risks specific to an investment in the Company

#### 5.2.1 Performance of technology

Alloggio operates an online platform and presence and is heavily reliant on information technology to make the Alloggio platform available to users. Alloggio's platform uses software created by Alloggio and software licensed from third parties. Alloggio's business also depends on the performance and reliability of internet, mobile and other infrastructure, which is outside of Alloggio's control.

There is a risk that Alloggio or third-party suppliers may fail to adequately maintain their information technology systems, which may cause disruptions to Alloggio's platform. There is also a risk that systems failures or delays, corruption of databases or other electronic information, power failures, issues with upgrades, technical malfunctions and other disruptions to information technology systems used by Alloggio, its third-party suppliers or its users may cause disruptions to Alloggio's platform or adversely affect user experience on the platform. This may adversely affect Alloggio's ability to attract and retain users to its platform. This may have a material adverse impact on Alloggio's reputation, financial performance and growth prospects, particularly if the interruptions continue for a prolonged period of time.

#### 5.2.2 Data breaches and cybersecurity

Alloggio collects a wide range of personal, financial and service usage data and other confidential information from users in the ordinary course of its business, such as contact details and addresses, and stores that data electronically. Alloggio is also reliant on third party suppliers who may collect information on Alloggio's users, such as payment details. As an online business, Alloggio is subject to cyber attacks. Alloggio and, as far as Alloggio is aware, those third-party suppliers have systems in place to maintain the confidentiality and security of that data and detect and prevent unauthorised access to, or disclosure of, that data. There can be no guarantee that the systems will completely protect against data breaches and other data security incidents. This may be due to Alloggio or its suppliers not adequately maintaining or securing their systems, or their systems being subject to cyberattacks, viruses, data theft, ransomware attacks, phishing attacks or hacking. As the techniques used to hack or otherwise obtain unauthorised access to data and information frequently change, even if Alloggio and its suppliers have systems in place to detect such access attempts, their systems may be unable to anticipate and prevent any new hacking techniques. If any data breaches or data security incidents occur, and Alloggio's data security infrastructure is unable to reduce the impact of such attacks, this could result in a loss of information and system integrity, misappropriation of accessed data including for fraudulent purposes or significant disruptions to

Alloggio's marketplace, all of which may reduce demand for Alloggio's services by users. It may also cause Alloggio to breach privacy and other laws, which may expose Alloggio to regulatory prosecution or substantial financial penalties. Alloggio may also incur significant costs to remedy any loss of data. This may have a material adverse impact on Alloggio's reputation and financial position.

### **5.2.3 Regulatory**

The STRA market is an increasingly regulated environment. Alloggio is required to ensure it complies with existing laws and regulation including newly introduced codes of conduct in the course of managing its mid-market hotels and holiday letting properties. Alloggio's operations require it to hold appropriate real estate licences and operate trust accounts in New South Wales and Queensland. This requires the Company to employ and retain appropriately qualified and skilled staff to oversee the day to day operations of the business. A failure to do so may give rise to a loss of the licences it needs to carry on its business. If appropriate alternate employees are not recruited in a timely manner, Alloggio could lose its right to manage properties which would have a substantial impact on the business and its financial performance.

### **5.2.4 New technologies**

Alloggio's success in the future may depend on its ability to continue to identify and deploy the most appropriate new technologies and features in its platform. There is a risk that Alloggio may fail to update its platform to adopt new technologies, or that other businesses may develop or adopt new technologies which give them a competitive advantage over Alloggio's platform. This may render Alloggio's platform less competitive. There is a risk that Alloggio's competitors may be able to replicate existing and new technologies used by Alloggio in its platform at a cheaper cost to users, which may also render Alloggio's platform less competitive. Alloggio may need to invest significant time and costs into updating its technology to remain competitive, which may have a material adverse impact on its financial performance. Even if Alloggio does adopt new technologies or launch new features on its platform, there is a risk that users may not perceive any value in those new technologies or features, which may reduce demand for Alloggio's platform. This may have a material adverse impact on Alloggio's financial performance and prospects.

### **5.2.5 Changes to laws and regulations**

The Company operates in a sector where the laws and regulations around its operations are evolving. There is a risk that new laws or regulations may be enacted, or existing laws and regulations may be amended in such a way that impose obligations on the Company. For example, the Company is subject to privacy, data, insurance and taxation laws and regulations, which are also evolving. The Company is also subject to industry specific regulations which affect STRA providers. If any laws, regulations or licensing requirements are adopted which are more stringent than the laws, regulations and licencing requirements currently applying to the Company's operations, the Company may need to invest significant time and costs into complying with those laws including updating its form of management agreement for use with property owners and terms and conditions for both property owners and travellers. If Alloggio is found to be non-compliant with any such laws, Alloggio may also be subject to prosecution by regulators including loss of its real estate licences or be required to pay penalties which may be significant. Depending on the significance of the changes to the laws, regulations and licencing requirements applying to the Company, the Company may even need to fundamentally change its business model. This may have a material adverse impact on the Company's ongoing operations, financial performance and growth prospects.

### **5.2.6 Competition**

The STRA market has had and will continue to see entry of new competitors that may markedly increase competitive pressures on Alloggio. The Company recognises the potential risk that existing competitors or new entrants to the market may increase the competitive landscape and have an adverse impact on the financial performance of the Company which in turn, would erode the Company's revenue and market share. Participants in the hospitality sector may seek to imitate Alloggio's strategies and/or may attempt to take market share from Alloggio or may develop alternative products or have more effective customer engagement which reduce Alloggio's competitiveness.



## Section 5 **Risks**

Alloggio's customers have a range of hotel and accommodation alternatives in the Australian market and the emergence of alternative products or new competitors could affect Alloggio's ability to attract or retain customers and impact the growth of Alloggio's business.

Existing competitors and new entrants in the market both domestically and overseas may also engage in strategic partnerships or acquisitions, develop superior technology, increase marketing activity and/or offer competitive pricing. There is a risk that the Company may be unable to respond to such competition and this may reduce demand for the Company's service which in turn, may have a material adverse effect on its revenue, profit margins, operations, financial position and growth prospects.

### **5.2.7 Debt and funding for future acquisitions**

There is a risk Alloggio may become unable to repay its current or future debt facilities with third party financiers in terms. Further, if the Company fails to comply with a condition of these facilities and does not remedy the breach, a financier may take action to enforce recovery of the debt against the Company and its assets. Such action would have a significant negative effect on the Company's business, financial position and prospects.

While Alloggio believes it will have sufficient funds after completion of the IPO to meet all of its growth and capital requirements for the near term, Alloggio may seek to exploit opportunities in its market that will require it to raise additional capital from equity or debt sources. There can be no assurance that Alloggio will be able to raise such capital on favourable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.

### **5.2.8 Reputational risk**

There is a risk that the Company's reputation may be adversely impacted by sub-standard service to property owners, negative user experiences in the platform, traveller complaints, travellers causing damage to property (hotel rooms or managed properties) or other adverse events which involve the Company or its platform.

Any negative impact on the Company's reputation may have a material adverse impact on Alloggio's relationship with property owners, hotel landlords and prospective vendors of holiday letting businesses from who Alloggio may wish to purchase property management rights.

There is also the risk that travellers may use hotel rooms, managed properties or the Company's platform to engage in criminal, antisocial or other dangerous activities which result in injuries, property damage or other liabilities. If this occurs, the Company may receive negative publicity which may have an adverse impact on its brand and reputation. The Company may be subject to claims for liabilities based on such incidents, injuries and damages caused by users while staying at a hotel or property managed by Alloggio. The Company may incur significant costs in investigating and defending any such liability claims. This may have a material adverse impact on the Company's reputation, financial position and prospects.

### **5.2.9 Marketing and distribution channels**

Where Alloggio is fulfilling the accommodation orders from OTAs it has a very low cost of customer acquisition. The cost of customer acquisition by the OTAs is borne by the individual OTAs. There is a risk that may change.

There is a risk that Alloggio's own marketing strategy for Winning Holidays may become more expensive as a result of increased competition bidding higher prices for accommodation providers and/or digital media. Alloggio's direct advertising and direct marketing channels may also become less effective if, for instance, mass-marketing becomes less effective or there are changes to the algorithms or terms of services for search engines (like Google, Airbnb), which may cause Alloggio to be ranked lower or excluded from search results.

Alternatively, competition for accommodation provider leads could see a higher cost of customer acquisition and/or a lower margin on rental revenue. This could lead to a decline in the profitability of Alloggio in providing accommodation to their customers.

As a result, Alloggio may have to turn to more expensive forms of advertising and marketing in order to effectively communicate with and attract customers and may be unable to grow at the expected rate of profitability which would have a material adverse effect on the Company's ability to generate customer volume, achieve profitable growth and ultimately deliver shareholder value.

### **5.2.10 Changes to macro-economic conditions**

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals of Alloggio's target markets or its cost structure and profitability. Adverse changes in the level of inflation, interest rates, taxation rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, travel flows and employment rates, are outside the control of the Company, the management team and the Board of Directors, and may have an adverse effect on the financial performance and/or financial position of Alloggio.

### **5.2.11 COVID-19**

COVID-19 is a major community and economic concern which is having an impact on business operations in Australia and globally. Alloggio's revenues have been directly impacted by border closures and the imposition of lockdowns in many states and territories. There is a risk that government or industry measures taken in response to COVID-19, will continue to restrict the ability of users of Alloggio's marketplace to provide or receive services through the marketplace and adversely affect Alloggio's business.

While Alloggio undertook and continues to take steps to comply with COVID-19 safe practices and to ensure the continuing operation of the business, there is also a risk that Alloggio may be unable to provide services such as cleaning for a period of time if a service provider has contracted COVID-19 or are quarantined. These risks may have a material adverse impact on Alloggio's operations, financial performance and growth prospects. Alloggio will update the market about any material impact of COVID-19 on its business.

### **5.2.12 Reliance on key personnel**

The successful operation of Alloggio's business depends to a significant degree on its existing key personnel, and its ability to attract and retain experienced personnel. The Company must recruit and retain licenced real estate agents, property managers, IT personnel and other staff with the skills and qualifications to operate, maintain and develop Alloggio's business operations. A loss of key employees or under-resourcing, and inability to recruit suitable replacements or additional staff within a reasonable time period, may cause disruptions to the platform and growth initiatives, and may adversely affect the Company's operations and financial performance.

### **5.2.13 Third party technology and services**

Alloggio's platform is cloud-based and was developed using a combination of internally developed software and technologies and third-party software. Any change or interruption to Alloggio's key third party software and infrastructure provider relationships, or reduced accuracy or availability of their services may disrupt Alloggio's business operations. While outside of Alloggio's influence or control, such disruption could result in operational or business delays, damage to reputation and loss of holiday property owners and/or travellers for Alloggio. Alloggio's operations would be materially impacted if existing third-party suppliers no longer made their software and technologies available to Alloggio or materially increased the price of the use of their software or technologies. As a consequence, Alloggio may face an increased cost of doing business and a disruption in its ability to provide an end-to-end holiday property management solution and mid-market hotel management. In such circumstances, Alloggio may be required to undertake additional development tasks internally or find new suppliers of such software and technologies who may offer less favourable terms. Alloggio may not have sufficient time to procure a replacement provider in a timely manner and at an equivalent cost. This would adversely impact its business, financial performance and operations and Alloggio may not be entitled to recover losses that it may suffer as result of such disruptions or failures by the third-party suppliers of technology or software.

### 5.2.14 Intellectual property rights

The Company places significant weight on the value of its intellectual property and know-how to maintain its competitive position in the market. The Company's success may depend on its ability to obtain trademark protection for the names or symbols under which it markets its products, or to obtain copyright protection of its proprietary technologies and other innovations. There is a risk that the Company may fail or be unable to protect its intellectual property rights, which may have a significant adverse effect on the Company and its prospects.

It is also possible that the Company's know-how may be compromised by an employee or a third party without authorisation. While the Company does impose confidentiality and restraint obligations on its employees, there can be no guarantee that these will be sufficient to prevent an employee from competing with the Company or using its intellectual property rights. If Alloggio's intellectual property is used to compete with the Company's business, this may have a material adverse impact on its competitive position, branding, financial performance and growth prospects. Even if the Company seeks to enforce its intellectual property rights against third parties, these attempts may be unsuccessful and the Company may expend significant time and costs on such enforcement actions. If the Company is unable to protect its intellectual property rights, this could affect its ability to commercialise those intellectual property rights and have a material adverse impact on its branding and reputation.

Further, there is a risk that the Company's operations, platform and services may infringe the intellectual property rights of third parties. If any claim or litigation is brought against the Company which alleges infringement of another party's intellectual property rights, this could result in the Company (amongst other things) being subject to liability for damages, and losing the right to use or being required to pay a licence fee to use the intellectual property. This may have an adverse effect on the Company's financial performance and its ability to conduct its business operations.

### 5.2.15 Acquisitions, expansions or growth initiatives by Alloggio may not be successful

The growth in Alloggio's revenue is dependent on Alloggio acquiring rental rolls to include into its holiday home and hotels portfolio. There is no guarantee that Alloggio will be able to execute current or future asset acquisitions. To the extent that future asset acquisitions are not successfully executed or integrated with Alloggio's existing portfolios, the financial performance of Alloggio could be materially adversely affected.

There is also a risk that Alloggio will be unable to identify future acquisition opportunities that meet its property targets, or if such acquisition opportunities are identified, that they can be acquired on appropriate terms, thereby potentially limiting the growth of Alloggio property management business.

### 5.2.16 Failure to effectively manage growth

The Company has experienced and expects to continue to experience rapid growth, which has placed, and may continue to place, significant demands on its management, operational and financial resources. As the Company grows, it may encounter capacity constraint issues and more resources will be required to manage growth initiatives. If the Company fails to successfully manage its anticipated growth and change, the quality of its service offering may suffer, which could negatively affect its brand and reputation and harm its ability to retain and attract holiday properties.

### 5.2.17 Litigation and disputes

Alloggio may be subject to litigation and other claims and disputes in the course of its business, including litigation, with owners and travellers, employment disputes, contractual disputes, IP disputes, indemnity claims or occupational health and safety claims. There is a risk that unforeseen issues or events may adversely impact Alloggio's reputation, whether founded or not. The strength of Alloggio's reputation is an important part of retaining and growing its customer bases and, accordingly, an event that has a negative impact on Alloggio's brand could have a material adverse impact on the demand for Alloggio's products. This may adversely impact Alloggio's business, financial condition, operating performance, and/or growth.



### **5.2.18 Leases**

The mid-market hotel properties are operated on land leased from third parties. Each lease or proposed lease requires Alloggio to comply with various obligations including the payment of rent, outgoings and other monies due. In the event of default by Alloggio under a lease, the landlord may terminate the lease if the default is not remedied.

There is also no guarantee that leases will be renewed at the end of their term. Termination or expiry (particularly of key operating sites) could have an adverse effect on Alloggio's profitability. A substantial change in rent under any of the property leases via market rent reviews on exercise of options or lease renewals that cannot be quickly recouped through fee increases or other efficiencies will have an impact on Alloggio's profitability.

### **5.2.19 Insurance**

The Company maintains customary insurances against typical business risks, such as public liability insurance, directors and officers' liability, workers compensation and cyber insurance. It also maintains property damage insurance for the mid-market hotel and holiday letting accommodation it manages. There is a risk that the Company's insurance may not be adequate in coverage, may not insure all risks, may not be able to be claimed against in respect of losses or may not be renewed. This could have a material adverse impact on the Company's financial position and reputation. There is also a risk that claims brought under the Company's insurance policies could increase the premiums payable by the Company going forward, which may have a material adverse impact on the Company's financial position.

### **5.2.20 Suppliers and contractors**

The Company's business utilises third party suppliers and contractors including (without limitation) for the provision of direct services to properties (such as cleaning, repairs and maintenance), IT and finance service providers and suppliers of merchant facilities. There is a risk that suppliers and/or contractors may become unable or unwilling to do business with the Company, or to renew contracts with the Company once they expire. There is no guarantee that the Company will maintain existing contracts or be able to renew contracts with suppliers on current terms, or at all. If the Company is unable to source alternative suppliers and/or contractors within a reasonable period of time and on reasonable terms, this may cause disruptions to the Company's platform and/or business while suitable replacements are sourced or cause the Company to incur substantial costs.

### **5.2.21 Seasonality**

The volume of bookings made by travellers on the Company's platform is subject to seasonality. It is typical for there to be an increase in bookings on the platform over the Summer and Easter holidays where an event (such as a severe weather event or pandemic) impacts holiday makers in peak periods, the Company's revenue will be impacted and may not reach historical levels.

## **5.3. General Risks**

### **5.3.1 Macroeconomic conditions**

Demand for Alloggio's services are affected by general economic conditions in Australia, as well as general economic conditions globally. A prolonged downturn in general economic conditions, or other macroeconomic factors, may affect Alloggio customers and in turn result in reduced demand or pricing for certain products or services. The structure and segment dynamics of the industries in which Alloggio operates may also be affected. These events could be expected to have a material impact on Alloggio's business and financial performance.

### **5.3.2 Price of Shares**

Once the Company becomes a publicly listed company on the ASX, it will be subject to general risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price of the Shares quoted on ASX may rise or fall and the Shares may trade below or above the Offer Price due to a number of factors. There is no assurance that the price of Shares will increase following quotation on ASX.

## Section 5 **Risks**

The factors which may affect the price of Shares include but are not limited to:

- o general economic conditions including interest rates, exchange rates, inflation rates and commodity prices;
- o fluctuations in the local and global market for listed stocks;
- o changes to government policy, legislation or regulation;
- o inclusion in or removal from market indices (including the various S&P/ASX indices);
- o the nature of markets in which the Company operates; and
- o general and operational business risks.

Other factors that may negatively affect the investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, flood, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man made or natural events.

### **5.3.3 Trading in Shares may not be liquid**

Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This could result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Approximately 45% of the Shares will be subject to escrow following Completion of the Offer, which may impact on liquidity. The Escrowed Shareholders have entered into voluntary escrow arrangements in relation to 5% of the Shares they hold immediately following Completion of the Offer. A summary of the escrow arrangements is set out in Section 7.9. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

### **5.3.4 Taxation changes may negatively affect Alloggio or investors directly**

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the Company's tax liabilities or the tax treatment of a Shareholder's investment.

The Alloggio group of entities has received payments from the Australian Government in relation to the JobKeeper Scheme. The payments received in the 2020 and 2021 financial years totalled \$626,100.

The eligibility for the subsidy was based on either a test to confirm that the 2020 turnover for a particular month or quarter was more than 30% below a comparable period in 2019, or an alternate eligibility based upon a change in the nature and scale of the business.

It is possible that the ATO could take an alternative view on the interpretation of eligibility requirements under the JobKeeper Scheme. If this alternative view were to occur, Alloggio may be required to repay amounts received under the JobKeeper Scheme.

An investment in the Shares of Alloggio involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

### **5.3.5 Shareholders may be diluted**

In the future, the Company may elect to issue further shares or engage in capital raisings to facilitate employee share plans, fund acquisitions, or undertake other strategic initiatives. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

### **5.3.6 Ability to access debt and equity markets on attractive terms**

In the future, if Alloggio was required to raise capital through public or private financing or other arrangements such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm Alloggio's business and prospects. If the Company cannot raise funds on acceptable terms, it may not be able to sustain its operations or grow its business or respond to competitive pressures. The Company may need to engage in debt financing in the future to secure additional funds, including as funding (or partial funding) for acquisitions as part of Alloggio's growth strategy. There can be no assurance that the Company will be able to obtain additional capital from debt sources on favourable terms or at all. If the Company is unable to raise debt capital if and when needed, this could delay, suspend or reduce the scope of Alloggio's business strategy and could have a material adverse effect on the Company's activities which could adversely affect its business, financial condition and operating results. Any debt financing, if available, may involve restrictive covenants, which limit Alloggio's operations and business strategy.

### **5.3.7 Australian Accounting standards may change**

Australian Accounting Standards are set by the AASB and are outside the control of the Company and its Directors. The AASB may introduce new or refined Australian Accounting Standards during the period, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the consolidated financial statements of the Company.

### **5.3.8 Dividends**

Future distributions to Shareholders will be determined by the Board having regard to the operating results, future capital requirements, bank covenants and financial position of the Company. No guarantee can be given as to the amount and timing of any dividends on the Shares.

To the extent that the Company pays dividends, it may not have sufficient franking credits in the future to frank dividends. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular circumstances.

### **5.3.9 Occupational health and safety obligations**

Alloggio must comply with laws and regulations in respect of occupational health and safety. If the Company breaches these laws and regulations, including for example where Alloggio is held responsible for an injury or death, Alloggio could be subject to sanctions and penalties. Workplace accidents and incidents may adversely affect Alloggio's safety record and reputation, which may make it difficult for Alloggio to hire and retain employees, and to win and retain customers.

### **5.3.10 Force majeure events**

Events may occur within or outside Australia that could impact upon the Australian economy or the economy of each territory in which Alloggio currently operates or intends to operate in, the Company's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.

While the Company seeks to maintain insurance in accordance with industry practice to insure against the risks it considers appropriate after consideration of the Company's needs and circumstances, no assurance can be given as to the Company's ability to obtain such insurance coverage in the future at reasonable rates or that any coverage arranged will be adequate and available to cover any and all potential claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.










## Section 6

# Key People, Interests and Benefits



## 6.1. Board of Directors

The Board comprises 5 Directors who bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board are set out in the table below.

Director	Experience and Qualifications
	<p><b>John Murphy</b> – <i>BCom, M com , FCPA , CA</i>  <b>Independent Non-Executive Chair</b></p> <p>John brings over 25 years' experience in the accounting profession with Arthur Andersen &amp; Co specialising in insolvency, turnarounds and reconstructions. He held management positions in the Sydney, Australian, Asia Pacific and Global practices. Since 1999 John has been the founder and Managing Director of various private equity funds including Investec, Wentworth Private Equity Limited and Adexum Capital Limited.</p> <p>He was a director of Investec Bank Australia Limited from 2004 to 2012 where he was a member of the Audit, Remuneration and Investment Committees. Investec had assets in Australia of more than \$5 billion.</p> <p>John brings extensive public company experience over the last 20 years, being a Non-executive Director of Southcorp Limited, Specialty Fashion Group Limited, Vocus Communications Limited, Ariadne Limited, Gale Pacific Limited, Redflex Limited, Kids Campus Limited, Australian Pharmaceutical Industries Limited, and Vita Group Limited.</p>
	<p><b>William Creedon</b>  <b>Chief Executive Officer</b></p> <p>With over 30 years of entrepreneurial hospitality and tourism sector experience, William Creedon has successfully operated multiple styles of vacation and leisure businesses across the globe.</p> <p>Born and bred in Ireland, William settled in Australia over 20 years ago and was immediately recruited by the Roche Group to develop and operate the Harrigan's Irish Pub portfolio. Following this success, William's next major project for the Roche Group was to assist in the development and operation of the leisure district known as Hunter Valley Gardens (<b>HVG</b>). As General Manager of HVG, William was responsible for integrating the southern hemisphere's largest commercial attraction garden into numerous associated hospitality businesses.</p> <p>Over the course of the past decade, William established a number of successful iconic hospitality venues, and was instrumental in attracting large events to the Hunter region of NSW. William is the former Chairman of Hunter Tourism and currently serves on the Business NSW – Tourism Industry Council.</p>
	<p><b>Christopher Sneddon</b>  <b>Non-Executive Director</b></p> <p>Christopher is a Chartered Accountant who co-founded Maxim Advisors in 1997. Maxim Advisors is an accounting and advisory firm based in Newcastle. Chris is also a Fellow of the Australian Institute of Company Directors. Over the last 25 years Christopher has delivered strategic advice to a multitude of SME's in a broad range of industries, and also served as a Director of Newcastle Permanent Building Society between 2006 and 2010.</p>



## Director

## Experience and Qualifications



### **Karen Howard** – FAICD

#### ***Non-Executive Director***

Karen brings over 40 collective years' expertise as a respected businessperson, leader, Non-Executive Director and Board Chair.

Recognised as a Fellow of the Australian Institute of Company Directors, Karen has for over two decades served on Not-for-profit, charity, State and Federal Government boards in NSW and the ACT, and across the business advocacy, professional services, health and education sectors.



### **Matthew Keen**

#### ***Independent Non-Executive Director***

Matthew has over 20 years of broad-based commercial experience across the engineering, finance and corporate sectors and is currently employed as the Chief Investment Officer of Fitzpatrick Group, sharing responsibility for the day to day running of its investment portfolio.

Previously Matthew held roles including General Manager of Corporate Development at Whitehaven Coal, Managing Director of MHM Metals and Queen Street Capital, Wealth Advisor at UBS and General Manager of Switchgear and Instrumentation Hong Kong. During his career Matthew has been heavily involved in M&A activities both inhouse and as an external advisor as well as facilitating and setting corporate strategy for listed companies Whitehaven Coal and MHM Metals. Matthew is currently a Non-Executive Director of publicly unlisted Ronin Resources Ltd.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a Director without constraint from other commitments and the Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills at this time.

In determining whether a Director is "independent", the Board has adopted the definition of this word in the ASX Recommendations. Consequently, a Director will be considered "independent" if that Director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The current Board considers that each of John Murphy and Matthew Keen are free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement and so each is considered an independent Director. The remaining Directors, William Creedon, Christopher Sneddon and Karen Howard, are currently considered by the Board not to be independent.

## 6.2. Directors' Disclosure

No Director or the Chief Financial Officer have been the subject of any legal or disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties or which is relevant to an investor's decision as to whether to subscribe for Shares.

John Murphy was a director of SWC Management Pty Ltd which was placed into external administration whilst John Murphy was a director on 17 December 2019.

Matthew Keen was a director of Mulsanne Resources Pty Ltd which was placed into external administration whilst Matthew Keen was a director on 20 November 2012. Matthew Keen was formerly a director of Aston Metals Limited and Aston Metals (QLD) Limited (now AEON Walford Creek Limited) that were placed into external administration on 3 September 2013, 2 months after he resigned as a director.




## Section 6 Key People, Interests and Benefits

Other than as noted above, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after which they ceased to be an officer.

### 6.3. Key Management

The following table provides information regarding the senior management team of Alloggio, including their positions and expertise.

Director	Experience and Qualifications
	<p><b>William Creedon</b> <i>Chief Executive Officer</i></p> <p>See Section 6.1</p>
	<p><b>Michael Potts</b> <i>Chief Financial Officer and Company Secretary</i></p> <p>Michael Potts is a highly experienced CFO and Company Secretary. He was most recently CFO of Hubify Ltd (ASX: HFY) and during his time there led the finance team from pre-IPO to listing on the ASX. Michael was instrumental in due diligence and M&amp;A work to acquire a series of bolt-on acquisitions for HFY.</p> <p>Michael has over 30 years' experience in managing financial data, accounting, strategic financial decision making, including at Deloitte and Nexia. Michael has a Bachelor of Economics, and is a member of Chartered Accountants Australia and New Zealand.</p>
	<p><b>Luke De Landelles</b> <i>Head of Product &amp; Technology</i></p> <p>Luke is an executive leader with global expertise across digital products and operations with a focus on continuous improvement and operational centres of excellence. His passion centres around creating a team culture that is not afraid to question while focusing on the aspects that need to be completed to deliver on a vision.</p> <p>Luke has a Master in Law (International Relations) from Kyoto University, Bachelor of Asian Studies (Japanese) The Australian National University, Certificate of Strategic Product Management and Agile Project Management.</p>
	<p><b>Craig Roxby</b> <i>Business Analyst</i></p> <p>Craig is a highly accomplished finance manager with over 20 years' experience in General Manager of Accounting, Business Analyst and CFO consultant roles. As well as strategy, Craig's strengths are in financial management software having built Alloggio's internal real-time financial analytics, financial management reporting and forecasting systems.</p> <p>These software / systems have been the backbone to efficiency, performance analysis and cashflow management across the Alloggio platform. Craig is a CA and holds a Bachelor of Commerce (Accounting) from University of Newcastle..</p>

Director	Experience and Qualifications
	<p><b>Nicole Smith</b>  <i>Executive Manager – Hotels</i></p> <p>Nicole brings over 18 years' experience within the hospitality industry and has worked in 4-star hotels within Australia with the Accor Group and as Manager at Mercure Hunter Valley.</p> <p>Nicole knows the hospitality industry from front to back, and began her career journey with Alloggio as Reservations Manager before being promoted to Executive Manager and oversees more than 15 staff across Regional NSW and Queensland.</p>
	<p><b>Rodney Hearn</b>  <i>Group Operations Manager – Holidays</i></p> <p>Rodney Hearn brings a lifetime of direct hospitality experience and is recognised as an inspirational and dynamic leader in the tourism and hospitality industries.</p> <p>Rod commenced his career in Hotels in the mid-80s as a key executive member of the team who created Rydges Hotel Group. Executive management roles with Radisson, Westin, Federal, Gateway Lifestyle, Secura Lifestyle and Aspen Group followed in Australia, Asia and New Zealand.</p> <p>Rod holds a Bachelor of Business in Catering and Hospitality Management with Sub Majors in Tourism and Marketing from Footscray Institute (now part of Victorian Universities).</p>
	<p><b>Susan Nelson</b>  <i>Head of Finance</i></p> <p>Susan has 25 years' experience in Financial and Human Resources roles within a wide range of business sectors including hospitality, construction, labour hire, IT and tourism. Sue is the longest serving employee of Alloggio, overseeing the trust accounting, compliance and payroll teams both onshore and off-shore. She has developed, and continues to evolve, the finance systems and procedures in alignment with the company's growth trajectory.</p>

## 6.4. Interests and benefits

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- o Director or proposed director of the Company;
- o person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- o promoter of the Company; or
- o underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- o the formation or promotion of the Company;
- o property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or
- o the Offer,



## Section 6 **Key People, Interests and Benefits**

and no other amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

### **6.4.1 Directors' interests and remuneration**

#### **6.4.1.1 Non-Executive Director remuneration**

The Board of Directors decide the total amount paid to each Director as remuneration for their services as a Director to the Company. However, under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company at a general meeting. This amount has been fixed at \$600,000 per annum and any change to the aggregate sum will need to be approved in a general meeting.

Annual Directors' fees currently agreed to be paid by the Company are:

- \$80,000 plus superannuation at the applicable statutory rate to the Chairman; and
- \$50,000 plus superannuation at the applicable statutory rate to each Non-executive Director plus an additional \$10,000 plus superannuation at the applicable statutory rate. for being a member of one or more committees.

The Board has agreed that for the time being, no additional remuneration will be paid to a person undertaking the role of the Chair of the Audit and Risk Management Committee, the Chair of the Nomination Committee and/or the Chair of the Remuneration Committee. The Directors' fees do not include a commission on, or a percentage of, profits or income.

In addition to the fees detailed above, the Company has granted the Directors the options listed in Section 6.4.3 and summarised in Section 9.4.1.4.

#### **6.4.1.2 Deeds of indemnity, insurance and access**

The Company has entered into a deed of access, indemnity and insurance with each Director. Each deed contains the Director's right of access to certain books and records of the Company or Group Entity for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Entity. This seven-year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors and executive officers, past and present, against all liabilities that arise from their position as an officer of the Company or Group Entity to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Entity, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Entity. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In this summary, "Group Entity" means the Company, a subsidiary of the Company, any companies or trusts which are 50% or more owned directly or indirectly by any other Group Entity, or any partnership or unincorporated joint venture in which any Group Entity or a related body corporate of the Company has an interest of 50% or more.

#### **6.4.1.3 Other Information**

Directors may also be reimbursed for all reasonable out of pocket expenses incurred in carrying out their duties as a Director.

Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or its Subsidiaries.

## 6.4.2 Executive Remuneration

The key management personnel of the Company are William Creedon (**Chief Executive Officer**) and Michael Potts (**Chief Financial Officer**). Their employment arrangements are set out below.

### 6.4.2.1 Chief Executive Officer

Term	Description
<b>Employer</b>	Alloggio Pty Limited
<b>Employee</b>	William Bernard Creedon
<b>Remuneration and Benefits</b>	Fixed annual base salary \$295,000 inclusive of the minimum superannuation contribution guarantee.  William is also entitled to a mobile phone, computer, home phone and internet and a motor vehicle.
<b>Incentives</b>	Alloggio intends to develop CEO short term incentive plans based on performance targets.  William also has 3,000,000 options at a strike price of 50% above the IPO listing price. The offer period is 5 years and the employee can exercise the option after 2 years. The terms of the options are summarised in Section 9.4.
<b>Termination</b>	Either the employer or the employee can terminate William's employment by giving 6 months written notice. The employer may make payment in lieu of notice.
<b>Restraints</b>	After termination of employment, the employee is restrained from competing with or soliciting from Alloggio Group for a maximum period of 24 months in Australia.

### 6.4.2.2 Chief Financial Officer

Term	Description
<b>Employer</b>	Alloggio Pty Limited
<b>Employee</b>	Michael Potts
<b>Remuneration and Benefits</b>	Fixed annual base salary \$182,650 plus the minimum superannuation contribution guarantee.  The employee is also entitled to: <ul style="list-style-type: none"><li>• accommodation at Alloggio hotels in the course of travel required for business purposes, as authorised by the employer;</li><li>• other employment benefits in accordance with the Hospitality Industry (General) Award 2010 to the extent these are more favourable than the terms of his employment contract.</li></ul>
<b>Incentives</b>	Alloggio intends to develop an executive bonus structure prior to 1 July 2022 based on performance targets.  Michael may also be entitled to options under the employee share option plan the Company intends to implement.
<b>Termination</b>	Either the employer or the employee can terminate Michael's employment by giving 12 weeks written notice. The employer may make payment in lieu of notice.
<b>Restraints</b>	The employee is not subject to a restraint.

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### 6.4.2.3 Employee equity plans

Alloggio has resolved to adopt and implement an employee share option plan (**ESOP**) to assist in attracting, motivating and retaining management and employees. The terms of the ESOP are set out below.

The aggregate pool of interests under the ESOP is limited to an interest in 4,000,000 Shares being equivalent to approximately 2% of the total issued share capital of the Company on Completion on an undiluted basis. As at the Prospectus Date, no interests have been issued pursuant to the ESOP.

Term	Description
<b>Eligibility</b>	A person must be a current employee or director to participate in the ESOP, or as otherwise by invitation by the Board.
<b>Price</b>	\$0.30 per Option.
<b>Exercise period</b>	The Options can't be exercised for 2 years from listing and lapse 5 years from listing if not exercised.
<b>Vesting conditions</b>	The Options will only vest if any conditions (as determined by the Board which exist before an Option is exercised) have been satisfied.
<b>Lapsing conditions</b>	The Options will lapse if the Company goes into liquidation, or the Company is not admitted to the official list of the ASX by 30 June 2022, or may lapse if the Optionholder ceases to be an employee.
<b>Restrictions</b>	Optionholders agree to comply with the Company's Securities Trading Policy, any direction given by the Company relating to restrictions on the option or shares attaching to the options, and as required by law or the Listing Rules (including any escrow restrictions imposed by the ASX).
<b>Adjustments</b>	<p>The exercise price may reduce if the Company proceeds with a pro-rata issue of shares to shareholders after the date of the Options.</p> <p>If the Company proceeds with a bonus issue of shares, the number of shares attached to an option may increase.</p>
<b>Access to Company records</b>	Optionholders are entitled to access the same reports and account information as is presented to Shareholders.
<b>No right to vote</b>	Optionholders do not have a right to attend or vote at meetings of Shareholders.

### 6.4.3 Directors and Senior Management shareholdings

At Completion of the Offer, the related party shareholdings that are attributed to Directors and Senior Management are set out below:

Directors/Key Management	Role	Number of Shares Held	Options
John Murphy	Chairman	3,571,429	2,000,000
William Creedon	Chief Executive Officer	46,929,510	3,000,000
Christopher Sneddon	Non-Executive Director	6,428,700	1,000,000
Karen Howard	Non-Executive Director	10,928,790	1,000,000
Matthew Keen	Non-Executive Director	0	1,000,000
Michael Potts	Chief Financial Officer	333,334	0



Subject to the terms of the Director Options which are summarised in Section 9.4.1.4, the Directors are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors may acquire under the Offer. Final Directors' shareholdings will be notified to ASX following Listing. The Shares recorded in the above table as held by each of the Directors will be subject to escrow arrangements as outlined in Section 9.13.

#### **6.4.4 Interests of Advisers**

The Company has engaged the following professional advisers in relation to the Offer:

- Bell Potter have acted as Lead Manager to the Offer. The fees payable and options to be granted by the Company to the Lead Manager are detailed in Section 9.6;
- Rawson Lewis has acted as a Financial Advisor to the Company. For acting as Financial Advisor to the Company, the Company has agreed to pay 1.0% of the capital raised;
- Travis Partners Law has acted as Australian legal advisor in relation to the Offer. The Company has paid, or agreed to pay, approximately \$180,000.00 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Travis Partners in accordance with its normal time-based charges;
- PKF Corporate Finance (NSW) Pty Limited has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence enquiries in connection with the Offer. The Company has paid, or agreed to pay, approximately \$70,000.00 (excluding disbursements and GST) for the above services up until the Prospectus Date;
- Frost & Sullivan has acted as the Independent Market Expert to the Offer and has prepared the Independent Market Report referred to in Section 2. The Company has paid, or has agreed to pay, approximately \$20,000.00 (excluding disbursements and GST) for these services up and until the Prospectus Date;
- Maxim Accounting & Business Advisors Pty Limited has acted as Australian taxation advisor in relation to the Offer. The Company has paid, or agreed to pay, Maxim approximately \$22,000.00 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Maxim in accordance with its normal time-based charges. Maxim Accounting & Business Advisors Pty Limited is a related entity of Christopher Sneddon

The Lead Manager or their affiliates from time to time may in the future perform other investment banking and financial advisory services for the Company, Shareholders or their respective affiliates. Further, in the ordinary course of their trading, brokerage and financing activities, the Lead Manager and their affiliates may buy or sell securities issued by the Company or associated derivatives as principal or agent. Customary fees and commissions are expected to be paid for any such services in the future.

Travis Partners Pty Ltd as trustee for Travis Investments Trust, a related entity of Travis Partners is the holder of 333,334 Convertible Notes, which will convert to 333,334 Shares on Completion. These securities were not issued in lieu of payment for services and were subscribed for cash.

These amounts, and other expenses of the Offer, will be paid out of funds raised under the Public Offer or available cash (unless otherwise indicated). Further information on the use of proceeds and payment of expenses of the Offer are set out in Section 4.

### **6.5. Corporate Governance**

This Section 6.5 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate

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environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

### **6.5.1 ASX Corporate Governance Principles and Recommendations**

The Company is seeking a Listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the ASX Corporate Governance Principles and Recommendations for ASX-listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations.

The recommendations are not prescriptive, but guidelines against which entities have to report on an "if not, why not" basis. Under the ASX Listing Rules, the Company will provide a corporate governance statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period.

Where the Company does not follow a recommendation in the ASX Recommendations for any part of the reporting period, it must identify that recommendation and the period during which it was not followed and give reasons for not following it. The Company must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The main policies and practices to be adopted by the Company immediately following Completion are summarised below. In addition, many governance elements are contained in the Constitution. The Company's Code of Conduct outlines the standards of conduct expected of the Company's business and personnel in a range of circumstances. In particular, the Code of Conduct requires awareness of, and compliance with, relevant laws and regulations and other policies and procedures of the Company. Details of the Company's key policies and practices and the charters for the Board and each of its committees will be available from Listing at [www.alloggio.com.au](http://www.alloggio.com.au)

### **6.5.2 Board Composition**

The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard.

### **6.5.3 Board Charter**

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity which are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

### **6.5.4 Board Committees**

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee, a Nomination Committee and a Remuneration Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

#### **6.5.4.1 Audit and Risk Management Committee**

The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Matthew Keen (Chair), John Murphy and Christopher Sneddon.

#### **6.5.4.2 Nomination Committee**

The role of the Nomination Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's nomination policies and practices.

The Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Company will comply with the recommendations set by the Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of John Murphy (Chair), Karen Howard and Matthew Keen.

#### **6.5.4.3 Remuneration Committee**

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's remuneration policies and practices. This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives.

The Nomination and Remuneration Committee is also responsible for administering short term and long-term incentive plans (including any equity plans).

The Company will comply with the recommendations set by the Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of John Murphy (Chair), Christopher Sneddon and Matthew Keen.

### **6.5.5 Corporate governance policies**

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

#### **6.5.5.1 Continuous Disclosure and Shareholder Communication Policy**

The Company is committed to meeting its continuous disclosure requirements set out in the ASX Listing Rules and the Corporations Act. In certain circumstances, the Company is required to immediately disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities. This Policy provides a framework for the Board to internally identify and report information which requires disclosure and sets out the processes for dealing with external communications in order to ensure any identified information is adequately communicated to ASX and Shareholders.

The Company also recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time.

This Policy ensures that the Company provides timely and accurate information equally to all Shareholders and market participants in relation to the Company's financial performance, objectives, activities and governance.



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### **6.5.5.2 Securities Trading Policy**

The Company is committed to complying with insider trading laws and establishing a best practice for dealing in securities.

The Company has adopted a Securities Trading Policy to ensure that all Directors, employees and contractors of the Company (and their associates) are aware of Australian insider trading laws as they apply to trading in the Company's securities and set out additional restrictions on trading in the Company's securities that apply to Directors, officers or certain restricted employees (such as during blackout periods) or situations which may require approval.

### **6.5.5.3 Code of Conduct**

The Company is an organisation which strives to act with honesty and integrity in its business and to be respected in the industry and the communities in which it operates.

The Company has adopted a formal Code of Conduct which outlines how the Company expects its employees, contractors, consultants and business partners to behave and conduct business in the workplace. The Code of Conduct applies to all employees, regardless of employment status or work location. In addition, the Directors, in the Board Charter, have committed to abiding by the Code of Conduct as it applies to the Board.

### **6.5.5.4 Diversity Policy**

The Company recognises the value inherent in a diverse workforce and is committed to the maintenance and promotion of workplace diversity as recommended by the ASX.

The Board has approved a Diversity Policy, which sets out a framework for implementing new and existing diversity related initiatives in the business. Amongst other things, the Company will set measurable objectives relating to diversity (including but not limited to gender, race, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious or political beliefs, socioeconomic, educational, or cultural background, perspective and experience) at all senior executive and leadership roles.

### **6.5.5.5 Whistleblower Policy**

The Company is committed to the highest standards of conduct and integrity in all its business activities and to safeguard a culture supportive of honest and ethical behaviour, compliance, and good corporate governance. The Company has adopted a Whistleblower Policy which sets out its commitment to creating and maintaining an environment where individuals can come forward and report known or suspected business misconduct or wrongdoing.

The Whistleblower Policy applies to eligible 'whistleblowers' who disclose information to an eligible recipient which is protected under relevant legislation. The Whistleblower Policy sets out what matters can be disclosed, who they can be disclosed to, how a matter can be disclosed, the protections that are available for disclosers, how those the subject of a disclosure will be treated and how a disclosed matter will be handled and investigated.

### **6.5.5.6 Anti-bribery and Corruption Policy**

The Company is committed to ethical practice and has a zero tolerance for bribery and corruption of any form. To demonstrate its commitment to conducting its business and operations at the highest standard of honesty and integrity, the Company has adopted an Anti-bribery and Corruption Policy which sets out the responsibilities of the Company and its personnel in observing and upholding the Company's position on corruption and related improper conduct. The Board will monitor for any material breaches of the Anti-Bribery and Corruption Policy.

## 6.6. ASX Recommendations

The Board recognises the importance of corporate governance in achieving the objectives of the Company and discharging its responsibilities to all stakeholders of the Company.

Due consideration has been given to the ASX Recommendations. Except as set out below, the Board currently does not anticipate that it will depart from the recommendations of the ASX Recommendations. However, it may do so in the future if it considers that such a departure would be reasonable or appropriate. Full details of how the Company complies with the ASX Recommendations will be set out on the Company's website, [www.alloggio.com.au](http://www.alloggio.com.au).

As at the date of Listing, the Board will be comprised of five directors (detailed biographies of the Board members are provided in Section 6.1, which includes two independent non-executive directors (Chairman John Murphy and Matthew Keen), one executive directors (William Creedon), and two non-executive directors (Karen Howard and Christopher Sneddon) who the Board does not consider to be independent.

The Board considers an Independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted the ASX Recommendation guidelines to assist in this regard. The Board will review the independence of each Director in light of interests disclosed to the Board from time to time.

While at the date of Listing the Board will not have a majority of independent directors as recommended by the ASX Recommendations, the Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and believes that the composition of the Board is an appropriate size and reflects an appropriate range of skills, expertise and experience for the Company.

The composition of the Board may change over time, depending on the skills and expertise required to manage the Company.







## Section 7

# Details of the Offer





### 7.1. Description of the Offer

This Prospectus relates to an initial public offering of 82.5 million Shares in Alloggio at an Offer Price of \$0.20 per Share. On Completion of the Offer, 67.9 million Shares will be held by or on behalf of the Directors, the majority of which will be subject to the voluntary escrow agreements described in Section 7.9.

All Shares on issue on Completion of the Offer will rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 7.13.

The Offer comprises the Broker Firm Offer (see Section 7.3), the Priority Offer (see Section 7.4) and the Institutional Offer (see Section 7.6). There is no general public offer of Shares. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares. The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Lead Manager and the Company having regard to the allocation policies outlined in Sections 7.3.4, 7.4.5 and 7.6.2.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

#### 7.1.1 Purpose of the Offer and use of proceeds

At the Offer Price, the Offer will raise \$16.5 million from New Shareholders.

The purpose of the Offer is to:

- provide Alloggio access to capital markets which it expects will provide additional financial flexibility to pursue further growth opportunities;
- achieve a listing on ASX to broaden the Company's shareholder base and provide a liquid market for its Shares;
- assist Alloggio in attracting and retaining staff; and
- pay costs of the Offer.

**Table 7.1: Sources and uses of Offer proceeds**

Sources	\$m
Cash proceeds for New Shares issued under Offer	16.5
<b>Total</b>	<b>16.5</b>
Uses	\$m
Execute strategic and target growth initiatives	11.0
Working capital	3.2
Costs of the Offer	1.5
Technology and platform development	0.8
<b>Total</b>	<b>16.5</b>

### 7.1.2 Potential effect of the fundraising on the future of Alloggio

The Directors believe that on Completion of the Offer, the Company will have sufficient funds available from the proceeds of the Offer and its operations to fulfil the purposes of the Offer and carry out its stated business objectives.

### 7.1.3 Shareholding structure

The expected details of the ownership of Shares at the Prospectus Date and on Completion of the Offer are set out below:

**Table 7.2: Details of the ownership of Shares**

	Shares held at the Prospectus Date		Shares held at Completion of the Offer	
	No. of Shares	%	No. of Shares	%
Existing Shareholders (excluding Directors)	35,471,578	34%	35,471,578	18%
Directors	67,858,429	66%	67,858,429	34%
Convertible note holders	0	0%	14,900,014	7%
New Shareholders	0	0%	82,500,000	41%
<b>Total</b>	<b>103,330,007</b>	<b>100%</b>	<b>200,730,021</b>	<b>100%</b>

**Table 7.3: Details of the substantial shareholders**

It is anticipated the substantial Shareholders in the Company as at Completion will be:

	Shares held at Completion of the Offer	
	No. of Shares	%
William Creedon and Karen Howard and associates <sup>1</sup>	57,858,300	26.5

1. Interests held by:

	No. of Shares
Davkat (Australia) Pty Ltd as trustee for Bandon Trust	46,929,510
Bubbles 1 Pty Ltd as trustee for Karen Howard Family Trust	10,928,790

### 7.1.4 Convertible Notes

As at the Prospectus Date, the Company has on issue 14,900,014 convertible notes (**Convertible Notes**).

The Convertible Notes are fully paid and will automatically convert to ordinary shares in the Company on the date the Company is admitted to the official list of the ASX. The notes will convert to Ordinary Shares on a 1-to-1 basis.



## 7.2. Terms and conditions of the Offer

Topic	Summary
<b>What is the type of security being offered?</b>	Shares (being fully paid ordinary shares in the capital of Alloggio).
<b>What are the rights and liabilities attached to the Shares being offered?</b>	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.12.
<b>What is the consideration payable for each Share being offered?</b>	The Offer Price is \$0.20 per Share.
<b>What is the Offer period?</b>	<p>The key dates, including details of the Offer Period, are set out in the key dates on page 5 of this Prospectus.</p> <p>The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time.</p> <p>The Company, in consultation with the Lead Manager, reserves the right to amend any or all of the dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion of the Offer, accepting late Applications either generally or in particular cases, allotting Shares at different times to investors, or to withdraw the Offer, without prior notice. The quotation and commencement of trading of the Shares is subject to confirmation from ASX.</p>
<b>What are the cash proceeds to be raised under the Offer?</b>	\$16.5 million will be raised from New Shareholders under the Broker Firm Offer, the Priority Offer and the Institutional Offer, if the Offer proceeds.
<b>What is the minimum Application size under the Offer?</b>	<p>The minimum Application size under the Broker Firm Offer and Priority Offer is \$2,000 (equivalent to 10,000 Shares in aggregate).</p> <p>For more information, see Sections 7.3.2 and 7.4.2.</p>
<b>What is the allocation policy?</b>	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Lead Manager and the Company having regard to the allocation policies outlined in Sections 7.3.4, 7.4.5 and 7.6.2.</p> <p>With respect to the Broker Firm Offer, it will be a matter for Brokers as to who they allocate Shares to.</p> <p>The final allocation of Shares under the Priority Offer will be at the absolute discretion of the Company, subject to the guaranteed minimum allocation for Applicants under the Priority Offer.</p>
<b>When will Applicants receive confirmation whether Applications are successful?</b>	It is expected that holding statements will be despatched by standard post on or about 23 November 2021.

Topic	Summary
<b>Will the Shares be listed?</b>	<p>Alloggio will apply to ASX within seven days of the Prospectus Date, for its admission to the Official List, and quotation of Shares by, ASX under the code 'ALO'.</p> <p>Completion of the Offer is conditional on ASX approving the application and granting permission for the Shares to be quoted on ASX on terms acceptable to the Company. If this approval and permission is not given within three months of the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all monies received from Applicants will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of Alloggio or the Shares offered for subscription.</p>
<b>When are the Shares expected to commence trading?</b>	<p>It is expected that trading of the Shares on ASX will commence on or about 29 November 2021.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive a statement of holding do so at their own risk.</p> <p>The Company and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Alloggio Offer Information Line, by a Broker or otherwise.</p>
<b>Is the Offer underwritten?</b>	Yes. The Offer is fully underwritten by the Lead Manager, subject to the terms of the Underwriting Agreement. See Section 9.6.
<b>Are there any escrow arrangements?</b>	Yes. Details are provided in Section 7.9 and 9.13.
<b>Are there any tax considerations?</b>	Yes. Refer to Section 9.15.
<b>Are there any brokerage, commission or stamp duty considerations?</b>	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
<b>What should I do with any enquiries?</b>	<p>All enquiries in relation to this Prospectus should be directed to the Alloggio Offer Information Line on +61 1300 288 664 (within Australia) and +61 (2) 9698 5414 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Alloggio is a suitable investment for you, you should consult with your stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

### 7.3. Broker Firm Offer

#### 7.3.1 Who can apply?

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

#### 7.3.2 How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at [www.alloggio.com.au](http://www.alloggio.com.au). Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The minimum Application size under the Broker Firm Offer is \$2,000 (equivalent to 10,000 Shares in aggregate). There is no maximum Application size under the Broker Firm Offer, however the Company and the Lead Manager reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9:00am (Sydney time) on 2 November 2021 and is expected to close at 5:00pm (Sydney time) on 15 November 2021. The Company and the Lead Manager may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens. Please contact your Broker for instructions.

#### 7.3.3 How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by your Broker.

#### 7.3.4 Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by the Lead Manager, in consultation with the Company. Shares which are allocated to Brokers for allocation to their Australian retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.



### 7.3.5 How do I conform my allocation?

Applicants under the Broker Firm Offer should contact their Broker to confirm their allocation.

## 7.4. Priority Offer

### 7.4.1 Who can apply?

The Priority Offer is open to selected investors nominated by the Company which will include (but will not be limited to) the Existing Shareholders and the Noteholders (**Priority Applicants**).

If you have been invited by the Company, or are entitled to participate in the Priority Offer, you will be treated as an applicant under the Priority Offer in respect of those Shares that are allocated to you.

### 7.4.2 How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer made under this Prospectus and you wish to apply for all or some of those Shares, you must apply in accordance with the relevant instructions.

Priority Applicants should read this Prospectus carefully and in its entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the online Priority Offer Application Form in accordance with the instructions provided on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with the Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5:00pm (Sydney time) on 15 November 2021 and it is your responsibility to ensure that this occurs.

### 7.4.3 Is there a minimum or maximum Application size?

Applications under the Priority Offer must be for a minimum size of \$2,000 (equivalent to 10,000 Shares in aggregate).

### 7.4.4 How to pay

Applicants under the Priority Offer must pay their Application Monies by BPAY® in accordance with the instructions on the Priority Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique Customer Reference Number (**CRN**) provided to you or generated by the online Priority Offer Application Form. Application Monies paid by BPAY® must be received by the Share Registry by no later than 5:00pm (Sydney time) on 17 November 2021 and it is your responsibility that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Lead Manager take any responsibility for any failure by the Company to receive Application Monies or payment by BPAY® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

For more details, Priority Applicants should refer to or contact the Alloggio IPO Offer Information Line on 1300 288 664 (within Australia) or +61 (2) 9698 5414 (from outside Australia) from 8:30am to 5:30pm (Sydney time), Monday to Friday (excluding public holidays).

### 7.4.5 What is the Priority Offer allocation policy?

The allocation of Shares to Applicants under the Priority Offer will be determined by the Company in consultation with the Lead Manager. Shares offered under the Priority Offer that are not taken up will be allocated by the Company under the Institutional Offer or the Broker Firm Offer.

## 7.5. Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Monies received from Applicants under the Broker Firm Offer or the Priority Offer will be held in a special purpose account until the Shares are issued to Applicants. Applicants under the Broker Firm Offer and the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the amount applied for by the Offer Price. Where the Offer Price does not divide exactly into the amount applied for, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your BPAY® payment. If the amount of your BPAY® payment for Application Monies is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

## 7.6. Institutional Offer

### 7.6.1 Invitations to Bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand and Hong Kong were invited to bid for an allocation of Shares under this Prospectus. The Lead Manager separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus and are at the Offer Price per Share.

### 7.6.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager in consultation with the Company. The Lead Manager, in consultation with the Company, had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Completion of the Offer;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall anticipated level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- other factors that the Company and the Lead Manager considered appropriate.

## 7.7. Acknowledgements

Each Applicant under the Offer will be deemed to have:

- o agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- o acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- o declared that all details and statements in their Application Form are complete and accurate;
- o declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- o acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- o applied for the number of Shares at the AUD amount shown on the front of the Application Form;
- o agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- o authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- o acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- o acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
- o declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer and Priority Offer), or otherwise satisfies the requirements in Section 10.16;
- o acknowledged and agreed that the Offer may be withdrawn by the Company and or may otherwise not proceed in the circumstances described in this Prospectus; and
- o acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Broker Firm Offer, the Priority Offer, and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- o it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- o it is not in the United States;
- o it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
- o it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
- o it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.



### 7.8. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by applicants who apply for Shares.

### 7.9. Escrow

Upon Completion of the Offer, certain Existing Shareholders will be subject to voluntary escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price). The Escrowed Shareholders have entered into voluntary escrow arrangements which prevent them from disposing of their Escrowed Shares during the relevant Escrow Period (subject to relevant exceptions). See Section 9.13 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Shares during the relevant Escrow Period.

### 7.10. Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside of Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

See Section 9.22 for further details regarding foreign selling restrictions.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

### 7.11. Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue and allotment of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant monies received from Applicants will be refunded (without interest). The Lead Manager and the Company also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than those applied for.

### 7.12. ASX listing, registers and holding statements

#### 7.12.1 Application to ASX for listing of Alloggio and quotation of Shares

Alloggio will apply to ASX for admission to the Official List and quotation of the Shares on ASX (under the code "ALO").

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Alloggio to the Official List is not to be taken as an indication of the merits of Alloggio or the Shares offered for subscription.

If permission is not granted for the Shares to be quoted on ASX on terms acceptable to the Company within three months of the Prospectus Date (or any later date permitted by law), all monies received by the Company in connection with the Offer will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

### 7.12.2 CHESS and issuer sponsored holdings

Alloggio Group Limited has applied, or will apply prior to Listing, to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

## 7.13. Description of Shares and summary of the Constitution

### 7.13.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- o detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- o in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution.

The summary assumes that the Company is admitted to the Official List.

### 7.13.2 Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

### 7.13.3 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held (with adjusted voting rights for partially paid shares). The chairperson does not have a casting vote.

### 7.13.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

### 7.13.5 Transfer of shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- o a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- o an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of shares or apply a holding lock to prevent a transfer of shares. If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

### 7.13.6 Issue of further shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

### 7.13.7 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

### 7.13.8 Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

### 7.13.9 Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

### 7.13.10 Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the ASX Listing Rules.

### 7.13.11 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- o the written consent of the holders of at least three quarters of the issued shares in the particular class; or
- o the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.



#### **7.13.12 Reduction of share capital**

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

#### **7.13.13 Dividend reinvestment plan**

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for shares in the Company).

#### **7.13.14 Employee plans**

The Directors may implement an employee share plan for officers or employees of the Company on such terms and conditions as they think fit.

#### **7.13.15 Directors – appointment and removal**

Under the Constitution, the minimum number of Directors is 3 and the maximum is 12 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the CEO) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the CEO) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

#### **7.13.16 Directors – voting**

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

#### **7.13.17 Variation of the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

#### **7.13.18 Directors' and officers' indemnity**

The Company, to the extent permitted by law, indemnifies each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a Related Body Corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company intends to enter into deeds of access, insurance and indemnity with each Director.







## Section 8

# Investigating Accountant's Report







The Directors  
Alloggio Group Limited  
840 Hunter Street  
NEWCASTLE NSW 2300

Dear Directors,

## INDEPENDENT ACCOUNTANT'S REPORT

### INDEPENDENT LIMITED ASSURANCE REPORT ON ALLOGGIO GROUP LIMITED'S HISTORICAL FINANCIAL INFORMATION

#### 1. Introduction

PKF Corporate Finance (NSW) Pty Limited ("**PKFCF**", "**We**", "**Us**") have been engaged by Alloggio Group Limited ("**Alloggio**" or the "**Company**") to prepare this report for inclusion in the Prospectus (the "**Prospectus**") to be dated on or about 18 October 2021 relating to the issue of ordinary shares in the Company and Listing on the Australian Securities Exchange ("**ASX**") ("**Listing**").

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

#### 2. Scope

You have requested PKFCF to perform a limited assurance engagement in relation to the pro-forma historical financial information described below and disclosed in the Prospectus.

##### 2.1. Historical Financial Information

Statutory Historical Financial Information, comprises the following:

- consolidated historical income statements for the years ended 30 June 2019 (FY19), 30 June 2020 (FY20) and 30 June 2021 (FY21) (**Statutory Historical Income Statements**);
- consolidated historical cash flow statements for FY19, FY20, and FY21 (**Statutory Historical Cash Flow Statements**); and
- consolidated historical statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**); and

Pro forma Historical Financial Information, being the:

- pro forma consolidated historical income statements for FY21 (**Pro forma Historical Income Statements**);
- pro forma consolidated historical cash flow statements of cash flows for FY21 (**Pro forma Historical Cash Flow Statements**); and
- pro forma consolidated historical statement of financial position as at 30 June 2021 (**Pro forma Historical Statement of Financial Position**).

Together, the Statutory Historical Financial Information and the Pro forma Historical Financial Information are the **Historical Financial Information**.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial report prepared in accordance with the Corporations Act 2001.

PKF Corporate Finance (NSW) Pty Limited  
ABN 65 097 893 957  
AFSL 295 872

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Newcastle  
755 Hunter Street  
Newcastle West NSW 2302 Australia  
PO Box 2368 Dangar NSW 2309  
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f +61 2 4962 3245

PKF Corporate Finance (NSW) Pty Limited is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)



The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the Pro-Forma Adjustments relate, as described in Sections 4.5.1, 4.6 and 4.8.1 of the Prospectus. Due to its nature, the Pro-Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro-Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the Offer and associated transactions on the Company's financial position as at 30 June 2021 and the Company's, financial performance and cash flows for FY19, FY20 and FY21.

The aggregated financial statements of the Company for FY19 and FY20 were audited by ESV Accounting and Business Advisors in accordance with Australian Auditing Standards. The audit opinions issued to shareholders of each of the companies relating to those financial statements were unqualified.

The financial statements of the Company for FY21 were audited by PKF(NS) Audit & Assurance Limited Partnership in accordance with Australian Auditing Standards. The audit opinions issued to shareholders of each of the companies relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation.

### **3. Directors' Responsibilities**

The directors of the Company are responsible for the preparation of the Pro forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the Statutory Historical Financial Information;

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

### **4. Our Responsibilities**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information, based on the review procedures performed and the evidence obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and / or Prospective Financial Information*.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures to the accounting records in support of the Historical Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

### **5. Conclusions**

#### **5.1. Review statement on the Pro forma Historical Financial Information**

Based on our independent review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 4 of the Prospectus, comprising:

- the pro forma consolidated historical income statements of Alloggio Group Limited for the year ended 30 June 2021;



- the pro forma consolidated historical cash flow statements of Alloggio Group Limited for the year ended 30 June 2021; and
- the pro forma historical statement of financial position of Alloggio Group Limited as at 30 June 2021

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 4 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the Company's accounting policies.

## 6. General Advice Warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

## 7. Independence

PKFCF does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. PKFCF will receive a professional fee for the preparation of this Independent Limited Assurance Report.

## 8. Restriction on Use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Historical Financial Information to which it relates, for any purpose other than that for which it was prepared.

## 9. Consent

PKFCF has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is so included but has not authorised the issue of the Prospectus. Accordingly, PKFCF makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

**PKF Corporate Finance (NSW) Pty Limited**

A handwritten signature in black ink, appearing to read 'Andrew Jones', is positioned above the printed name and title.

**Andrew Jones**  
Executive Director



## PART TWO – FINANCIAL SERVICES GUIDE

18 October 2021

### What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided in the form of an investigating accountant's report by PKF Corporate Finance (NSW) Pty Limited (ABN 65 097 893 957) ("PKFCF"). The use of "we", "us" or "our" is a reference to PKFCF as the holder of Australian Financial Services Licence ("AFSL") No. 295872.

The contents of this FSG include:

- who we are and how we can be contacted;
- what services we are authorised to provide under our AFSL;
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide;
- details of any potential conflicts of interest; and
- details of our internal and external dispute resolution systems and how you can access them.

### Information about us

#### What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

Provide financial product advice for the following classes of financial products:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services; and
- deposit and payment products limited to;
  - basic deposit products;
  - deposit products other than basic deposit products; and
  - debentures, stocks or bonds issued or proposed to be issued by a government.

#### Our responsibility to you

We have been engaged by the Directors of Alloggio Group Limited ("Client") to prepare an independent limited assurance report providing a review opinion (negative assurance) with respect to the financial information set out in Section 4 of the Prospectus to be issued by the Client on or around 18 October 2021. You are not the party or parties who engaged us to prepare the Report. We are not acting for any person other than the party or parties who engaged us. We are required by law to give you an FSG because the Report is being provided to you.

The liability of PKFCF is limited to the contents of this FSG and the Report referred to in this FSG.

### Information about the general financial product advice we provide

The financial product advice provided in the Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in the Report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

PKF Corporate Finance (NSW) Pty Limited  
ABN 65 097 893 957  
AFSL 295 872

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PKF Corporate Finance (NSW) Pty Limited is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

### Associations and relationships

PKFCF provides services primarily in the area of corporate finance and is controlled by the Directors of PKF (NS) Holdings Pty Ltd ("**PKF**"). PKF and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services. Our directors may be directors of PKF. The financial product advice in the Report is provided by PKFCF and not by PKF.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and PKF (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

### How are we and our employees remunerated?

We charge fees for providing Reports. Fees are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us. Our fees are usually determined on an hourly basis. However, they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services. The estimated fee for the Report is approximately \$70,000 (exclusive of GST and out-of-pocket expenses).

Neither PKFCF, nor its directors and officers, receive any commissions or other benefits arising directly from providing Reports to you. The remuneration paid to our directors and staff reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### What should you do if you have a complaint?

If you have any concerns regarding the Report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

AFS Compliance Manager  
PKF Corporate Finance (NSW) Pty Limited  
GPO Box 5446  
SYDNEY NSW 2001  
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service ("**FOS**"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Telephone: (03) 9613 7366 Fax: (03) 9613 6399  
Internet: <http://www.fos.org.au>

The Australian Securities and Investments Commission ("**ASIC**") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630  
Email: [infoline@asic.gov.au](mailto:infoline@asic.gov.au)  
Internet: <http://www.asic.gov.au/asic/asic.nsf>

### Contact details

You may contact us using the details located below.

PKF Corporate Finance (NSW) Pty Limited  
Level 8  
1 O'Connell Street  
SYDNEY NSW 2000  
GPO Box 5446  
SYDNEY NSW 2001  
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

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## Section 9

# Additional Information



**9.1. Registration**

Alloggio Group Limited was registered in New South Wales on 2 November 2020.

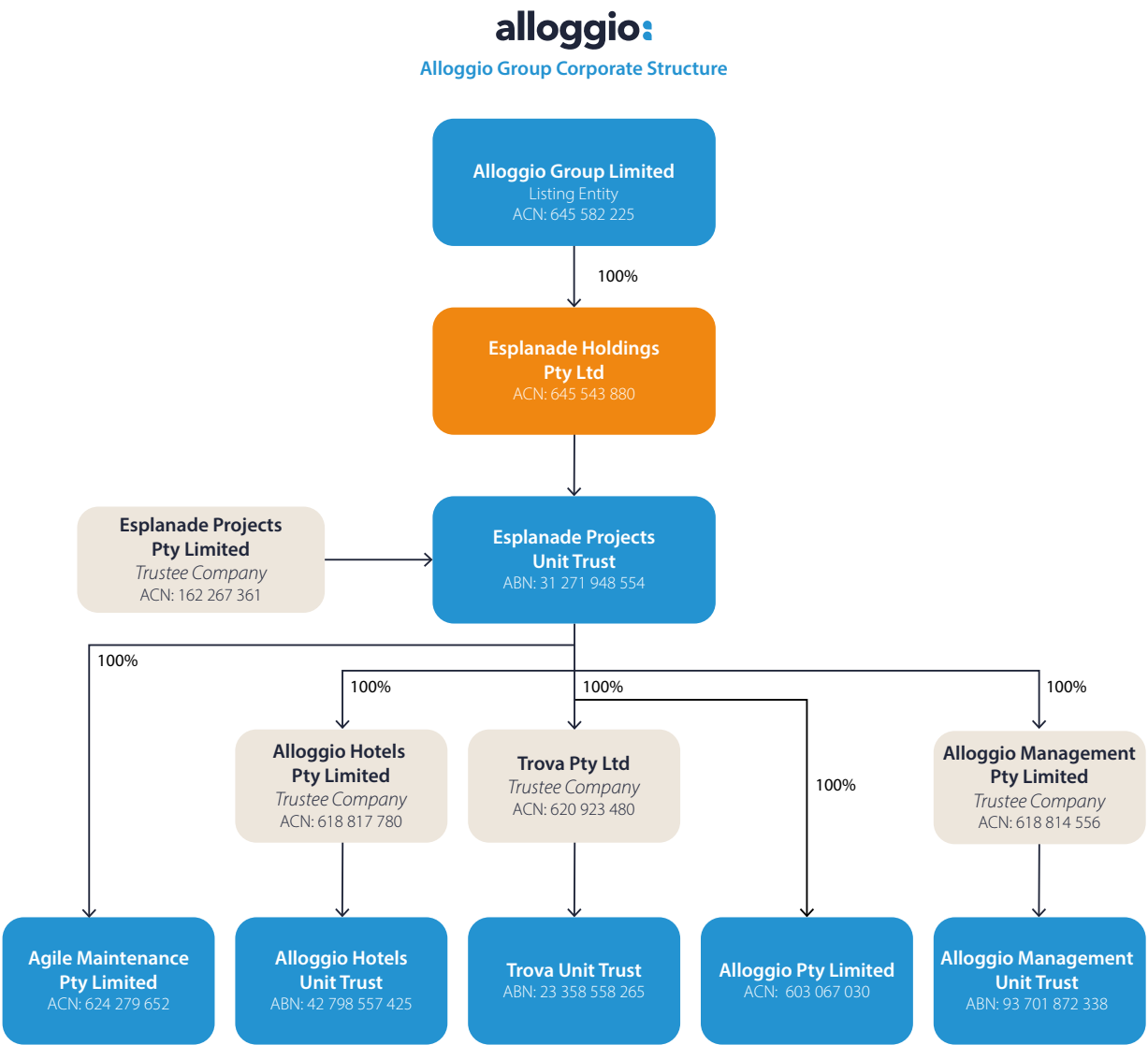
**9.2. Company tax status**

The Company and its Subsidiaries are subject to tax at the Australian corporate tax rate on their taxable income. Alloggio’s financial year ends on 30 June annually.

**9.3. Corporate structure**

Set out below is a diagram showing the entities in the corporate structure of the Alloggio group:

*Figure 9: Alloggio Group Corporate Structure*





## 9.4. Capital structure

As at the Prospectus Date, the Company has on issue:

- Ordinary Shares;
- Convertible Notes;
- Lead Manager Options; and
- Director Options.

The issued capital of the Company on the Prospectus Date, and the expected issued capital of the Company on Completion are set out in the table below.

**Table 4: Share held at Completion of the Offer**

	Shares held at the Prospectus Date		Shares held at Completion of the Offer	
	No. of Shares	%	No. of Shares	%
Existing Shareholders (excluding Directors)	35,471,578	34%	35,471,578	18%
Directors	67,858,429	66%	67,858,429	34%
Convertible Note Holders	0	0%	14,900,014	7%
New Shareholders	0	0%	82,500,000	41%
<b>Total</b>	<b>103,330,007</b>	<b>100.0%</b>	<b>200,730,021</b>	<b>100.0%</b>

The Company's free float at the time of listing is expected to be 55% (on an undiluted basis).

The issued options of the Company at Completion are set out in the table below.

**Table 5: Issued options of the Company at Completion**

	Number of options	% of fully diluted capital
Director Options	8,000,000	3.8%
Lead Manager Options	3,000,000	1.4%
<b>Total</b>	<b>11,000,000</b>	<b>5.2%</b>

### 9.4.1 Terms of Securities

#### 9.4.1.1 Ordinary Shares

The terms of the Ordinary Shares are summarised in Section 7.13.

#### 9.4.1.2 Convertible Notes

The Convertible Notes are fully paid and will automatically convert to ordinary shares in the Company on the date the Company is admitted to the official list of the ASX. The notes will convert to Shares on a 1-to-1 basis.

## Section 9 Additional Information

### 9.4.1.3 Lead Manager Options

The Lead Manager Options entitle the holder to one Share per option. The options granted under the Lead Manager Option Plan are only subject to time-based vesting conditions and are otherwise subject to the terms of the plan under which they were issued, as described below:

Escrow	The Lead Manager Options are subject to any escrow restrictions imposed by the ASX
Exercise period	The Lead Manager Options can't be exercised for 2 years from listing and lapse 5 years from listing if not exercised
Price	\$0.30 per Option
Lapsing conditions	The Lead Manager Options will lapse if the Company goes into liquidation or the Company is not admitted to the official list of the ASX by 30 June 2022
Adjustments	The exercise price may reduce if the Company proceeds with a pro-rata issue of shares to shareholders after the date of the Options If the Company proceeds with a bonus issue of shares, the number of shares attached to an option may increase
Access to Company records	Optionholders are entitled to access the same reports and account information as is presented to Shareholders
No right to vote	Optionholders do not have a right to attend or vote at meetings of Shareholders

### 9.4.1.4 Director Options

The Director Options entitle the holder to one Share per option, see Section 6.4.3 for further details. The options granted under the Director Option Plan are only subject to time-based vesting conditions and are otherwise subject to the terms of the plan under which they were issued, as described below.

Escrow	The Director Options are subject to any escrow restrictions imposed by the ASX
Exercise period	The Director Options can't be exercised for 2 years from listing and lapse 5 years from listing if not exercised
Price	\$0.30 per Option
Lapsing conditions	The Director Options will lapse if the Company goes into liquidation or the Company is not admitted to the official list of the ASX by 30 June 2022
Adjustments	The exercise price may reduce if the Company proceeds with a pro-rata issue of shares to shareholders after the date of the Options If the Company proceeds with a bonus issue of shares, the number of shares attached to an option may increase
Access to Company records	Optionholders are entitled to access the same reports and account information as is presented to Shareholders
No right to vote	Optionholders do not have a right to attend or vote at meetings of Shareholders

## 9.5. Leases

### 9.5.1 Mid-market hotel leases

Alloggio is party to a series of mid-market hotel leases as summarised below. These leases are on largely market standard terms. Any unusual terms and COVID-19 rent relief/deferral arrangements are set out in the table below.

Location	Term + Options	End Date <sup>1</sup>	Rent (per month)	Security	Other Comments
11 Hanbury Street, Mayfield NSW 2304	10 years 1 x 5 year option	10 October 2032	\$16,153.36 plus GST plus outgoings	Security Deposit or Bank Guarantee for \$30,000.00. Personal guarantee by William Bernard Creedon	<b>COVID-19 Rent Relief</b> <b>2021</b> – 20% of the rent is waived and a further 20% is deferred between 1/8/21-1/10/21 <b>2020</b> – Rent and outgoings deferred between 31/3/20 – 31/12/20 in the amount of \$127,331.85 (plus GST). This amount must be paid by 31/10/26 (expiry of initial lease term).
21 Poynton Place, Thornton NSW 2322	12 years 4 x 6 year options	11 November 2056	\$60,175.00 plus GST plus outgoings	Security Deposit or Bank Guarantee for \$120,000.00  Personal guarantee by William Bernard Creedon and Esplanade Projects Pty Limited ACN 162 267 361	
44 Morrissey Street, Bathurst NSW 2795	11 years 3 x 5 year options	28 November 2044	<b>Motel Lease:</b> \$38,250.00 plus GST plus outgoings Common Property	<b>Motel Lease:</b> Security Deposit or Bank Guarantee for \$83,750.00. Personal guarantee by William Bernard Creedon Common Property Lease: Security Deposit or Bank Guarantee not required. Personal guarantee by William Bernard Creedon	<b>COVID-19 Rent Relief</b> <b>2021</b> – 25% of the rent is waived and a further 25% is deferred between 1/8/21 – 1/9/21. 15% of the rent is waived and 25% is deferred between 1/9/21 – 1/10/21. <b>2020</b> – Rent and outgoings deferred between 31/3/20 – 29/12/20 in the amount of \$271,682.50 (plus GST). This amount must be paid by 28/11/29 (expiry of initial lease term).

1. Assuming all options to renew are exercised.



## Section 9 Additional Information

Location	Term + Options	End Date <sup>1</sup>	Rent (per month)	Security	Other Comments
8 High St, Bega NSW 2550	10 years 4 x 5 year options	25 July 2049	\$27,961.66 plus GST plus outgoings. The annual rent is increased by 9.25% plus GST of the landlord's contribution towards the cost of the Tenant's renovations Based on a maximum Landlord's Contribution of \$276,000.00 the maximum renovation rent increase would be \$25,530.00 per annum plus GST.	Security Deposit or Bank Guarantee for \$80,000.00 Personal guarantee by William Bernard Creedon	<b>COVID-19 Rent Relief 2021</b> – 35% of the rent is waived and a further 35% is deferred between 1/8/21 – 1/10/21 <b>2020</b> – Rent and outgoings deferred between 31/3/20 – 25/12/20 in the amount of \$208,666.98 (plus GST). This amount must be paid by 25/7/29 (expiry of initial lease term).
560 Kingsford Smith Drive, Hamilton QLD 4007	20 years 4 x 5 year options	16 July 2060	\$35,046.53 plus GST plus outgoings	Bank guarantee equivalent to two months net rent Personal guarantee by William Bernard Creedon	
87 Hanbury Street Mayfield NSW	10 years 3 x 5 year options	31 August 2044	\$10,833.33 plus GST plus outgoings	Security Deposit or Bank Guarantee for \$23,834.00. Personal guarantee by William Bernard Creedon	<b>COVID-19 Rent Relief 2021</b> – 15% of the rent is waived and a further 15% is deferred between 1/8/21 – 1/10/21 <b>2020</b> – Rent and outgoings deferred between 31/3/20 – 31/12/20 in the amount of \$78,491.64 (plus GST). This amount must be paid by 30/8/29 (expiry of initial lease term).
21 Parnell Place, Newcastle NSW 2300	8 years, 1 month, 26 days Nil option.	1 February 2026	\$44,204.17 plus GST plus outgoings	Personal guarantee by William Bernard Creedon	
76-78 Beaumont Street, Hamilton NSW	10 years 3 x 5 year options	22 October 2042	\$18,079.83 plus GST plus outgoings	Bank guarantee for \$29,700.00	<b>COVID-19 Rent Relief</b> Covid-19 Rent Relief for 2020 and 2021 still under negotiation with Lessee. <b>Change in Control</b> Awaiting Lessor consent to change in control
Suite 1, Ground Floor and Level 1, 202 King Street, Newcastle NSW 2300	10 years 1 x 5 year options	28 February 2035	\$19,312.50 plus GST plus outgoings	Security Deposit or Bank Guarantee equal to three calendar months rent plus GST, being \$61,875.00 Personal guarantee by William Bernard Creedon	<b>Change in Control</b> Awaiting Lessor consent to change in control

Location	Term + Options	End Date <sup>1</sup>	Rent (per month)	Security	Other Comments
1A Elizabeth Street, Tighes Hill NSW 2296	This lease has expired and Alloggio is holding over on a monthly tenancy. Property has been sold and Alloggio will continue negotiations for a lease with the new owners	30 June 2020	\$5,190.45 plus GST plus outgoings	Security Deposit or Bank Guarantee for \$10,450  Personal guarantee by William Bernard Creedon	
27 Steel Street Hamilton NSW 2303	12 years 3 x 5 year options	3 April 2046	\$27,466.67 plus GST plus outgoings	Security Deposit or Bank Guarantee for \$58,666.66  Personal guarantee by William Bernard Creedon	<b>COVID-19 Rent Relief 2020</b> – Rent and outgoings deferred between 4/4/20 – 3/1/21 in the amount of \$54,666.64 (plus GST). This amount must be paid by 3/4/31 (expiry of initial lease term).  <b>Change in Control</b> Awaiting Lessor consent to change in control
384 Clovelly Road, Coogee NSW 2034	8 years <sup>2</sup> 2 x 8 year options	31 August 2045	\$49,166.67 plus GST plus outgoings	Cash bond or bank guarantee for \$162,250.  Personal guarantee by William Bernard Creedon	
71 Nudgee Road, Hamilton, Queensland 4007	Initial term expires 27 July 2041 with 2 x 10 year options.	27 July 2061	27 July 2061 Apartment Lease: \$18,750.00 plus GST plus outgoings Motel Lease: \$18,750.00 plus GST plus outgoings Common Property Lease: Nil Rent but outgoings are payable.	Bank Guarantee for \$165,000  Personal guarantee by William Bernard Creedon	
57 Station Street, Waratah NSW 2298	12 years 2 x 8 year options	Approx. December 2051. <sup>3</sup>	\$25,601.83 plus GST	Bank Guarantee equal to 2 months Rent plus GST.	

2. The term of this lease is subject to further negotiations between the parties due to the ongoing Sydney lockdown.

3. This is an agreement for lease to commence once construction of the premises is complete.

### 9.5.2 Office leases

Alloggio is also party to a series of commercial office leases in the locations in which it operates and their head office lease in Newcastle. These leases are on largely market standard terms and the Company considers Alloggio can readily operate from alternate premises in each of these locations if necessary.

## 9.6. Underwriting Agreement

The Offer is fully underwritten by the Lead Manager pursuant to an underwriting agreement between the Lead Manager and the Company dated on or about the date of the Prospectus (**Underwriting Agreement**). Under the Underwriting Agreement, the Lead Manager have agreed to arrange, manage and underwrite the Offer on an exclusive basis.

### Fees and expenses

The Company has agreed to pay the Lead Manager a management fee equal to 2.0% of the Offer proceeds and an underwriting fee equal to 4.0% of the Offer proceeds. These fees are payable to the Lead Manager on the date of Settlement of the Offer. In addition, the Company agrees to grant the Lead Manager a single tranche of 3 million options on the terms set out in the Lead Manager Option Terms.

The Company has also agreed to pay or reimburse the Lead Manager for certain other agreed costs and expenses, incurred by the Lead Manager in relation to the Offer (including legal fees).

### Termination events not subject to materiality

The Lead Manager may at any time terminate the Underwriting Agreement without cost or liability by notice to the Company if any of the following events occur at any time before Completion:

- o **(failure to lodge)** if the Company fails to lodge the Prospectus with ASIC on the agreed lodgement date in a form approved by the Lead Manager;
- o **(disclosures in Prospectus)** a statement in the Prospectus or other Offer Documents is misleading or deceptive or likely to mislead or deceive (including by omission) or a material matter required by the Corporations Act is omitted from the Prospectus;
- o **(Offer Documents do not comply)** the Prospectus or other Offer Documents or any aspect of the Offer does not comply with the Corporations Act, Listing Rules or any other Applicable Law;
- o **(forecast incapable of being met)** any forecast or forward looking statement ceases to be based on reasonable grounds in the opinion of the Lead Manager or becomes incapable of being met or is unlikely to be met in the projected timeframe;
- o **(ASX Approval)** unconditional approval (or conditional approval subject only to customary conditions) is refused or not granted by ASX to the Company's admission to the Official List or Official Quotation of all Shares on or before listing date approval, or if granted and subsequently is or is likely to be withdrawn, qualified (other than by customary conditions, withheld);
- o **(withdrawal)** the Company withdraws the Prospectus or any supplementary prospectus;
- o **(supplementary prospectus)**
  - o if the Underwriter reasonably forms the view a supplementary prospectus must be lodged, and the Company does not lodge a supplementary prospectus to comply with the Corporations Act in a form and substance and within the time reasonably required by the Lead Manager, or
  - o the Company lodges a supplementary prospectus without the consent of the Lead Manager;
- o **(market fall)** the S&P/ASX 200 Index closes at a level that is 10% or more below the level of that index at 5.00pm on the trading day immediately prior to the date of the Agreement and remains at or below that level at the close of trading:
  - o for two consecutive Business Days during any time after the date of the Underwriting Agreement; or
  - o on the Business Day immediately before Settlement, whichever is shorter.



- o **(Escrow Deeds)** any Escrow Deed is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- o **(fraud)** the Company or any of their directors or officers engage, or have been alleged by a governmental agency to have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- o **(new circumstance)** a new circumstance occurs in relation to the Company or a member of the Group that has arisen since the Prospectus was lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged and which is materially adverse from the point of view of an investor within the meaning of section 719 of the Corporations Act;
- o **(Government Agency action)** ASIC or any other Government Agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Offer Documents;
- o **(Proceedings – persons other than ASIC)** a person other than ASIC or any other Government Agency commences any inquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Offer Documents;
- o **(judgment)** a judgment in an amount exceeding \$50,000 is obtained against the Company or any member of the Group and is not set aside or satisfied within 5 Business Days;
- o **(regulatory action)** any of the following occurs:
  - o ASIC applies for an order under section 1324B or 1325 of the Corporations Act in relation to the Offer, the Prospectus or other Offer Document, and the application is not dismissed or withdrawn before the Allotment Date;
  - o ASIC gives notice of intention to hold a hearing in relation to the Offer or the Prospectus or other Offer Document under section 739(2) of the Corporations Act or makes an order under section 731 of the Corporations Act or an interim order under section 739(3) of the Corporations Act; or
  - o an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the Prospectus or other Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer, the Prospectus or other Offer Document;
- o **(consent withdrawn)** any person (other than the Lead Manager) gives a notice under section 733(3) of the Corporations Act or any person (other than the Lead Manager) who has previously consented to the inclusion of its name in the Prospectus (or any supplementary prospectus) withdraws that consent;
- o **(regulatory notification)** the Company does not obtain a modification or exemption required to be obtained from ASIC to enable the Company to conduct the Offer in compliance with the Corporations Act and as described in the Prospectus as notified by ASX;
- o **(regulatory approval withdrawn)** a regulatory body or Government Agency withdraws, revokes, varies or amends any approvals required for the Company to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- o **(notice under section 730)** any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- o **(financial assistance)** after the date of the Agreement, the Company or any member of the Group passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- o **(certificate)** the Company does not provide a certificate certifying matters such as the Company's compliance with its obligations under the Underwriting Agreement and in connection with the Offer, and the representations and warranties given by them being true and correct (**Certificate**) as and when required by the Underwriting Agreement;
- o **(timetable)** an event specified in the timetable in the Prospectus (**Timetable**) is delayed for more than 2 Business Days (unless consented to by the Lead Manager which consent must not be unreasonably withheld or delayed);

## Section 9 Additional Information

- o **(repayment of Application Moneys)** any circumstances that arises after lodgement of the Prospectus that results in the Company repaying the monies received from applications to participate in the Offer (**Applications**) or offering applicants an opportunity to withdraw their Applications and their monies being repaid;
- o **(failure to issue or transfer)** the Company is prevented from issuing the new Shares within the time required by the Timetable, Offer Documents, Listing Rules, ASX Settlement Operating Rules or by applicable laws, an order of a court of competent jurisdiction or a governmental agency;
- o **(insolvency events)** an Insolvency Event occurs, or is found to have occurred in the past, with respect to the Company or a member of the Group;
- o **(constitution)** the Company varies the Constitution, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed); or
- o **(prosecution)** any of the following occurs:
  - o a director or a senior executive of the Company or Group is charged with an indictable offence relating to a financial or corporate matter;
  - o any Government Agency or regulatory body commences any public action against the Company, member of the Group, director or senior executives, or threatens or announces that it intends to take such action;
  - o any director of the Company or member of the Group is disqualified from managing a corporation under Part 2D.6 of the Corporations Act or an action to disqualify any such person is threatened or announced; or
  - o any director of the Company or member of the Group engages in any fraudulent conduct or activity, or is found to have engaged in any fraudulent conduct or activity in the past.

### Termination events subject to materiality

In addition, the Lead Manager may, at any time after the date of the Underwriting Agreement until on or before the issue and transfer of Shares under the Offer (without any cost or liability by notice to the Company) terminate the Underwriting Agreement if any of the following events occur and the Lead Manager has reasonable grounds to believe the event:

- o has or is likely to have a materially adverse effect on the success, settlement or marketing of the Offer, or on the ability of the Lead Manager to market, promote or settle the Offer, or on the likely price Shares will trade at on the ASX following the Offer, or the willingness of investors to subscribe for Shares under the Offer, or
- o has, or is likely to, give rise to:
  - o a contravention by the Lead Manager (or its Affiliates) of or being involved in a contravention of the Corporations Act, law or contract relating to the Offer; or
  - o a liability for the Lead Manager (or its Affiliates) under any applicable law, regulation, rule of stock exchange, regulatory body or contract relating to the Offer.

Termination events include (but are not limited to):

- o **(disclosures in due diligence)** the due diligence committee report or any other information supplied by or on behalf of the Company to the Lead Manager in relation to the due diligence process, Offer Shares, the Group, the Offer, or the Offer Documents is or becomes untrue, incorrect, misleading or deceptive (including by omission).
- o **(material adverse change)** any material adverse change occurs (including any change in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and/or any member of the Group (insofar as the position in relation to a member of the Group affects the overall position of the Company)), or an event occurs which is likely to give rise to a material adverse change in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Company or the Group, including:
  - (a) any change in the earnings, prospects or forecasts from those disclosed in the Prospectus;
  - (b) any change in the nature of the business conducted or proposed to be conducted by the Company or Group;

- (c) the insolvency or voluntary winding up of the Company or any other member of the Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator;
- (d) any material adverse change to the rights and benefits attaching to the Shares; or
- (e) any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in the Prospectus.
- o **(Government Agencies)** any licence, permit, authorisation, approval, order, concession or consent from a Government Agency in respect of the Company or a member of the Group is revoked or not renewed (except as disclosed in the Pathfinder and Prospectus);
- o **(Official Quotation)** any ASX condition affecting the ASX in giving final approval to Official Quotation of the Underwritten Shares is not completed, fulfilled or waived by ASX so as to result in the Underwritten Shares not being granted Official Quotation by the date specified in the Timetable;
- o **(breach)** the Company is in default or any of the material terms and conditions of the Underwriting Agreement or breaches any undertaking or covenant given or made under the Underwriting Agreement and that default or breached is either incapable of remedy or is not remedied within 2 Business Days after being given a notice to do so;
- o **(change in laws)** any of the following occurs which does or is reasonably likely to prohibit, restrict or regulate the Offer or materially reduce the level or likely level of valid applications for Offer Shares:
  - o the introduction of legislation into the parliament of the Commonwealth of Australia, any State or Territory of Australia, New Zealand, the United Kingdom, the United States of America, Singapore, Malaysia or the Peoples Republic of China (other than any legislation which had been publicly before the date of this Agreement);
  - o the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or
  - o the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy;
- o **(breach of law or regulations)** the Company or any member of the Group contravenes the Corporations Act, its Constitution, any of the Listing Rules or any other applicable law;
- o **(general trading suspension)** Trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX. This paragraph does not apply to a suspension due to an electronic malfunction, a power outage or technology hacking attack;
- o **(warranties untrue)** any of the warranties or representations by the Company in the Underwriting Agreement are or become materially untrue or incorrect;
- o **(restricted activities)** without the prior written consent of the Lead Manager, the Company or the Group:
  - o disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;
  - o ceases or threatens to cease to carry on business;
  - o alters its capital structure (debt or equity), other than as contemplated in the Prospectus;
  - o amends the Constitution or any other constituent document of the Company or
  - o amends the terms of issue or transfer of the Offer Shares.
- o **(hostilities)** in respect of any one or more of Australia, New Zealand, a member of the European Union, the United Kingdom, the United States, Japan, the Peoples' Republic of China, Hong Kong, South Korea, the Democratic People's Republic of Korea or Singapore **(Key Jurisdictions)**:
  - o there is an outbreak of hostilities, political or civil unrest (whether or not war or a national emergency has been declared) not presently existing; or
  - o a major escalation in existing hostilities occurs (whether war is declared or not);
  - o a declaration is made of a national emergency or war; or
  - o a major act of terrorism occurs in or involving a Key Jurisdiction;



- o **(adverse change in financial markets)** Any of the following occurs:
  - o a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - o trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day on which that exchange is open for trading;
  - o any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
  - o after the date of this Agreement, a change or development (which was not publicly known prior to the date of this Agreement) involving a prospective adverse change in taxation affecting the Group or the Offer occurs.
- o **(change in management)** a change to the board of directors or any member of senior management disclosed in the Prospectus, is terminated, gives notice of their intention to cease being employed or an officer with any member of the Group;
- o **(encumbrances)** a member of the Group charges or agrees to charge or creates any encumbrance over, the whole, or a substantial part of its business or property;
- o **(Certificate incorrect)** a statement in any Certificate is false, misleading, inaccurate or untrue or incorrect;
- o **(public statements)** the Company or a member of the Group issues a public statement concerning the Offer after the date of the Agreement which has not been approved by the Underwriter (acting reasonably).

### Representations and warranties

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Lead Manager (as well as common conditions precedent, including conducting due diligence, lodgement of this Prospectus, the entry into voluntary escrow deeds by certain Existing Shareholders and ASX granting the waivers necessary to enable the Offer to proceed in accordance with the timetable).

The representations and warranties given by the Company relate to matters such as conduct of the Company, power and authorisations, information provided by the Company, financial information, information in this Prospectus, the conduct of the Offer, compliance with laws, the ASX Listing Rules and other legally binding requirements.

The Company also provides additional representations and warranties in connection with matters including, but not limited to, matters such as the Group's business, litigation, taxation, data privacy, financial information, anti-money laundering and anti-bribery.

The Company's undertakings include, among other things, that:

- o it will immediately notify the Underwriter of any breach of the terms of the Underwriting Agreement;
- o it will not withdraw the Offer without first consulting the Lead Manager;
- o it will not, prior to Completion, vary any term of its constitution without the prior written consent of the Underwriter to the terms of the variation, such consent not to be unreasonably withheld or delayed;
- o it will not, from the date of the Agreement and for 6 months after Completion, reduce, reorganise or otherwise alter the capital structure of the Company or agree or announce to do any of those things, except with prior written consent of the Lead Manager; and
- o it will not (unless otherwise disclosed in the Pathfinder or Prospectus) until 6 months after Completion, dispose of all or any material part of the business, assets or property of the Group, or acquire any material asset except in the ordinary course of business, without prior written consent of the Lead Manager (which is not to be unreasonably withheld or delayed)
- o it will not, from the date of the Underwriting Agreement until 6 months after Completion, issue any Shares or securities (including convertible notes) without the prior written consent of the Lead Manager (which is not to be unreasonably withheld or delayed) unless the issue is disclosed in the Pathfinder or Prospectus.

## Indemnities

Subject to certain customary exclusions (including fraud, wilful misconduct or gross negligence of the Lead Manager), the Company agrees to keep the Lead Manager and certain affiliated parties indemnified from and against any losses suffered, including consequential loss or damage, in connection with the Offer and the appointment of the Lead Manager pursuant to the Underwriting Agreement.

## 9.7. Letting management agreements – Owners

Each property that Alloggio or its relevant subsidiary manages for short term holiday letting is generally the subject of a management agreement between Alloggio and the owner of that property (**Owner**).

The management agreements appoint Alloggio to act as the agent of the Owners and authorise Alloggio to manage the Owners' properties for short term holiday letting.

Alloggio's standard form of management agreement is the most common form of management agreement used across Alloggio's short-term letting management businesses (**Management Businesses**).

However, the form of the management agreement used by each Management Business can vary, particularly due to:

- o the legislative requirements of the jurisdiction where the particular Management Business operates; and
- o upon completion of the acquisition of some Management Business Alloggio has adopted the form of management agreement already in place at that business, or the management agreements have been directly assigned to Alloggio.

Despite the variations in the form of the management agreements they are generally on market terms, comply with applicable legislation and industry codes and, within the constraints of the law, seek to protect Alloggio against liability in connection with the agency appointment.

The agreements usually continue indefinitely until terminated by either party. In accordance with standard practice in the industry the Owners can generally terminate the agreements without cause upon providing written notice of between 30-90 days, with the notice period varying depending on the form of management agreement in use by the relevant Management Business.

## 9.8. Terms and Conditions

Alloggio's suite of terms and conditions (**T&Cs**) govern the relationship between Alloggio or the relevant subsidiary of Alloggio (**Alloggio**) and any individual that uses Alloggio's short term accommodation/hotel services or uses a website owned by Alloggio where the T&Cs appear (**Guest**).

The T&Cs cover Alloggio's policies and procedures relating to a Guest's accommodation booking and use of the website which generally include (without limitation):

- o cancellation policy;
- o obligations during a Guest's stay and use of a property;
- o damage to a property;
- o Alloggio's right to relocate a Guest to alternate accommodation;
- o Alloggio's termination rights; and
- o payment and Bond terms.

The T&Cs are generally on standard market terms and comply with applicable legislation and industry codes.

**9.9. Licences**

The Company's operations are subject to industry specific regulations which effect the hospitality and tourism industry and STRA providers. A summary of the licences maintained by the Company is set out below.

**9.9.1 Real Estate Licenses**

The Company requires real estate licences to operate its holiday management business under certain state-based legislation. A summary of the real estate licences are set out below.

	New South Wales	Queensland
Licence Type	Corporation Licence	Corporation Licence
Commencement Date	19 July 2021	15 January 2021
Expiry Date	18 July 2026	15 January 2024
Conditions	No conditions or restrictions placed on licence	No conditions or restrictions placed on licence
Relevant legislation	<i>Property Stock and Agents Act 2002 (NSW)</i>	<i>Property Occupations Act 2014 (QLD)</i>

In addition to holding corporate licences, the Company is required to appoint an individual as the designated person in charge in relation to the activities carried on under the corporate licence in accordance with applicable state regulation. A summary of the individual licences of the nominated persons in charge are set out below.

	New South Wales
Licence Type	Real Estate Agent
Location	All of NSW
Licensee in charge	Dawn Laraine Liddell
Commencement Date	Effective from 14 February 2007
Expiry Date	31 October 2021
Conditions	Class 1 Agent – Real Estate
Relevant legislation	<i>Property Stock and Agents Act 2002 (NSW)</i>



Licence Type	Queensland	Queensland
	Real Estate Sales Person	Real Estate Agent
Location	Business premises of Noosa Holiday Rentals – 25 Hastings Street, Noosa Heads Queensland 4567	Alloggio Management's Principal place of business
Name of Licence Holder	Bruce Gregory	Dawn Laraine Liddell
Commencement Date	22 October 2010	11 December 2020
Expiry Date	22 October 2021	11 December 2023
Conditions	The licence holder can only exercise the functions of a Real Estate Sales Person.	The licence has been issued on the condition that the holder only exercises real estate sales or leasing functions or on-site residential property manager functions.
Relevant legislation	<i>Property Occupations Act 2014 (QLD)</i>	<i>Property Occupations Act 2014 (QLD)</i>

### 9.9.2 Other licenses

To provide complimentary services to travellers at its mid-market hotel locations, the Company also holds a number of:

- o liquor licences in relation to the sale and consumption of alcohol; and
- o food safety and hygiene licences in relation to the preparation, handling and sale of foods items, as required in accordance with state based legislation.

## 9.10. Licence with Western NSW Local Health District

A subsidiary of the Company, Agile Maintenance Pty Ltd, has entered into a short term licence agreement with Western NSW Local Health District (**Western Health**) pursuant to which Alloggio's mid-market hotel in Bathurst is licenced to Western Health for COVID-19 accommodation purposes. The licence is for a 5 month term commencing on 29 August 2021 with a monthly licence fee of \$225,000 plus GST.

## 9.11. CBA Facility

Group Entities propose to execute new facility agreements and amendments to existing facility agreements with Commonwealth Bank of Australia with a combined facility limit of \$8.742 million from a current combined facility limit of \$6.342 million (**New Banking Facilities**). Please refer to Section 4.7.1 for further details of the New Banking Facilities.

## 9.12. Constitution and rights attaching to shares

A summary of the rights attaching to Shares under the Constitution is set out below. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution, ASX Listing Rules, statutory and common law requirements. For an investor to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, that investor should seek legal advice.

Voting	Members may vote at general meetings either by a show of hands or a poll. If a poll is called, each member has one vote per share held. Any equality in votes is to be resolved by the chairperson.
Proxy	A member entitled to attend and cast a vote at a meeting of members may appoint an individual or body corporate as its proxy to attend and vote for that member at the meeting.
General meetings and notices	A Director may convene a meeting of members whenever they think fit and as otherwise required under the Corporations Act. Notice of a meeting must be given to members in accordance with the Corporations Act. The quorum for a meeting of members is 5 or more members entitled to vote at the meeting.
Dividends and share plans	<p>The Directors may determine that a dividend is payable, fix the amount and time for payment and authorise payment or crediting by the Company to each member entitled to that dividend. Interest is not payable by the Company on a dividend.</p> <p>Before paying a dividend, the Directors may determine that part of the profits of the Company are to be set aside to form a reserve, or carried forward if the Directors are of the opinion that those funds ought not to be distributed as dividends.</p> <p>The Directors may, in their discretion, pay dividends to members in cash, or by way of distributing certain assets or securities including shares in the Company.</p> <p>The Constitution permits the Directors to adopt or implement a share plan.</p>
Transfer of Shares	<p>Shares must be transferred in accordance with the Constitution and the relevant law.</p> <p>Subject to the relevant law, Directors are authorised to decline to register a transfer, suspend registration of a transfer or apply a holding lock.</p>
Winding up	<p>If the Company is wound up and the property of the Company available for distribution among the members is more than sufficient to pay the debts and liabilities of the Company, the excess must be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.</p> <p>In winding up, the liquidator may also, by sanction of a special resolution, choose to divide the Company's property among members.</p>
Variation of rights	The rights attached to securities in a class of securities may, unless their terms of issue state otherwise, be varied or cancelled with the written consent of holders of such securities with at least 75% of the votes in the class, or by a special resolution passed at a meeting of the class of holders holding securities in the class.
Directors	<p>The minimum number of Directors is 3 and the maximum number of Directors is 12 unless otherwise resolved in a general meeting.</p> <p>The Directors have the power to appoint additional Directors or appoint a Director to fill a casual vacancy. The Directors also have the ability to remove a Director.</p> <p>Directors may call a meeting by giving notice to all other Directors. The secretary must also convene a meeting of directors if requested to do so in writing.</p> <p>Questions arising at a meeting of Directors must be decided by a majority of votes cast by the Directors present and entitled to vote on the matter. In the event of an equality of votes cast for and against a particular question, the chairperson has a casting vote.</p>
Alteration to the Constitution	The Constitution can only be amended by a special resolution passed by at least 75% of members present and voting at a general meeting.

## 9.13. Escrow arrangements

At Completion, it is expected that approximately 90,000,000 million Shares, representing 45% of the total issued capital of the Company on an undiluted basis, will be subject to either ASX escrow and/or voluntary escrow arrangements. The escrow arrangements comprise ASX restricted securities described in Section 9.13.1 and voluntary escrow arrangements described in Section 9.13.2. A summary is set out below:

Escrow arrangement	Escrow Period	Number of Escrowed Shares	% of Shares (on an undiluted basis)
ASX escrow	Up to 24 months from Completion	90,623,931	45%
Voluntary escrow	From Completion to February 2022	10,288,575	5%

10,288,575 of ASX escrowed shares are being voluntarily extended beyond the ASX escrow period to 28 February 2022.

### 9.13.1 ASX restricted securities

The Company will be making submissions to the ASX regarding ASX escrow arrangements detailed in the ASX Listing Rules as follows:

Shareholder	Escrow Period	Number of Escrowed Shares	% of Shares (on an undiluted basis)
Directors <sup>4</sup>	24 months from Completion	63,913,768	32%
Certain promoters and their associates	24 months from Completion	13,179,908	7%
Other existing Shareholders	12 months from date of issue (with release dates ranging from 20 January 2022 to 14 September 2022)	13,530,255	7%
<b>Total</b>		<b>90,623,931</b>	<b>45%</b>

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on the ASX. The above table assumes ASX will grant look-through relief in respect of the Convertible Notes and is otherwise subject to assessment by the ASX.

### 9.13.2 Voluntary Escrow Arrangements

Certain Existing Shareholders have entered into voluntary escrow agreements with the Company in relation to Shares in which they will have interests on Completion. Certain Existing Shareholders that are subject to ASX escrow detailed in Section 9.13.1 have also entered into voluntary escrow arrangements in respect of the same Shares. The following Existing Shareholders are subject to voluntary escrow arrangements:

Shareholder	Escrow Period	Number of Escrowed Shares	% of Shares (on an undiluted basis)
Certain Existing Shareholders	From Completion to 28 February 2022	10,288,575	5%

4. And their associates, together with the associates of former Directors.



## Section 9 Additional Information

All Shareholders party to an Escrow Deed for voluntary escrow (**Escrow Deed Shareholder**) has agreed to enter into an Escrow Deed in respect of their shareholding on Completion of the Offer (other than Shares acquired under the Offer), which prevents them from disposing of their respective Escrowed Shares for the applicable Escrow Period as described above.

In relation to the voluntary Escrow Deeds, the restriction on disposing is broadly defined. It restricts the Escrow Deed Shareholder from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, creating or agreeing to create a security interest over the Escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares or agreeing to do any of those things.

### 9.13.2.1 Early release

An Escrow Deed Shareholder pursuant to an Escrow Deed may be released early from escrow in the following circumstances:

- o to tender or accept a full or proportional takeover offer, provided that the offer has been accepted by the holders of at least 50% of the Securities in the class of Securities to which offers under the bid relate and which are not subject to escrow; or
- o to be disposed of or cancelled as part of a merger by way of compromise or arrangement under Part 5.1 of the Corporations Act. If the merger by way of compromise or arrangement does not take effect, the Shares will return to escrow.

### 9.13.2.2 Restrictions on transfers

During the Escrow Period, Escrow Deed Shareholders who are party to Escrow Deeds and whose Shares remain subject to escrow may dispose of any of their Escrowed Shares to the extent that the disposal is:

- o required by an order of a court of competent jurisdiction;
- o a transfer by the personal representative of the Escrowed Shareholder to whom the Escrowed Shares have been bequeathed; or
- o to an Escrowed Shareholder's affiliate, provided that the transferee of the Escrow Shares has agreed to be bound by a deed on substantially those same terms in respect of the Escrow Shares.

## 9.14. Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

### 9.14.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

### 9.14.2 *Foreign Acquisitions and Takeovers Act 1975 (Cth)* and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more un-associated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A “direct interest” is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor is in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

## **9.15. Taxation considerations**

The following comments provide a general summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty issues for investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account for or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary does not cover the consequences for investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force as at the Prospectus Date (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each investor’s specific circumstances, investors should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

### **9.15.1 Dividends paid on Shares – Australia tax resident investors**

#### **9.15.1.1 Individuals and complying superannuation entities**

Where dividends on a Share are distributed, those dividends should constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend. If the investor satisfies the “qualified person” rules (refer to further comments below), the investor should also include any franking credit attached to the dividend in their assessable income. However, such an investor should be entitled to a tax offset equal to the franking credit. The tax offset can be applied to reduce the income tax payable on the investor’s taxable income. Where the tax offset exceeds the income tax payable on the investor’s taxable income in an income year, the investor should be entitled to a tax refund equal to the amount of the excess.

Where a dividend is unfranked, the investor should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

### **9.15.1.2 Companies**

Corporate investors should be required to include both the dividend and associated franking credit in their assessable income, subject to satisfaction of the qualified person rules. A tax offset should then be allowed up to the amount of the franking credit on the dividend. In addition, the corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. Such a corporate investor can then pass on the benefit of the franking credits to its own investor(s) on the payment of dividends by the corporate investor.

Where franking credits received by a corporate investor exceed the income tax payable by that investor, the excess cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

### **9.15.1.3 Trusts and partnerships**

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include dividend in their assessable income in determining the net income of the trust or partnership. Subject to satisfaction of the qualified person rules, such investors should also include any franking credit attached to the dividend in their net income. As a result, a relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the investor.

Notably, as the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, it is recommended that investors seek independent advice on the tax consequences arising in these circumstances.

### **9.15.1.4 Qualified person rules**

The benefit of franking credits can be denied where an investor does not satisfy the qualified person rules, in which case the investor should not be required to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to satisfy the qualified person rules, an investor must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares continuously 'at risk' for not less than 45 days in the period beginning the day after the day on which the investor acquires the Shares, and ending on the 45th day after the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be satisfied provided that the Share have been held "at risk" for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be held "at risk" to the extent that no material "positions" are adopted in relation to the Shares which may have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative arrangements, or agreements to sell the Shares). Under the related payment rule, a different testing period applies where the investor or an associate of the investor has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where an investor or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the investor to have held the Shares at risk for the continuous period of 45 days (not including the date of acquisition or disposal) during a window which commences on the 45th day before, and ends on the 45th day after the day the Shares become ex-dividend. Practically, the related payment rule should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if the related payment rule applies in the context of their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual investor may satisfy the qualified person rules on an alternative basis, provided that the investor satisfies the small holding exemption. This exemption should generally be satisfied where the investor is entitled to total franking credits (from all sources) of no more than \$5,000 in the relevant year of income.



As indicated above, the qualified person rules can be particularly complex for distributions received by an investor directly or indirectly (for example, via an interposed trust). It is recommended that investors in such situations seek independent taxation advice.

#### **9.15.1.5 Dividend washing rules**

Dividend washing rules can apply in certain cases, such that no tax offset is available (nor is an amount required to be included in assessable income in relation to an attached franking credit) for a dividend received on Shares. Broadly, the rules can apply where investors seek to obtain additional franking benefits by disposing of Shares ex-dividend and re-purchasing a substantially equivalent parcel of Shares cum-dividend on a special market.

Investors should seek independent taxation advice regarding the dividend washing rules and consider the impact of these rules, having regard to their own personal circumstances.

#### **9.15.1.6 Disposal of Shares – Australia tax resident investors**

The disposal of a Share by an investor should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the investor is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

If the investor who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the investor realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate shares).

#### **9.15.1.7 Dividends on a Share – Non-Australian tax resident investors**

Investors who are not tax resident in Australia should generally be subject to Australian dividend withholding tax with respect to any unfranked dividends paid by Alloggio. Australian dividend withholding tax should be imposed at a flat rate of 30% on the amount of the dividend that is unfranked unless the investor is a tax resident in a country that has concluded a double tax treaty, the rate of Australian dividend withholding tax may be reduced (usually to 15%), depending on the terms of the double tax treaty.

Dividends paid by Alloggio which are fully franked should not be subject to Australian dividend withholding tax.

### 9.15.1.8 Disposal of Shares – non-Australian tax resident investors

The disposal of a Share by an investor who is not a tax resident in Australia should constitute a CGT event. A capital gain may initially arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (refer Section 8.11.2 for further details).

However, any capital gain arising as a result of the CGT event should be disregarded unless the Share constitutes “taxable Australian property”. In the ordinary case, a Share should not constitute taxable Australian property unless both of the following requirements are satisfied:

- the investor (together with any associates of the investor) holds an interest of at least 10% in Alloggio at the time of the disposal, or has held such an interest throughout a 12-month period in the 24 months preceding the disposal; and
- Alloggio is land rich for Australian income tax purposes (broadly, because more than 50% of the value of Alloggio’s assets, including those of certain downstream subsidiaries, is comprised by Australian real property interests and/or certain interests in respect of Australian minerals).

A Share should also constitute taxable Australian property if it is used by an investor in carrying on a business in Australia through a permanent establishment. (For example, a fixed place of business, such as an office, which is located in Australia).

In the event that an investor who is not a tax resident in Australia realises a capital gain in connection with the disposal of a Share that constitutes taxable Australian property, the investor should ordinarily be required to lodge an Australian income tax return including the capital gain. In such circumstances, the investor should generally not be entitled to claim the benefit of the CGT discount to the amount of the capital gain included, but may be able to offset the capital gain with available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of available capital losses, should be subject to Australian incomes tax at the investor’s marginal tax rate.

A capital loss should initially be realised by an investor who is not a tax resident in Australia to the extent that the reduced cost base of a Share exceeds the capital proceeds from its disposal. However, as with capital gains, a capital loss should be disregarded by the investor unless the Share being disposed of constitutes taxable Australian property. Capital losses which are not disregarded as may only be offset against capital gains from the disposal of taxable Australian property in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

### 9.15.1.9 GST

Investors should not be liable for GST from acquiring or disposing of any Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by investors in this respect.

### 9.15.1.10 Stamp duty

Investors should not be liable for stamp duty in respect of their investment in Shares, unless they acquire, either alone or with an associated/related person, an interest in 90% or more in Alloggio and the unencumbered value of land held by Alloggio is more than \$2 million. Under current stamp duty legislation, no stamp duty should ordinarily be payable by investors on any subsequent transfer of Shares whilst Alloggio remains listed.

#### **9.15.1.11 Tax File Number (TFN)**

Australian tax residents may, if they choose, notify Alloggio of their TFN or ABN or a relevant exemption from withholding tax with respect to dividends. In the event Alloggio is not notified, pursuant to the TFN withholding rules, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Australian tax resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

Investors who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by Alloggio with respect to unfranked dividends or distributions paid to such investors, irrespective of whether those investors have notified Alloggio of their TFN or ABN.

### **9.16. Litigation and claims**

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

As far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or Governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

### **9.17. Consents to be named and statement of disclaimers of responsibility**

Each of the parties referred to below (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given, and has not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to being named in this Prospectus in the form and context in which it is named:

- o Bell Potter as Lead Manager in relation to the Offer;
- o On-Market Bookbuilds Pty Limited as Co-Manager in relation to the Offer;
- o Maxim Accounting and Business Advisors Pty Limited as tax advisor to the Company in relation to the Offer;
- o Travis Partners Law as Australian legal advisor (other than in respect of taxation) to the Company in relation to the Offer;
- o PKF Corporate Finance (NSW) Pty Limited as Investigating Accountant to the Company in relation to the Offer, including its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus;
- o PFK (NS) Audit & Assurance Limited Partnership as auditor to Alloggio;
- o Automic Group as the share registry to Alloggio;
- o Rawson Lewis as the financial advisor to Alloggio;
- o Frost & Sullivan in relation to the inclusion of, and references to, its report Independent Market Report in the form and context in which they are included; and
- o ESV Accounting and Business Advisors as auditor to Alloggio for the aggregated financial statements for FY19 and FY20.



## Section 9 **Additional Information**

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to in this Section 9.17 has not authorised or caused the issue of this Prospectus and does not make any offer of Shares.

### **9.18. Costs of the Offer**

The costs of the Offer are expected to be approximately \$1.5 million (excluding GST) based on the Offer Price. These costs include Lead Manager and other advisor fees (referred to in Section 4 and Section 6.4.4) and other costs including initial ASX listing fees and other incidental costs. These costs will be borne by the Company.

### **9.19. Contract and Constitution summaries**

Summaries of contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out in Section 9.6 and the Constitution in Section 9.12 are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts or Constitution themselves. Copies of the Constitution may be inspected at the registered office of the Company during normal business hours by appointment with the Company Secretary.

### **9.20. Governing law**

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### **9.21. Statement of Directors**

This Prospectus is authorised by each Director of the Company who has consented to its lodgement and issue with ASIC and has not withdrawn that consent.

### **9.22. Foreign selling jurisdictions**

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside of Australia except to the extent permitted below.

#### **Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.







## Appendix A

# Significant Accounting Policies





### **10.1. Basis of preparation**

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 of this Prospectus are set out below. These accounting policies are consistent with the latest statutory general purpose financial statements of Alloggio Group Limited (the 'Company') for the year ended 30 June 2021.

### **10.2. Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The ability of the Company to continue as a going concern has not been impacted by the outbreak of the COVID-19 pandemic.

### **10.3. Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

### **10.4. Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alloggio Group Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Alloggio Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **10.5. Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## **10.6. Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### **Financial assets at amortised cost**

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### **Impairment of financial assets**

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

## **10.7. Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### 10.8. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### 10.9. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### Recovery of deferred tax assets

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

#### Lease make good provision

The consolidated entity is required to restore the leased premises to their original condition at the end of the respective lease terms. The make good provision is the present value of the anticipated costs to make good the premises on expiry of the lease. The calculation of this provision requires assumptions such as application of closure dates and cost estimates.

#### Right-of-use assets and lease liabilities

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The consolidated entity has several hotel lease contracts which include extension options exercisable only by the consolidated entity. These options are negotiated by consolidated entity's management to provide flexibility in managing the leased asset portfolio and to align with business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised. In determining the lease liability, the consolidated entity's management has assessed that none of the options will be exercised. If there is a significant event or change in circumstances where it is reasonably certain the consolidated entity will exercise the options, the consolidated entity will remeasure the right-of-use asset and lease liability.

#### Impairment of rent rolls

The recoverable amounts of rent rolls are derived from market transactional evidence in relation to their fair value. The fair value of the rent roll is calculated by multiplying the annual rent roll income by a multiple that is based on either independent expert opinion or using subsequent sales transactions. There were no impairments of the rent rolls at 30 June 2021 and 30 June 2020.

### **Amortisation of rent rolls**

Rent rolls have a finite life and are therefore amortised. Amortisation is calculated using the straight-line method to allocate the cost of the rent rolls over their estimated useful lives.

## **10.10. Revenue and other income**

### **Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

### **Rent rolls - Booking fees and management fees**

The consolidated entity enters into contracts with its customers to manage short-term rental properties on their behalf. The consolidated entity receives a booking fee upon successful letting of a property and a fee to manage the property. Booking fees are fixed fees that are billed on completion of the performance obligation at a point-in-time on commencement of the rental agreement. Management fees which are based on a percentage of rental collected on behalf of the landlords and is recognised over the period the performance obligation for managing the property is performed.

### **Hotels and motels – Rooms**

Rooms revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer.

### **Hotels and motels – Food and beverage**

Food and beverage revenue is recognised at a point in time.

### **Interest**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established



### 10.11. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- o When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- o When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### 10.12. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

### 10.13. Trades and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

## 10.14. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

- Plant and equipment 30% – 100%
- Motor vehicles 30% – 100%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## 10.15. Property, plant and equipment

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.

## 10.16. Intangibles

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

### Domain names

Domain names are assessed to have an indefinite useful life and are not amortised. Domain names acquired for a material sum are capitalised and tested for impairment.

### Rent roll

Rent rolls are accounted for as an intangible asset with a finite life in accordance with AASB 138 Intangible assets. They are measured at cost less amortisation and any impairment. Rent rolls are amortised over 15 years.

### 10.17. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### 10.18. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### 10.19. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives are classified as current or non-current depending on the expected period of realisation.

### 10.20. 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.

The Group has adopted AASB 2020-4 COVID-19-Related Rent Concessions. The practical expedient in paragraph 46A has been applied to each relevant lease where a rental concession was agreed prior to 30 June 2021.

### 10.21. Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### Long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided

by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### **Defined contribution superannuation expense**

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## **10.22. Share-based payments**

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares and rights, that are provided to employees in exchange for the rendering of services.

For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

## **10.23. Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **10.24. Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.







## Appendix B

# Glossary





Term	Meaning
<b>\$m</b>	Australian million dollars
<b>AAS or Australian Accounting Standards</b>	Australian Accounting Standards developed, issued and maintained by the Australian Accounting Standards Board
<b>AASB 16</b>	AASB 16 <i>Leases</i>
<b>AASB 9</b>	AASB 9 <i>Financial Instruments</i>
<b>AASB or Australian Accounting Standards Board</b>	Australian Accounting Standards Board, an Australian Government agency under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth)
<b>Applicant</b>	A person who submits an Application
<b>Application</b>	Application made to subscribe for Shares under an Offer
<b>Application Form</b>	The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares
<b>Application Monies</b>	The amount accompanying an Application Form submitted by an Applicant, calculated as the Offer Price multiplied by the number of Shares applied for
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange, as operated by ASX Limited ACN 008 624 691
<b>ASX Corporate Governance Principles and Recommendations</b>	The Corporate Governance Principles and Recommendations issued by the ASX
<b>ASX Listing Rules</b>	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list
<b>ASX Settlement</b>	ASX Settlement Pty Limited ACN 008 504 532
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement
<b>ATO</b>	Australian Taxation Office
<b>Australian Consumer Law</b>	Schedule 2 of the <i>Competition and Consumer Act 2010</i> (Cth)
<b>Automic Group</b>	Automic Pty Ltd ACN 624 985 422
<b>Board or Board of Directors</b>	The Board of Directors of the Company
<b>Booking Fee</b>	The fee charged to a traveller by Alloggio



Term	Meaning
<b>Broker</b>	Any ASX participating organisation selected by the Lead Manager or financial adviser to act as a broker to the Offer
<b>Broker Firm Offer</b>	The offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker
<b>CAGR</b>	Compound Annual Growth Rate
<b>CBA</b>	Commonwealth Bank of Australia ACN 123 123 124
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>Chair</b>	The chairperson of the Board
<b>CHESS</b>	Clearing House Electronic Sub-register System operated in accordance with the Listing Rules and Corporations Act
<b>Closing Date</b>	The date on which the Offer is expected to close, indicatively being 15 November 2021, in accordance with the timetable on page 5. These dates may be varied without prior notice
<b>Company (or Alloggio)</b>	Alloggio Group Limited ACN 645 582 225 or any Group Entity as the context requires
<b>Completion</b>	Completion in respect of the allotment of New Shares contemplated in the Prospectus
<b>Constitution</b>	The constitution of the Company
<b>Convertible Notes</b>	Has the meaning given in Section 7.1.4
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Corporations Regulations</b>	Regulations made pursuant to the Corporations Act
<b>CRM</b>	Customer relationship management
<b>Director Options</b>	The Director Options entitle the holder to one Share per option, see Sections 6.4.3 and 9.4.1.4
<b>Directors</b>	The Directors of the Company from time to time
<b>EBIT</b>	Earnings before interest and tax
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>Escrow</b>	The period during which the Escrowed Shareholders may not divest their Shares

<b>Term</b>	<b>Meaning</b>
<b>Escrow Deed</b>	A voluntary escrow deed entered into between the Company and each of the Escrowed Shareholders
<b>Escrow Period</b>	Has the meaning given Section 9.13
<b>Escrowed Shares</b>	Each of the Shares held by the Escrowed Shareholders at Completion of the Offer
<b>Escrowed Shareholder</b>	Directors and Senior Management and other Existing Shareholders and their nominees, related trusts or entities and/or other associates of those persons that hold Existing Shares
<b>Executive Director</b>	A Director who performs executive functions in connection with the management and administration of the Company
<b>Existing Shareholders</b>	Those persons holding the Existing Shares as at the Prospectus Date
<b>Existing Shares</b>	Ordinary Shares in the Company that were on issue prior to the Offer
<b>Expiry Date</b>	13 months after the Prospectus Date
<b>Exposure Period</b>	The seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days
<b>Financial Advisor</b>	Rawson Lewis Pty Ltd ACN 630 685 371 Corporate Authorised Representative of AFSL 464545
<b>Frost &amp; Sullivan</b>	Frost & Sullivan Australia Pty Limited ACN 096 869 108
<b>FTE</b>	Full time equivalent employees
<b>FY19</b>	Financial year of the Alloggio ended on 30 June 2019
<b>FY20</b>	Financial year of the Alloggio ended on 30 June 2020
<b>FY21</b>	Financial year of the Alloggio ending on 30 June 2021
<b>General and administration expenses</b>	Employee expenses in relation to customer service, credit assessment, Non-Executive Directors, senior management personnel and business support functions as well as general business expenses such as legal and professional fees and facilities costs
<b>GBV</b>	Gross booking value
<b>Group Entity</b>	Has the meaning given in clause 6.4.1.2
<b>GST</b>	Goods and services or similar tax imposed in Australia
<b>HIN</b>	Holder Identification Number
<b>Historical Financial Information</b>	Statutory Historical Financial Information and Pro Forma Historical Financial Information

Term	Meaning
<b>IFRS</b>	International Financial Reporting Standards
<b>Income Tax Assessment Act</b>	Means the <i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth) as appropriate
<b>Institutional Investor</b>	Investors who are: <ul style="list-style-type: none"> <li>persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act;</li> <li>institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply); and</li> <li>provided that in each case such investors are not in the United States</li> </ul>
<b>Institutional Offer</b>	The offer of Shares under this Prospectus to Institutional Investors
<b>Investigating Accountant</b>	PKF Corporate Finance (NSW) Pty Limited ACN 097 893 957
<b>Investigating Accountant’s Report</b>	The Investigating Accountant’s Report set out in Section 8
<b>IPO</b>	Initial public offering
<b>JobKeeper Scheme</b>	The JobKeeper payment scheme provided by the Australian Federal Government in relation to COVID-19 to subsidise employee costs
<b>Lead Manager</b>	Bell Potter Securities Limited ACN 006 390 772
<b>Listing</b>	Admission of the Company to the official list of the ASX and quotation of the Shares on the ASX
<b>Listing Rules</b>	Official listing rules of ASX
<b>New Shareholders</b>	Shareholders who acquire Shares under the Offer made under this Prospectus
<b>New Shares</b>	The new Shares to be issued by the Company under the Offer
<b>Non-Executive Director</b>	A Director who is not an Executive Director
<b>Noteholders</b>	Means the holders of Convertible Notes
<b>NPAT</b>	Net profit after tax
<b>Offer</b>	The Offer under this Prospectus of New Shares to be issued by the Company as described in Section 7



<b>Term</b>	<b>Meaning</b>
<b>Offer Period</b>	The period during which investors may apply for Shares under the Offer, commencing on the Opening Date and ending on the Closing Date
<b>Offer Price</b>	\$0.20 per Share
<b>Officer</b>	Has the meaning given in section 9 of the Corporations Act
<b>Official List</b>	The official list of entities that ASX has admitted and not removed
<b>Opening Date</b>	The date on which the Broker Firm Offer opens
<b>Operating cash flows</b>	Operating cash flows ultimately attributable to shareholders
<b>OTA</b>	Online travel agent
<b>Priority Applicant</b>	An Applicant of the Priority Offer
<b>Priority Offer</b>	The component of the Offer under which Priority Applicants who have received an invitation can apply for Shares, as described in Section 7.4
<b>Pro Forma Adjustments</b>	Adjustments to the Statutory Historical Financial Information
<b>Pro Forma Historical Cash Flows</b>	Has the meaning given in Section 4.1
<b>Pro Forma Historical Financial Information</b>	Has the meaning given in Section 4.1
<b>Pro Forma Historical Income Statements</b>	Has the meaning given in Section 4.1
<b>Pro Forma Historical Statement of Financial Position</b>	Has the meaning given in Section 4.1
<b>Profit Before Tax</b>	Profit (or loss) before tax
<b>Prospectus</b>	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
<b>Prospectus Date</b>	18 October 2021, the date this Prospectus was lodged with the ASIC
<b>Rawson Lewis</b>	Rawson Lewis Pty Ltd ACN 630 685 371, Corporate Authorised Representative of AFSL 464545
<b>Related Body Corporate</b>	Has the meaning given in the Corporations Act
<b>Retail investor</b>	An investor that is not a 'professional investor', 'sophisticated investor' or otherwise exempt from disclosure under 708 of the Corporations Act

<b>Term</b>	<b>Meaning</b>
<b>Senior Management</b>	The management team outlined in Section 6.3
<b>Settlement</b>	The settlement in respect of the Shares the subject of the Offer
<b>Share</b>	A fully paid ordinary share in the capital of the Company
<b>Share Registry</b>	Automic Group
<b>Shareholder</b>	The registered holder of a Share
<b>Statutory Historical Cash Flow Statement</b>	Has the meaning given in Section 4.1
<b>Statutory Historical Financial Information</b>	Has the meaning given in Section 4.1
<b>Statutory Historical Income Statement</b>	Has the meaning given in Section 4.1
<b>Statutory Historical Statement of Financial Position</b>	Has the meaning given in Section 4.1
<b>STRA</b>	Short term rental accommodation
<b>Subsidiary</b>	Has the meaning given in section 9 of the Corporations Act
<b>Successful Applicant</b>	An Applicant or Institutional Investor who is issued Shares under the Offer
<b>TFN</b>	Tax file number
<b>Travis Partners Law</b>	Travis Law Pty Ltd ACN 612 378 739

# Corporate directory

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## Issuer's Registered Office

Alloggio Group Limited  
840 Hunter Street  
Newcastle NSW 2300

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## Legal Advisor

Travis Partners Law  
Suite 9C, Level 3  
The Boardwalk  
1 Honeysuckle Drive  
Newcastle NSW 2300

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## Lead Manager

Bell Potter Securities Limited  
Level 38/88 Phillip Street  
Sydney NSW 2000

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## Financial Advisor

Rawson Lewis Pty Ltd  
Level 40  
2 Park Street  
Sydney NSW 2000

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## Auditor

PKF (NS) Audit & Assurance Limited Partnership  
Level 8, 1 O'Connell Street  
Sydney NSW 2000

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## Offer Information

1300 288 664 (within Australia)  
+61 (2) 9698 5414 (outside Australia)

From 8:30am to 7pm (Sydney time) Monday to Friday  
(excluding public holidays)

[www.alloggio.com.au](http://www.alloggio.com.au)

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## Investigating Accountant

PKF Corporate Finance (NSW) Pty Limited  
755 Hunter Street  
Newcastle NSW 2300

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## Co-Manager

On-Market BookBuilds Pty Limited  
Level 31, Tower 2, 200 Barangaroo Ave  
Barangaroo NSW 2000

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## Tax Advisor

Maxim Accounting and  
Business Advisors Pty Limited  
Suite 401 Level 4/45 Watt Street  
Newcastle NSW 2300

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## Share Registry

Automic Group  
Level 5,  
126 Phillip Street  
Sydney NSW 2000

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**alloggio:**