

## ASX Announcement

17 May 2023

### Alloggio Group Limited (ASX:ALO or Alloggio) announces Trading Update and Scheme Implementation Deed

#### Trading Update

	Revised FY23 range A\$m	Previous FY23 range A\$m
Forecast Normalised EBITDA (being EBITDA less rental expenses)	\$4.8m – 5.1m <sup>1</sup>	\$6.4m – 8.2m

After a lower than expected April 2023 trading result, and with May and June 2023 results anticipated to be lower than previously forecast, the company's earnings have been negatively impacted. We are revising our forecast on the basis of the following:

- Holiday Property Management Division:** Despite a solid booking foundation in most regions for April (with the exception of the colder areas of Victoria and southern NSW) booking pace failed to pick up in the traditional post Easter period. The April Gross Revenue result was down 24.2% to the previous forecast. Bookings within the month of April (traditionally a strong trading month) fell 20.8% compared to the previous April, and Gross Booking Value (GBV) fell 37%. Length of stay shortened to 3.95 days from 4.96 pcp, a reduction of 20.4%, which we see continuing for the remainder of 'FY23.
- Laundry Business Acquisition:** The performance of this business has been impacted by difficulties with current integration and negative impact on revenue from the softening of the wider short term rental market. For this reason, Alloggio has delayed the expansion of the business into the QLD market relative to the assumptions in the prior forecast.

Reduction in consumer confidence traditionally hits the hospitality industry early in an economic cycle and the low consumer confidence reflected in our April result was mirrored in the Westpac Melbourne Institute Confidence index decline in May; dropping sharply by 7.9%,<sup>2</sup> and otherwise exacerbated by unseasonable colder conditions in key holiday destinations.

The weaker booking patterns will impact contingent payments linked to our recent acquisition of A Perfect Stay Pty Ltd. The previously advised first tranche earn-out payment of \$1M due to the vendors of A Perfect Stay Pty Ltd, based on GBV attainment between 1 December 2022 and 31 May 2023 will not be payable due to the earn-out threshold not being achieved. At this point in time it is also considered unlikely that the second \$1M earn-out tranche will be payable.

<sup>1</sup> Subject to Audit and excluding transaction costs associated with the Scheme.

<sup>2</sup> <https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/economics-research/er20230516BullConsumerSentiment.pdf>



This earn-out payment is dependent on GBV between 1 December 2022 and 30 November 2023.

## **Scheme Implementation Deed**

Alloggio Group Limited refers to the Scheme Implementation Deed (**SID**) announced on 27 March 2023 pursuant to which Next Capital Pty Limited (**Next Capital** or the **Bidder**) proposed to acquire 100% of Alloggio shares by way of a company scheme of arrangement (**Scheme**).

As outlined in Alloggio's announcement of 1 May 2023, at the request of Next Capital Alloggio agreed to amend the SID and indicative timetable such that the due diligence condition was extended by two weeks (to 15 May 2023) and the overall indicative timetable extended by one week.

On 15 May 2023 Next Capital gave Alloggio notice that due to the projected financial results of Alloggio for the month of April 2023:

- the due diligence condition precedent (in clause 3.1(a) of the SID) would not be satisfied by 15 May 2023;
- the finance and funding commitment conditions precedent (in clauses 3.1(b) and (c) of the SID) would not be satisfied by 22 May 2023; and
- Next Capital are unable to continue to maintain the offer price of \$0.30 per ALO share contemplated under the SID.

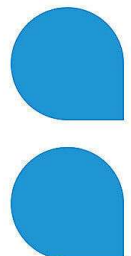
Next Capital has given a "Consultation Notice" under clause 3.4(a) of the SID which provides for Alloggio and Next Capital to consult in good faith to consider if the Scheme may proceed by way of alternative means or methods during a consultation period ending on 22 May 2023 or such later date as Alloggio and Next Capital may agree (**Consultation Period**).

If Alloggio and Next Capital are unable to reach agreement (or the relevant conditions precedent are waived) by the end of the Consultation Period, then either Alloggio or Next Capital may terminate the SID.

As foreshadowed in the Consultation Notice, if the Scheme is to proceed, it is likely to be at a price per ALO share of less than \$0.30, however the Board is not currently in a position to provide an indication of what that price per ALO share may be, whether Next Capital will agree to proceed with the Scheme or if the Independent Board Committee will recommend the Scheme at a lower price per ALO share.

Alloggio will provide a further update at the end of the Consultation Period.

**ALO shareholders do not need to take any action at the present time.**



**Alloggio Founder and CEO Will Creedon commented,** "The short-term rental sector is experiencing initial weakness due to the deterioration in macro-economic conditions. This has occurred previously and the industry has consistently bounced back in the short to medium term, with domestic tourism in particular demonstrating resilience.

At the end of the day people will always want to travel, be it for work or holidays and history tells us that they trade up or down the value chain to suit their needs at any particular time. Alloggio's geographical strategy has positioned it well to continue to execute its growth strategy and seize the opportunities across the different value offerings within our portfolio.

The Mixed Accommodation (management of hotels, apartments, caravan and tourist parks) division continues to perform well, with holdings and booking pace in-line with budget expectations.

Alloggio has strategically invested in established brands and businesses across accessible, well known and popular tourism locations along the East Coast of Australia. Coupled with our technology platform, Alloggio is ideally placed and ready to take advantage of the resurgence of domestic travellers in the short to medium term, and international travellers in the longer term."

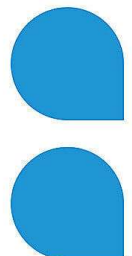
**– ENDS –**

**This announcement has been approved by the Board of Alloggio Group Limited and with respect to the update on the Next transaction by the Independent Board Committee.**

**Further enquiries:**

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### **About Alloggio**

*Alloggio (Italian for accommodation) is a leading operator of short-term rental accommodation (STRA) in Australia. Formed in 2015 by founder and CEO William Creedon, Alloggio has developed an in-house scalable cloud-based technology platform that provides an end-to-end solution for travellers and holiday property owners and managers.*

*The Company operates in the large and fragmented Australian STRA market. Alloggio has a strong portfolio of recognised brands operating in popular tourism destinations such as Magnetic Island, Noosa, Brisbane, Gold Coast, Byron Bay, Coffs Harbour, Port Stephens, Newcastle, Sydney, Jervis Bay, Mollymook / Milton, Melbourne, Great Ocean Road and Mornington Peninsula, with ambitions for continued growth across Australia and places Australians travel to.*

### **About Next Capital**

*Next Capital is a leading independent Australian private equity firm, specialising in providing buy-out funding for small to medium growth businesses, typically valued between A\$50 million and A\$200 million.*

*The Next Capital team has a strong operational focus, based on cultivating successful partnerships with investee company founders and management over many years. Having completed 50 deals in a variety of industries during their careers, the Next Capital team have a strong track record of working with management to generate returns for vendors, management and investors alike. With over \$600 million of funds under management and substantial capital available for new investment, the Next Capital team dedicate the resources necessary to work through opportunities in a timely and professional manner.*

