Penshurst Hotel – 92 Bell Street, Penshurst VIC 3289

Community Collective Proposal – 30 April 2025



<u>Property Information and Current Property Sale Notice</u>

- Hotel, Motel, Pub & Leisure
- 622 m²
- For Sale, $475,000 to $515,000

PENSHURST HOTEL - VICTORIA

This is the only hotel in town, which opened in early 1861, and is located on a prime corner allotment, situated on the main highway between Warrnambool and Hamilton and gateway to the Grampians National Park.

Situated on 1,643 m2 of Township Zoned Land and is fully functional. Needing an energetic operator to bring the hotel back to the glory days of country hotels.

This double storey stone heritage listed building comprises of a spacious Public bar with new beer system, bottle shop, cafe, formal room, executive lounge, large bistro which also provides space that can be divided into two areas for functions seating around 100 customers opening onto a large outdoor deck.

Beer garden/alfresco area, a large fully renovated commercial kitchen, smokers' area which is accessible from the Public bar, huge off-street carpark and upstairs comprises of 6 bedrooms, lounge, kitchen and 2 bathrooms, some fully renovated and some needed renovating.

Current Hours:
Thursday - 5.30pm - Close
Friday - 4.30pm - Close
Saturday - 5.30pm - Close

<u>Proposal to form a Community Collective</u>

It is proposed that the community of Penshurst form a Community Collective and engage a property solicitor to prepare a Unit Trust, Trust Deed and register a company for members of the community and other like-minded interested parties to buy shares in.

The Community Collective's purpose is to raise sufficient funds to purchase, renovate and operate (through an operating lease) the Penshurst Hotel (hereafter known as the 'Pub') to save this critically important community asset.

The loss of the Pub would be a devastating blow to our small community as a meeting place and result in a significantly reduced capacity for our town to attract new residents, tourists and visitors in the long term.

When the Pub was fully functional as a restaurant and bar it was very well patronised and a successful and profitable business. However, as noted in the current opening hours listed above the main bar is the only part of the business that is still operating albeit on significantly reduced hours.

The opportunity now presents itself for the Pub to be purchased and retained as a community asset and to do so we will need to raise the funds from the community.

Unit Trust Terms

The Unit Trust would be setup as follows:

1. There will be 200 units – each with a value of $5,000.
    a) If all 200 units are purchased a total of $1million will be raised.
        - This should provide sufficient funds to purchase and renovate the property to a fully operational standard, including the bar, restaurant and accommodation facilities.

    b) A minimum of 120 units to the value of $600,000 would need to be initially purchased to progress with this project.
    c) 200 units will be available in the initial Unit Trust amount; however, this is not set and can be adjusted if there is more interest and/or the need to raise more funds depending on the overall purchase price, renovation cost and plans for the Pub's use.
        - Any additional units will firstly be offered to current unit investors and then those on the waiting list (priority being given to local residents).

    d) After purchase, other sources of funding will also be investigated if required to meet any shortfall in the required funding target or for additional agreed projects (grants etc).
    e) If other investors wish to contribute and do not have the minimum $5,000 to purchase one (1) unit consideration will be given to allowing several small investors to combine their funds to purchase a unit between them.
        - In this instance one person will need to be nominated to act on behalf of the group.

    f) If anyone wishes to donate any amount, and not buy a unit trust, this is permitted at any time, and their donation will be acknowledged in the minutes for the first meeting after the date the donation was made.

Important Notes:

- *Purchasing a single unit or multiple units in the Unit Trust does not guarantee an annual dividend will be paid from any profit made in the short term.*
- *This is to be considered an investment in saving a community asset, not a profit-making venture.*
- *Any future sale of the Pub would return the initial Unit Trust purchase value and a share of any financial gain, in addition to the original investment, from equity built up in the Pub.*
    a) Any dividend or share paid for each unit owned would be at 0.5% of the overall amount if all 200 units are purchased.
- *An investor can sell their unit/s in the Unit Trust at any time to another interested investor at the same price they were purchased - upon application and consideration by the Community Collective Management Committee (see point 8. below) to ensure no one (1) investor can gain a majority stake.*
- *A register of investors will be held by the Management Committee and details of who invested made available to all other investors, but not how many units each investor purchased (this will remain strictly confidential and known only to the Project Lead, Management Committee, solicitors and accountants).*
- *There will be a register of interested new investors to facilitate the easy sale of units if members of the trust wish to sell their units at any time in the future.*
- *If the unit sales fall short of the required minimum number (120) to progress with the offer to purchase the Pub, or the Pub is sold to another party prior to our offer being accepted, no money will be requested from investors other than a small contribution to cover any legal fees and other costs incurred in preparing the Community Collective, Unit Trust etc by the Project Lead (receipts will be provided for all costs incurred).*

2. A purchase in the Unit Trust can be one (1) or more units to a maximum of forty (40) units to ensure no one investor/s hold a majority ownership.

3. Each unit holder (investor) will have one (1), and only one (1), vote at all Community Collective meetings irrespective of how many units in the trust they have purchased.
   - This is to ensure an equal representation at meetings and when voting.
   - If an 'investor' is a family, partnership, business etc one person is to be nominated to be authorised to vote on behalf of that investor group.
4. A company will be registered to act as the Trustee of the Unit Trust and administer all financial, legal, leasing and insurance responsibilities of the Community Collective and the Unit Trust.
5. The company will hold public liability, building & contents, business interruption and professional indemnity insurance and this will be arranged by the Management Committee/Directors prior to settlement.
6. All funds raised will be held by the nominated solicitor (recommend Melville, Orton & Lewis in Hamilton) in a holding account until the property is purchased and then the remainder will be transferred to the Company's operating account to be set up with the Bendigo Bank.
   - Transfer of unit purchase funds will be requested when required by the solicitors and will be required to be paid by the investor into the nominated account within 24 hours of the request.
   - 10% of the total value of unit/s purchased by each investor will be required to be paid to cover the deposit on the Pub and any initial legal fees etc ($500 per unit).
   - The remaining 90% will be required to be paid prior to settlement ($4,500 per unit).
   - The reference for the funds transfer will be the investors unit purchase code number:
     - The initials PP for Penshurst Pub.
     - Their investment reference number advised by the Project Lead - number 001 to 200 as applicable.
     - Their surname or company name.
     - Either the word Deposit or Settlement – e.g. PP001 Smith Deposit.
7. All accounts and financial matters will be overseen by a nominated accountancy firm (recommend Brewster & Walsh Accountants in Hamilton) to ensure accountability and reporting on all use of the Unit Trust funds.
8. At the first Annual General Meeting of the Community Collective nominations will be taken to vote in a four (4) person Management Committee.
   - The members of the Management Committee will hold their positions for a three (3) year period, unless they resign from the committee or are removed by a vote at a subsequent AGM.
   - The four (4) positions to be voted in for the Management Committee are:
     1. Chairperson
     2. Secretary
     3. Financial Manager and
     4. Property Manager
   - The Management Committee will also form the Board of Directors of the registered Company (suggest the company be called '1861' after the date the Pub was built).
   - This committee will be responsible on behalf of all members of the collective for the day-to-day management and administration of the Company, Community Collective, Unit Trust, property and any lease for operating the Pub.
     - Upon the successful purchase of the Pub further discussions will need to be held to determine the operating model for the bar, restaurant and accommodation facilities.
     - Options may include a third-party operating lease or paid community manager.
   - Unit holders will have access to all meeting minutes, financial reports and updates from the Management Committee via email after each meeting and any time upon request.
     - It is anticipated that the Management Committee will meet monthly or more frequently as required in the first six months to a year and then quarterly going forward.
   - Formal conflict of interest and code of conduct policies will be put in place for the Management Committee in accordance with company regulations set down by the Companies Act and Consumer Affairs.

Other Issues of Note

1. Any offer made for the purchase of the Pub will be subject to a thorough building inspection, confirmation of required community funding able to be raised and any other appropriate due diligence prior to settlement to establish or question statements made in the sale notice, including the 'fully renovated commercial kitchen' and 'fully functional' asset.
2. The property is not on the National Heritage Register, however, is listed on the Victorian Heritage Database as is affected by Heritage Overlay HO401. The Heritage Overlay applies to all parts of the titled land. Any proposal for buildings and works on the land will require an assessment against the Heritage Overlay permit controls and may require a building and/or planning permit.
   - This means that there are no restrictions on internal works, just the external building façade and old stables in the rear yard of the Pub, however any structural internal works may require a building permit from Council.
3. The Project Lead, prior to formation of the Management Committee will have full responsibility to work with a nominated real estate agent (recommend Brendan Kelly in Penshurst) for the preparation of all necessary documents and the negotiations for making an offer for the purchase of the Pub at the best price that can be negotiated.

Next Steps

Any investor/s wishing to purchase a unit or units in the Unit Trust are requested to complete a 'Commitment to Purchase' form with their details, the number of units they commit to purchasing, sign the form and place it in a sealed envelope in the box at the Post Office for collection or scan and email to [redacted] (if you scan the form please ensure you keep the original to hand over at a later date to the Project Lead).

Updated: please email interimdirectors@penshursthotel.com

[redacted] to discuss any questions you may have.

The Penshurst community thank you for your interest and support.