

28 June 2017

Dear Investor

## INVESTOR UPDATE

We are writing to you as an investor in the Pelathon Pub Fund Group to provide you with an update on key matters relating to your investment.

### Results of General Meetings

---

On 19 June 2017, investors approved the resolutions set out in the related Notices of General Meeting and Explanatory Memorandum, resulting in a second company (Pelathon Hotels No 2 Limited) stapled to the Pub Fund Group, and a 1 for 10 consolidation of the Group's securities.

The effect of these transactions on your investment is described below.

#### Stapling

A stapled security in the Pelathon Pub Fund Group now comprises one unit in Pelathon Pub Fund, one share in Pelathon Hotels Limited and one share in Pelathon Hotels No 2 Limited.

#### Consolidation

Effective 19 June 2017, you now hold one tenth of the number of securities you held prior to the meeting (rounded up to the nearest whole number). Your investment as a percentage of the total securities on issue remains equal (subject to rounding). The total securities on issue is now 17,542,988.

The consolidation alone does not affect the NTA value of your investment, as the NTA per security simply increases by a multiple of ten to reflect the consolidation. The NTA is now \$1.24 per security.

A holding statement showing your new balance is enclosed.

### Hotel Acquisitions and Equity Raising

---

In our previous investor update (28 April 2017), we reported due diligence was underway on a number of potential freehold acquisitions. We can now announce that contracts have been exchanged on two of the assets with the third expected to be completed shortly:

#### Diplomat Hotel, Alice Springs NT

- 81 room 3.5 star motel located in the centre of Alice Springs CBD
- Tavern and restaurant providing 50% of revenue
- Contract price \$9.65m

#### Tandara Hotel Motel, Sarina QLD

- 15 room motel
- Large format drive thru bottle shop and detached bottle shop
- 31 gaming machines
- Contract price \$4m

**Queens Hotel, Gladstone QLD**

- 28 room motel
- Sports bar, bistro and conference room
- 23 gaming machines
- Contract price \$2m

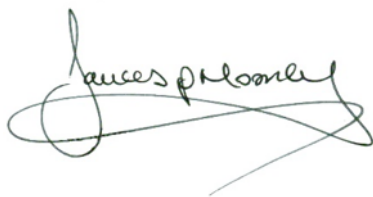
We are also moving ahead with the equity raising contemplated in the last update. An information memorandum will be available for wholesale investors in early August.

**More Information**

---

We look forward to continuing to work with you. We remind you that it is our policy to have an 'open door' to our investors and their advisors so always feel free to contact any of our senior staff if you have any enquiries.

Yours faithfully



**Jaz Mooney**  
Director



**Darren Baker**  
Director



**David Horton**  
Director