

FAQ - SALE OF HOTEL STRATA TITLES

The following are answers to the frequently asked questions from people who have expressed an interest in purchasing a Strata Title.

Question - When will Formal Contract of Sale documentation be ready?

Full contract of sale documentation is being prepared and will be available by end of January.

Question - What Strata titles are available and what is their price?

See attached schematic that shows the Strata Titles that remain available.

The hotel has 112 rooms spread across 100 Strata Titles as follows:

- 86 Standard Rooms which are approximately 34 Square Meters in size
- 12 Two-bedroom Suites which are approximately 75 Square Meters in size
- 2 One-bedroom Suites which are approximately 41 Square Meters in size

Within the 86 standard rooms we have:

- 6 dog-friendly rooms
- 5 Accessible rooms
- 10 Interconnecting family rooms (two titles)

In terms of pricing:

- Golf-facing Standard rooms are \$270,000 across all three levels of the hotel
- Non-Golf-facing Standard rooms are \$240,000 across all three levels of the hotel
- Dog-friendly rooms are \$270,000 and are situated on the ground level
- Golf-facing two-bedroom junior suites (4 in total) are \$700,000 and situated on the second floor of the hotel
- Non-Golf-facing two-bedroom junior suites (4 in total) are \$600,000 and situated on the second floor of the hotel
- Golf-facing two-bedroom deluxe suites (2 in total) were \$750,000 and situated on the second floor
- Non-Golf-facing two-bedroom deluxe suites (2 in total) were \$650,000 and situated on the second floor

A.C.N. 644 931 108 Pty Ltd

ACN 644 931 108
2 Sands Boulevard Torquay VIC 3228 AUSTRALIA

Email: kgrant@thesandstroquay.com

Question - What Benefits are attached to Strata Title Ownership**Rental Return**

- For the first three (3) years of this lease, the annual rental is fixed at an amount equivalent to five (5) percent of the Purchase Price.
- Year 4 and beyond - the annual rental will be tied to official RBA Interest Rate plus one percent (1.00%).
- The annual rental is capped at a maximum of five percent (5%) of the Purchase Price.

Owner Benefits (Entitlements)

- The landlord shall be entitled to use the Premises for holiday purposes, on the following basis: -
 - a) Five (5) nights' accommodation during the High Season – being from 1 December to the 28 February each year, and
 - b) Ten (10) nights' accommodation during the Shoulder Season – being from 1 March to the 31 May and 1 September to the 30 November each year, and
 - c) Fifteen (15) nights' accommodation during the Low Season – being from 1 June to the 31 August each year.

When the Premises are used by the owner room cleaning charges will be payable at the rate of \$90 for each standard room clean and \$140 for each suite room clean.

- Owner's will receive an "owners' card" that will entitle them to a 20% discount on all food and beverage charges while using their free nights.
- Owners will have full access to the golf course for two people while using their free nights.
- Owners will have full access to the Health Club for two people while using their free nights.

Question - What is deducted from the guaranteed rental return?

The 5% yield is fixed and based solely on the purchase price with no deductions but excludes body corporate fees which owners pay outside of the fixed guaranteed return.

A.C.N. 644 931 108 Pty Ltd

ACN 644 931 108

2 Sands Boulevard Torquay VIC 3228 AUSTRALIA

Email: kgrant@thesandstroquay.com

Question - Is there a depreciation schedule including fixtures, fittings and furnishings?

The contract of sale will provide for fixtures, fittings and furnishings that will allow owners to depreciate these items.

The amount that will be included in the sale contract will be:

- Standard Room - \$5,000.00
- One-bedroom Suite - \$7,500.00
- Two-bedroom Suite - \$12,500

The items covered will be Bedding (excluding linen), TV(s), Bedside Lamps, Bedside Tables, Desk, Dining Table and Dining Seats (Suites), Lounge Chairs, Couch (suites), Desk and Desk Chair.

Question - What is the Body Corporate structure?

The Sands Estate has a number of body corporates across the estate; the main one being OC1. OC3 covers the 100 Strata Titles that make up the hotel and they refer to the OC1 rules. Both OC1 and OC3 rules will be included in the contract of sale.

Question - Is there currently a Body Corporate manager?

Ace Body Corporate Management (Geelong/Surf Coast/Werribee) currently manage OC3 and have a three-year term that expires on 31 March 2028.

Question - What are the Body Corporate Managers fees?

The management fee for managing OC3 are \$18,106 per annum, which covers:

- BAS Agent fees - \$600.00
- Computer/Internet fees - \$1,505
- Management Fees - \$12,546
- Disbursements - \$3,455

Question - Does Body Corporate Manager have a permanent manager on site?

No.

A.C.N. 644 931 108 Pty Ltd

ACN 644 931 108

2 Sands Boulevard Torquay VIC 3228 AUSTRALIA

Email: kgrant@thesandstroquay.com

Question - What are the Body Corporate Fees?

The current Body Corporate budget \$182,176.30 which covers the following items:

- OC1 levies
- Cleaning (common area carpet, external windows, etc)
- Fire Protection Services
- Airconditioning Maintenance and Mechanical ventilation
- Minor Building Maintenance
- Lift Maintenance
- Insurance Premiums (Strata) - Building and Public liability
- Sinking Fund

Insurance premiums are by far the biggest expense at close to \$80,000 per annum. The budget allows for \$35,000 for a sinking fund to cover, yet unknown, non-minor maintenance items.

Question - How are Body Corporate Fees charged to owners of Strata Titles?

Body Corporate fees are invoiced directly to owners on a quarterly basis, based on the lot liabilities attached to the Strata Title.

OC1 levies are the same for all 100 Strata titles (\$136.70 per lot per annum). For OC3, the levies are based on 1260 lot liabilities with a standard room attracting 10 Lot Liabilities, one bedroom suites attracting 20 and the two-bedroom suites attracting 30.

This means:

- Standard Room OC levies will be \$1,474.05 per annum
- One-bedroom suites OC levies will be \$2,811.40 per annum
- Two-bedroom suites OC levies will be \$4,148.75 per annum

Question - What is the estimated Land Tax payable by Strata Title Owners?

For a single holding, the land tax value for calendar 2024 was, \$500 for a standard room and \$975 for the one-bedroom and two-bedroom suites per annum.

A.C.N. 644 931 108 Pty Ltd

ACN 644 931 108

2 Sands Boulevard Torquay VIC 3228 AUSTRALIA

Email: kgrant@thesandstroquay.com

Question - Who is responsible for maintenance of the Strata Title?

The day-to-day maintenance of the hotel room is the responsibility of the hotel operator.

The refurbishment of hotel rooms is determined by the hotel operator and the cost is the responsibility of the strata title owner.

The hotel was completely renovated in late 2021 and there is not expected to be any refurbishment for the next five (5) years.

The current estimated cost of room furnishings is - \$5,000 standard room, \$7,500 one-bedroom suite, \$12,500 two-bedroom suite.

Question - Who is responsible for external works - Pavements, Cladding, Balcony Glass etc.?

The OC3 Levies contain an annual sinking fund amount of \$35,000. All external walls, cladding, glass were completely renovated in late 2021 as part of the ~\$5m spent on the hotel renovation/refurbishment.

The OC will oversee any future works required and will use money accumulated in the annual sinking fund.

Question - Common Areas: Pools, lifts and plant can be significant. Is there a plan to replace/upgrade/remodel?

The pool and health club are not within the Strata Title area and are the responsibility of the owner of the property. During the renovations, the pool and health club underwent significant refurbishment and expansion to now encompass a full commercial grade gymnasium.

The commercial air-conditioning that air conditions the common areas of the hotel was completely replaced in 2021 and has an expected 10-15 year life span.

The lifts and fire protection are under maintenance contracts and are covered within the OC levies and should not require replacement for the foreseeable future.

Question - Can Owners live in the Hotel?

No. The Strata Titles will remain as hotel rooms for short-term stays under a management agreement with the current operator – DLH Food and Beverage Pty Ltd.

A.C.N. 644 931 108 Pty Ltd

ACN 644 931 108

2 Sands Boulevard Torquay VIC 3228 AUSTRALIA

Email: kgrant@thesandstroquay.com

Question - Can Owners sell their Strata Title at any time?

Yes. The only restriction is that Strata Titles can only be sold on the same terms and conditions they were purchased under.

Question - Can Owners use the 30 nights for family and friends?

Yes, subject to:

- The 30 nights must be booked by the owner of the Strata Title.

Owners can allow family and friends to use the allocated 30 nights, but the booking must be made by the Strata Title owner.

- Owners are responsible for room cleaning charges at a rate of \$90 for each standard room clean and \$140 for each suite room clean.
- It is at the owner's discretion if they charge anything for family or friends when using their allocated 30 nights.

Question - What happens to unused nights?

Unused nights are forfeited each 12-month period with no financial gain to Strata Title owners.

Question - How far in advance can Owners book accommodation nights?

Owners can book accommodation nights up to 12 months in advance. All Accommodation nights are allocated to the calendar year in which the accommodation falls. That is, Owners can not use accommodation from one calendar year in a subsequent calendar year.

A.C.N. 644 931 108 Pty Ltd

ACN 644 931 108

2 Sands Boulevard Torquay VIC 3228 AUSTRALIA

Email: kgrant@thesandstroquay.com

A.C.N. 644 931 108 Pty Ltd

ACN 644 931 108

2 Sands Boulevard Torquay VIC 3228 AUSTRALIA

Email: kgrant@thesandstroquay.com