

# MA Redcape Hotel Fund

Asset Management

Target Market Determination

Target Market summary

This product is intended for use as a up to 10% of a portfolio for a consumer who is seeking quarterly income and some capital growth and has a High risk and return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a 5-year investment timeframe and who is unlikely to need to withdraw their money on less than 5 year's notice.



# Introduction

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth) (the Act). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is not a product disclosure statement (PDS) and is not a complete summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the product before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by contacting client services on (02) 8288 5594 or on our website at [MAFinancial.com/invest/real-estate-and-hospitality/redcape-hotel-group](https://MAFinancial.com/invest/real-estate-and-hospitality/redcape-hotel-group).

## Fund and Issuer identifiers

<b>Issuer</b>	MA Redcape Hotel Fund RE Limited
<b>Issuer ABN</b>	87 610 990 004
<b>Issuer AFSL</b>	505932
<b>Fund manager</b>	Redcape Hospitality Pty Ltd ACN 619 297 228
<b>TMD contact details</b>	DDO@mafinancial.com
<b>Fund name</b>	MA Redcape Hotel Group
<b>ARSN</b>	MA Redcape Hotel Trust I ARSN 629 354 614 MA Redcape Hotel Trust II ARSN 629 354 696
<b>APIR Code</b>	MAA8238AU
<b>ISIN Code</b>	AU60MAA82380
<b>Market Identifier Code</b>	N/A
<b>TMD issue date</b>	2 April 2024

<b>TMD Version</b>	3.0
<b>Distribution status of fund</b>	Available

## Description of Target Market

Option 1: Amber rating not utilised

### TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red and green rating methodology:

In target market	Not considered in target market
------------------	---------------------------------

### Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

### Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market, as the features of this product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

### Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of minor allocation). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a High risk/return profile may be consistent with the consumer's objectives for that minor allocation notwithstanding that the risk/return profile of the consumer as a whole is Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

The FSC has provided more detailed guidance on how to take this portfolio view for diversification, available on the [FSC website](#).

Consumer attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth		<p>The Fund's objective is to provide investors with regular cash distributions and the potential for income and capital growth over the investment term by investing in and actively managing a diversified portfolio of high-quality hotels with the potential for refurbishment or redevelopment.</p> <p>A typical investor will invest into this Fund to seek exposure to a portfolio of high-quality hotels and alternative use real estate assets that includes exposure to the operational risk of running a hotel business and with a focus on distributions and capital growth. Prospective investors should ensure they have an informed understanding of the strategies and techniques employed by the Manager, the risks of the Fund and that the risk profile of the Fund is compatible with their own risk tolerance. Investors in the Fund should plan to invest their money for at least five years. The Fund is not suitable for investors who cannot tolerate any loss of capital. The Fund may be suitable for prospective investors seeking a longer liquidity period than annual. It is not suited to investors seeking daily, weekly, monthly or annual liquidity. The Fund may be suitable for investors with high or very-high risk tolerance.</p>
Capital Preservation		
Income Distribution		
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (up to 100%)		The Fund has a <i>Low</i> portfolio diversification.
Major allocation (up to 75%)		
Core component (up to 50%)		
Minor allocation (up to 25%)		
Satellite allocation (up to 10%)		

Consumer attributes	TMD Indicator	Product description including key attributes
<b>Consumer's investment timeframe</b>		
Minimum investment timeframe	5 years	The minimum suggested timeframe for holding investments in the Fund is five years.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low		<p>The Fund has a risk level of High. This product is not suitable for investors who have a limited ability to bear losses. Key risks of an investment in the Fund include:</p> <ul style="list-style-type: none"> <li>the inability of the Fund to meet redemption requests</li> <li>the risk that the Fund does not achieve its investment objective</li> <li>the risk that Unitholders may lose some or all their capital invested in the Fund</li> <li>regulatory risks, which includes the risk of potential changes to or interpretations of the legislation and government policies that preside over the hotel sector. There is an extensive regulatory regime that affects many aspects of the Fund's operating business, and any changes may affect profitability</li> <li>inability for the fund to pay distributions; and</li> <li>inability of the fund to pay its debt or other liabilities.</li> </ul>
Medium		
High		
Very High		
Extreme		

Consumer attributes	TMD Indicator	Product description including key attributes
Consumer's need to access capital		
Within one week of request		<p>For the 2025 financial year:</p> <ul style="list-style-type: none"> <li>the Responsible Entity will prioritise unitholders who have submitted withdrawal requests prior to the quarter ending 30 June 2023 and in accordance with the 'closing date' for the notification of the withdrawal request being 16 May 2023, such that these requests will be redeemed in priority to unitholders who have not submitted a withdrawal request prior to that date (Priority Requests); and</li> <li>The Responsible Entity expects that the amount of available liquidity in each quarter will be capped at up to \$10 million during the 2025 financial year; and.</li> <li>the Liquidity Facility is currently paused for any new withdrawal requests until the Priority Requests have been satisfied in full.</li> </ul> <p>The Responsible Entity otherwise intends to provide liquidity on a quarterly basis through a Liquidity Facility. When reinstated by the responsible Entity for new withdrawal requests, the Liquidity Facility aims to offer investors quarterly liquidity at a Withdrawal Price calculated by reference to the Fund's Portfolio NAV per Unit, minus a discount equal to 2.5% of the Portfolio NAV per Unit known as the Withdrawal Discount. Under the Constitution, the Responsible Entity will have up to 365 days to meet redemption requests, if needed.</p> <p>Liquidity events may be cancelled, deferred, scaled back or suspended in exceptional circumstances including for so long as it is impracticable to offer liquidity, or if it would not be in the best interests of Unitholders for liquidity to be offered.</p> <p>Any investors' application for liquidity may be scaled back pro-rata to the amount of liquidity determined to be available. If a scale back applies, the scaled-back component of an investors' application for liquidity may be carried over to the next withdrawal date (if available under a carry forward facility).</p> <p>This product is not suited to investors seeking daily, weekly, monthly, quarterly, or annual liquidity.</p>
Within one month of request		
Within three months of request		
Within one year of request		
Within five years of request		
Within 10 years of request		
10 years or more		
At issuer discretion		N/A

## Distribution conditions/restrictions

Distribution condition	Distribution condition rationale
<p>The Product is considered suitable for:</p> <ul style="list-style-type: none"> <li>Consumers who have received personal financial advice.</li> <li>Consumers who have not received personal financial advice.</li> <li>Consumers who are wholesale clients as defined in section 761G of the Corporations Act in Australia</li> </ul>	<ul style="list-style-type: none"> <li>Where a consumer is a client of a distributor and has received personal financial advice the distributor may rely on the excluded conduct provisions set out at section 994E(3) of the Corporations Act 2001.</li> <li>Where a consumer is a client of a distributor and has not received personal financial advice from them, the distributor must ensure the client has been reviewed by the distributor and deemed to be within the TMD.</li> <li>Where a consumer is making an application for the product directly with the issuer, as part of the investment application process, and in addition to confirming the PDS has been read, that the consumer has acknowledged the product's attributes set out in the target market determination and a record of the acknowledgement is retained.</li> </ul>

### Review triggers

- Material change to key attributes, fund investment objective and/or fees.
- Material deviation from benchmark / objective over sustained period.
- Key attributes have not performed as disclosed by a material degree and for a material period.
- Determination by the issuer of an ASIC reportable Significant Dealing.
- Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
- The use of Product Intervention Powers, regulator orders or directions that affects the product.

### Mandatory review periods

Review period	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	1 year and 3 months

## Distributor reporting requirements

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 10 business days following end of calendar quarter.	All distributors
Significant dealing outside of target market, under section 994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All distributors
To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Within 10 business days following the end of the calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to MA Redcape Hotel Fund RE Limited using the method specified on this website: [MAFinancial.com/invest/real-estate-and-hospitality/redcape-hotel-group](https://MAFinancial.com/invest/real-estate-and-hospitality/redcape-hotel-group). This link also provides contact details relating to this TMD for MA Redcape Hotel Fund RE Limited.

Issued by MA Redcape Hotel Fund RE Limited ABN 87 610 990 004 AFSL 505932 (Issuer or Responsible Entity). Issuer is the responsible entity and issuer of units in the managed investment scheme referred to in this material. This material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

## Definitions

Term	Definition
<b>Consumer's investment objective</b>	
<b>Capital Growth</b>	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
<b>Capital Preservation</b>	The consumer seeks to invest in a product designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
<b>Income Distribution</b>	The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).
<b>Consumer's intended product use (% of Investable Assets)</b>	
<b>Solution/Standalone (up to 100%)</b>	The consumer may hold the investment as up to 100% of their total investable assets. The consumer is likely to seek a product with very high portfolio diversification.
<b>Major Allocation (up to 75%)</b>	The consumer may hold the investment as up to 75% of their total investable assets. The consumer is likely to seek a product with at least high portfolio diversification.
<b>Core Component (up to 50%)</b>	The consumer may hold the investment as up to 50% of their total investable assets. The consumer is likely to seek a product with at least medium portfolio diversification.
<b>Minor Allocation (up to 25%)</b>	The consumer may hold the investment as up to 25% of their total investable assets. The consumer is likely to seek a product with at least low portfolio diversification.
<b>Satellite (up to 10%)</b>	The consumer may hold the investment as up to 10% of the total investable assets. The consumer may seek a product with very low portfolio diversification. Products classified as extreme risk are likely to meet this category only.
<b>Investable Assets</b>	Those assets that the investor has available for investment, excluding the residential home.
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use) Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.</b>	
<b>Very low</b>	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, crypto-assets or collectibles).
<b>Low</b>	The product provides exposure to a small number of holdings (for example, less than 10 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity or equities from a single emerging market economy).
<b>Medium</b>	The product provides exposure to a moderate number of holdings (for example, 10 to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global healthcare equities).



Term	Definition
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in more than one broad asset class, sector or geographic market (for example, global equities).
Highly diversified	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other. The product is likely to provide a similar exposure to a single diversified investment option offered by a superannuation trustee.
<b>Consumer's intended investment timeframe</b>	
Minimum	The minimum suggested timeframe for holding the product. Typically, this is the rolling period over which the investment objective of the product is likely to be achieved.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>This TMD uses the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the <a href="#">Standard Risk Measure Guidance Paper For Trustees</a> (note the bands in the SRM guidance differ from the bands used in this TMD). However, SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
Low	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a conservative or low risk appetite,</li> <li>• seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)), and</li> <li>• is comfortable with a low target return profile.</li> </ul> <p>The consumer typically prefers stable, defensive assets (such as cash).</p>
Medium	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a moderate or medium risk appetite,</li> <li>• seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and</li> <li>• is comfortable with a moderate target return profile.</li> </ul> <p>The consumer typically prefers defensive assets (for example, fixed income).</p>
High	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a high risk appetite,</li> <li>• can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and</li> <li>• seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers growth assets (for example, shares and property).</p>

Term	Definition
<b>Very high</b>	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a very high risk appetite,</li> <li>• can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and</li> <li>• seeks to maximise returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p>
<b>Extremely high</b>	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has an extremely high risk appetite,</li> <li>• can accept significant volatility and losses, and</li> <li>• seeks to obtain accelerated returns (potentially in a short timeframe).</li> </ul> <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p>

### Consumer's need to access capital

This consumer attribute addresses the likely period of time between the making of a request for redemption/ withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances.

### Distributor reporting

#### Significant dealings

Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.

The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.

Dealings outside this TMD may be significant because:

- they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or
- they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer).

In each case, the distributor should have regard to:

- the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),
- the actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and
- the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red and/or amber ratings attributed to the consumer).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the quarter,
- the consumer's intended product use is solution/standalone,
- the consumer's intended product use is core component or higher and the consumer's risk/return profile is low, or
- the relevant product has a green rating for consumers seeking extremely high risk/return.

