

On 25/2/21, 12:04 pm, "Andrew Griffin" <AGriffin@balmain.com.au> wrote:

Dear Daniel,

As you are aware the Covid-19 situation continues to considerably impede trading and will continue to do so for the foreseeable future. We have made several attempts to refinance your remaining debt but at this stage our current lender is not prepared to advance any additional funds and it appears unlikely that a new lender would enable any level of increased gearing.

Notwithstanding, we are able to pay interest on your loan at the coupon rate of 7.50% up to 31 March 2021 together with a small repayment of your principal. Specifically, you will receive in the next day or so:

Coupon Payment: \$7,479.45

Principal Repayment: \$30,000.00

Your closing loan balance is now: \$170,000.00

Email from Balmain in March 2021 confirming first principal of \$30K to be paid in 2021FY not 2020FY due to pandemic effecting hospitality industry

We will continue to strive to refinance your remaining loan and maintain current interest payments and thank you for bearing with us during this difficult time. Unfortunately, there is little certainty in our cash flows at this point in time.

Regards,
Andrew

This email and any attachments are confidential. If you are not the intended recipient, you should not use or disclose the information in any way. If you have received this email in error, please contact the sender and delete the email and any attachments. The views or opinions expressed are the author's own and may not reflect the views or opinions of the Balmain Group.

Melissa Harvey

From: Nicole Bryant
Sent: Wednesday, 10 March 2021 10:04 AM
To: Melissa Harvey
Subject: FW: Greenwood Hotel Interest Payment & Principal Repayment

Nicole Bryant
Managing Director | Chartered Accountant

P: 07 3844 5555 M: 0400 621 832
nicole.bryant@macrogroup.com.au
www.macrogroup.com.au
Level 1, Suite 4, 220 Melbourne Street, South Brisbane QLD 4101 PO Box 3555, South Brisbane BC QLD 4101

Liability limited by a scheme approved under Professional Standards Legislation.

This message and any attachments are confidential and may contain legally privileged information and/or copyright material. It must not be distributed, altered or the information contained in it disseminated, without the authority of The Macro Group. The information contained in it is intended for the use of the authorised recipient only. If you have received this message in error please return to sender and delete this message from your system, and destroy printed copies. Any US Tax Advice provided is provided by Nicole Maree Bryant, CPA. Pursuant to Internal Revenue Services Circular 230 any tax advice I provide is not intended to be used and cannot be used for the purposes of avoiding U.S federal, state or local tax penalties

Responsible person: Nicole Bryant | Chartered Accountant
Limited AFSL: 485843 Nicole Bryant

-----Original Message-----

From: Daniel <dvfleming@me.com>
Sent: Tuesday, 9 March 2021 10:48 AM
To: Andrew Griffin <AGriffin@balmain.com.au>; Nicole Bryant <Nicole.Bryant@macrogroup.com.au>; Paul Sealey <paul.sealey@escalapartners.com.au>; Simon Dawkins <Simon.Dawkins@escalapartners.com.au>
Subject: Re: Greenwood Hotel Interest Payment & Principal Repayment

Thank you, Andrew.

I confirm the below funds have been received and the outstanding loan balance is \$170,000.

Regards

Daniel

Dr Daniel Fleming
M: 0400 701 070

Melissa Harvey

From: Nicole Bryant
Sent: Monday, 3 February 2020 5:50 AM
To: Melissa Harvey
Subject: FW: Greenwood Restructure on 1 April 2020
Attachments: FYE2020 Projections.pdf

We have reached out to the investor and are still waiting for confirmation as at 30 June. However this email confirms the holding was \$200K (page 3) in April and Daniel was planning on investing a further \$100K however this didnt not happen due to COVID and hte hotel being closed during lockdown.

FYI – I don't know what entity Daniel owns this in



Nicole Bryant

*Managing Director |
Chartered Accountant*

07 3844 5555

nicole.bryant@macrogroup.com.au

www.macrogroup.com.au



Level 1, Suite 4, 220 Melbourne Street,
South Brisbane QLD 4101
PO Box 3555, South Brisbane BC QLD 4101

Liability limited by a scheme approved under Professional Standards Legislation.

This message and any attachments are confidential and may contain legally privileged information and/or copyright material. It must not be distributed, altered or the information contained in it disseminated, without the authority of The Macro Group. The information contained in it is intended for the use of the authorised recipient only. If you have received this message in error please return to sender and delete this message from your system, and destroy printed copies. Any US Tax Advice provided is provided by Nicole Maree Bryant, CPA. Pursuant to Internal Revenue Services Circular 230 any tax advice I provide is not intended to be used and cannot be used for the purposes of avoiding U.S federal, state or local tax penalties

Responsible person: Nicole Bryant | Chartered Accountant
Limited AFSL: 485843 Nicole Bryant

From: Andrew Griffin <AGriffin@balmain.com.au>

Sent: Friday, 31 January 2020 2:02 PM

To: Daniel Fleming <dvfleming@me.com>; Nicole Bryant <Nicole.Bryant@macrogroup.com.au>; Paul Sealey <paul.sealey@escalapartners.com.au>; Simon Dawkins <Simon.Dawkins@escalapartners.com.au>

Cc: Tom Sherston <TSherston@balmain.com.au>

Subject: Greenwood Restructure on 1 April 2020

Dear Daniel,

In respect of the above I can advise that all investors wish to 'upgrade' to a full ownership model of the Greenwood Hotel Trust .

This means that, should we proceed as planned on **1 April 2020**, you will thereafter be entitled to your pari-passu share of the net trading profit rather than a combination of coupon and profit share.

I would, however, like to clarify all of the data for your consideration prior to you making a final decision.

1. Current Debt Position

The current debt relating to the Greenwood is comprised of both a “headstock loan” and an equipment lease. The balances look like this:

DEBT POSITION (Headstock)					
Payment	Month	Payment	Inte rest	Principal	CL Principal
13	Jan-20	22,135.42	22,135.42	-	5,312,500.00
14	Feb-20	22,135.42	22,135.42	-	5,312,500.00
15	Mar-20	209,635.42	22,135.42	187,500.00	5,125,000.00
16	Apr-20	21,354.17	21,354.17	-	5,125,000.00
17	May-20	21,354.17	21,354.17	-	5,125,000.00
18	Jun-20	21,354.17	21,354.17	-	5,125,000.00

LEASE POSITION (Equipment)					
Payment	Month	Payment	Inte rest	Principal	CL Principal
13	Jan-20	19,328.15	4,108.94	15,219.21	807,940.34
14	Feb-20	19,328.15	4,032.97	15,295.18	792,645.16
15	Mar-20	19,328.15	3,956.62	15,371.53	777,273.63
16	Apr-20	19,328.15	3,879.89	15,448.26	761,825.37
17	May-20	19,328.15	3,802.78	15,525.37	746,300.00
18	Jun-20	19,328.15	3,725.28	15,602.87	730,697.13

As at 31 March 2020 the total debt is \$5,902,274. Going forward the bank will continue to require amortisation of \$100,000 per annum.

2. Trading

Trading continues to be buoyant with the place “rocking” through December. As expected we enjoyed the full benefit of the renovations that slowed our turnover in September and October 2019.

Attached to this email is the current YTD (December 2019) and FYE2020 projections. As you can see even allowing for no growth from the renovations, EBITDA will exceed \$2.50MM this year and hopefully far better in subsequent years.

3. True-Up

Given the buoyant December trading we can project, with a reasonable degree of certainty, the level of “profit share” to which you are already entitled. Specifically, we will be making a distribution to you for the period up until the end of March 2020 in the amount of c. \$14,024.63. Of this approximately 73.62% is “profit share” (c. \$10,324.93) with the balance being coupon.

4. Settlement Calculations & Your Ownership

As is normal for acquiring a trading business, the “new” entity needs to have a cash float and stock. Allowing for this, the settlement adjustments look like the following (the 6x multiple is based on FYE2020 EBITA of \$2.51MM):

Purchase Calculations:	
Purchase Price (6x)	15,076,202
Add: Stock	150,000
Add: Float	150,000
BankWest Debt	-5,902,274
Value of Equity	9,473,928

Given your indication that you are prepared to increase your investment from \$200,000.00 to \$300,000.00, you will “own” 3.17% of the Hotel Greenwood.

5. Projected Returns

The projected P&L for the business comprises the EBITDA of \$2.51MM less adjustment, which I think are self-explanatory, as follows:

Likely Trading Performance and Returns:	
EBITDA	2,512,700
Less: Management Fees	-250,000
Less: Guarantee Fees (AG & ST personals)	-250,000
Less: Interest on Debt	-230,625
Less: Interest on Equipment Leases	-46,559
Available for Investors	1,735,517
New Investors Total Investment	4,400,000
New Investors return	806,030
New Investors return (as a percentage)	18.32%

The Management and Guarantee fees are for Simon and I providing our personal guarantees on the BankWest debt and for our ongoing strategic and operational management of the venue. BankWest takes the rest.

In closing, this is not a complex business and we are passionate believers that a venue of this footprint in the middle of North Sydney will continue to improve. Our initiatives to introduce gaming (YTD \$136,000 net profit) will continue to improve a profitability from the gaming room increase significantly over time. Our adoption of smaller “events” in addition to the regular larger “parties” is also bolstering the bottom line.

Can you please confirm that you are happy to proceed with your **additional** investment of \$100,000.00 and we will prepare for settlement as at 1 April 2020.

Your sincerely,

Andrew

+61414743346



This email and any attachments are confidential. If you are not the intended recipient, you should not use or disclose the information in any way. If you have received this email in error, please contact the sender and delete the email and any attachments. The views or opinions expressed are the author's own and may not reflect the views or opinions of the Balmain Group.