

HOTEL CAPITAL PARTNERS

Hospitality Investors

26 August 2005

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Australian Hotel Fund (AHO) – June 2005 Annual Results

Hotel Capital Partners Limited the Responsible Entity of the Australian Hotel Fund is pleased to lodge Appendix 4E Statement comprising:

- Highlights of results
- Responsible entity's report
- Financial accounts
- Independent audit report

Yours sincerely



Stephen Burt
Director – Hotel Capital Partners

Appendix 4E

Preliminary Final Report - Year ended 30 June 2005

Name of entity: **AUSTRALIAN HOTEL FUND**

ABN/ARSN: Hotel Capital Partners Limited ABN 36 076 204 727
as responsible entity for Australian Hotel Fund ARSN 092 971 518

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Up/Down	A\$'000
2.1	Revenues from ordinary activities	Up 21%	5,506
2.2	Profit from ordinary activities after tax attributable to members	Up 193%	3,844
2.3	Net profit for year attributable to members	Up 193%	3,844

2.4	Distributions (dividends)	Amount per security	Franked amount per security
	Total distribution	2.4 cents	Nil
	Interim distribution – 31 Dec 2004	Nil	Nil
	Final distribution – 30 Jun 2005*	2.4 cents	Nil

* To be paid on 6 September 2005

2.5	Record date for determining entitlements to the distribution	30 June 2005
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2.6	A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood: Included in net profit for the year attributable to members is a property revaluation increment of \$1.94m reversing a prior year revaluation decrement.
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Net tangible assets per unit	2005	2004
Net tangible assets per unit	82.5 cents	77.2 cents

AUSTRALIAN HOTEL FUND

ARSN 092 971 518
Annual Financial Report
30 June 2005

Responsible Entity
Hotel Capital Partners Limited
ABN 36 076 204 727

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Cover Photographs:

Peppers Fairmont Resort, Blue Mountains NSW

Peppers Anchorage Resort, Port Stephens NSW

Peppers Manor House, Southern Highlands NSW

AUSTRALIAN HOTEL FUND (the "Trust")
RESPONSIBLE ENTITY REPORT
For the year ended 30 June 2005

Operating Results of Portfolio and the Trust

	30 June 2005	30 June 2004
Hotel Portfolio Details		
Portfolio – Number of hotels	3	3
Rooms available	333	333
Room occupancy	58.69%	55.17%
Average room rate	\$193.03	\$187.98
Total revenue	\$29,306,959	\$26,481,115
Gross operating profit (\$)	\$6,542,704	\$5,327,560
Gross operating profit (%)	22.3%	20.12%
Summary Trading Details of the Trust		
Rental income	\$5,469,751	\$4,437,811
Other income	\$35,928	\$123,745
- Property expenses	(\$1,015,332)	(\$1,167,489)
- Expenses of the Trust	(\$628,662)	(\$871,773)
Borrowing expenses	(\$1,960,729)	(\$1,908,937)
Net profit of the Trust before revaluation of property	\$1,900,956	\$613,357
Reversal of prior year revaluation decrement of investment property due to revaluation increment	\$1,942,849	\$698,542
Net profit of Trust	\$3,843,805	\$1,311,899
Units on issue	50,102,178	50,102,178
Earnings per unit before property revaluation increment	3.79 cents	1.22 cents
Earnings per unit after property revaluation increment	7.67 cents	2.62 cents
Distribution per unit	2.40 cents	Nil

Operating Result

Revenues for the Trust's three hotels were up \$2.83m (10.7%) on last year and this delivered a \$1.03m (23.3%) increase in rental income. The net operating result of the Trust was further enhanced by lower administration costs and lower net interest expense and this collectively resulted in net profit before revaluation increment increasing \$1.29m on the prior year to \$1.90m (2004: \$0.61m).

Peppers Fairmont Resort was the major contributor to the uplift in portfolio rental with its rent up 46.3% to \$3.16m (2004: \$2.16m).

Net profit for the Trust after property revaluation increment was \$3.84m up 193% on last years net profit of \$1.31m.

Property Valuation

Independent valuations were undertaken during the year on Peppers Anchorage Resort and Peppers Fairmont Resort. The valuation of Peppers Anchorage remained unchanged at \$18.0m whilst Peppers Fairmont increased to \$44.6m resulting in a property revaluation increment of \$1.94m.

The book value of the property portfolio as at 30 June 2005 was \$68.55m (2004: \$66.61m).

Distribution to Unitholders

The full year distribution of 2.40 cents per unit represents 63.3% of full year earnings before revaluation increment of 3.79 cents per unit.

Debt Management

Trust debt remained unchanged during the year at \$29 million. The Bank facility has been extended for a further three years at a reduced margin. Gearing at 30 June 2005, based on bank debt to portfolio valuation was 42.3% (2004: 43.5%). Swap agreements on the total Bank facility were extended during the year to 2010.

Outlook

The Trust can expect further growth in net rental returns during the forthcoming year due to the continuing benefit of refurbishment programs together with the impact of a buoyant Australian hotel market that is presently characterised by historically low levels of new supply and growing demand particularly from inbound visitation.



Stephen Burt
Director - Hotel Capital Partners Limited
Responsible Entity Australian Hotel Fund

AUSTRALIAN HOTEL FUND CORPORATE GOVERNANCE STATEMENT for the year ended 30 June 2005

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated. These practices are dealt with under the following headings: Role of the Responsible Entity, Role of the Unitholders and Unitholder reporting.

Role of the Responsible Entity

Role of the Board of the Responsible Entity

The Responsible Entity, Hotel Capital Partners Limited, is responsible for the overall Corporate Governance of the Trust.

The primary role of the Board of Directors of the Responsible Entity is the protection of Unitholder's interests and enhancement of long-term Unitholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the Trust including formulating its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has delegated responsibility for operation and administration to the Managing Director.

Board processes

The Responsible Entity has established the Compliance Committee to review operating procedures on a regular basis. The Responsible Entity has established a framework for the management of the Trust including a system of internal control and the establishment of appropriate ethical standards. The philosophy of the Responsible Entity in regard to Corporate Governance is in accordance with the philosophy set down by the Trust Constitution and the Corporations Act 2001.

Remuneration of the Responsible Entity

Refer to Note 14 to the financial statements for details regarding the Responsible Entity's remuneration.

Composition of the Board

The Responsible Entity's Board of Directors meets on a regular basis and is required to discuss pertinent business developments and issues and review the operations and performance of the Trust. The names of the directors are set out on page 7 of this report.

The composition of the Responsible Entity's Board is determined using the following principles:

- the Board should comprise of at least three directors and may be increased when it is felt that additional expertise is required in a specific area of business;
- the Board should comprise a majority of independent non-executive directors;
- directors are encouraged to have a shareholding in the Responsible Entity and the Trust;
- apart from any shareholding in the Responsible Entity, directors should have an independent status determined on the basis of the following key criteria:
 - except in exceptional circumstances a director should not be a principal of a professional advisor to the Responsible Entity nor held such a position in the last five years;
 - directors should not have a relationship with a supplier of the Trust or Responsible Entity that could create a conflict of interest; and
 - directors should be free from any interest, business or relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act in the best interest's of Unitholders.

On the basis of the above criteria the directors of the Responsible Entity are all considered to be independent.

The terms and conditions of the appointment and retirement of non-executive directors of the Responsible Entity are set out in a letter of appointment, which covers the following matters:

- details of induction process;
- the manner in which remuneration is determined;
- guidelines for Board meeting attendance and preparation;
- potential committees on which the director may be requested to participate;
- conflict of interest guidelines and procedures;
- the availability of independent professional advice; and
- includes a copy of the Trust Constitution.

Conflict of interest

In accordance with the Corporations Act 2001 and the Trust's Constitution, directors of the Responsible Entity must keep the Board advised on an ongoing basis, of any interest that could potentially conflict with those of the Trust. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. The Responsible Entity has developed procedures to address conflict of interest. The Managing Director of the Responsible Entity monitors all confidential documents, and contractual arrangements to ensure potential conflicts are identified and appropriately addressed.

Primary duties and obligations

The Responsible Entity's primary duties and obligations include:

- exercising all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of the Unitholders and in performing its functions and exercising its powers under the Trust Constitution in the best interests of all Unitholders;
- keeping or causing to be kept proper books of account, causing the financial report to be audited annually by a registered auditor and sending an annual report and a copy of the auditor's report to Unitholders each year;
- ensuring that the Trust is carried on and conducted in a proper and efficient manner;
- under the requirements of the Trust Constitution, the Responsible Entity is responsible for the day-to-day operations of the Trust including:
 - ongoing management, research and selection of property investments;
 - preparing all notices and reports to be issued to the Unitholders.

Directors' dealings in Trust units

The Trust Constitution permits directors of the Responsible Entity to acquire units in the Trust. The policy of the Responsible Entity in respect of director's dealings in the Trust is:

- directors are prohibited to trade Trust units whilst in possession of price sensitive information;
- directors are permitted to trade Trust units for a period of six weeks after an announcement of the Trust's half-year, annual or quarterly profit or other announcement relating to profit performance; and
- directors must notify the Company Secretary before they buy or sell units in the Trust. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange ("ASX"), the Responsible Entity must advise the Exchange of any transactions conducted by directors in units in the Trust.

Independent professional advice

Under the terms of the Trust Constitution, the directors of the Responsible Entity have the right to seek independent professional advice at the Trust's expense. In the event a director seeks independent professional advice then such advice is to be made available to all other members of the Board.

External audit of the Trust

The Board conducts an annual review of the performance of the external auditors in order to examine the adequacy of existing arrangements and the scope and quality of the audit. Senior management of the Responsible Entity also meet annually with the audit engagement partner of the Trust's external auditors to discuss all relevant issues that have arisen in the course of the external auditor's review of the Trust and in particular, valuation issues, internal control deficiencies or potential areas for improvement, strategic direction of the Trust and taxation issues.

KPMG are the external auditors of the Trust. They were appointed when the Trust was initially floated in 1996. Refer to Note 4 of the Financial Statements for details of total fees paid to KPMG for both audit and non audit work.

The current audit engagement partner is Mr S. Gatt. Under the *Corporations Act 2001*, audit partners must be rotated every five years.

Internal control framework

The Responsible Entity's Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Responsible Entity's Board has instigated an internal control framework that can be described under four headings:

- Compliance plan - the Responsible Entity has adopted a compliance plan which sets out the policies and procedures that ensure management objectives are carried out effectively and efficiently. The compliance plan provides for the necessary actions to be taken to address compliance risk, operational risk, control environment risk, liquidity risk and investment dealing risk. The Responsible Entity's Board has appointed a compliance officer who is responsible for performing periodic reviews of the Responsible Entity's compliance with the provisions of the plan.

**AUSTRALIAN HOTEL FUND
CORPORATE GOVERNANCE STATEMENT
for the year ended 30 June 2005**

The Board of Directors of the Responsible Entity has established a Compliance Committee which is responsible for evaluating the performance of the Responsible Entity's compliance system and protecting the Responsible Entity and its Board from legal liability for breaching its statutory and constitutional responsibilities. The members of the committee during the year were:

Mr Robert Summerton – Chairman. Appointed 1 April 2005;

Mr Hall Metcalf – Independent committee member. Appointed 1 April 2005;

Mr Robert Scott – Independent committee member. Appointed 1 April 2005;

Mr Stephen Burt - Head of Compliance. Appointed 30 June 2000 and resigned 1 April 2005;

Mr Robert Stovold - Independent committee member. Appointed 30 June 2000 and resigned 1 April 2005;

Mr David Gold – Independent committee member. Appointed 3 July 2000 and resigned 1 April 2005.

- Financial reporting - there is a comprehensive budgeting system with an annual budget approved by the directors of the Responsible Entity. Monthly actual results are reported against budget and forecasts for the year are reviewed regularly. The Responsible Entity reports to the Australian Stock Exchange ("ASX") and Australian Securities and Investments Commission ("ASIC") half-yearly.
- Procedures are also in place to ensure price sensitive information is reported to the ASX in accordance with Continuous Disclosure Requirements.
- Quality and integrity of personnel – the Responsible Entity policies are detailed in a formal Policy Manual. Written confirmation of compliance with policies is obtained from all operating units. Formal appraisals are conducted at least annually for all employees.

Code of conduct

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Trust.

Environment

The Responsible Entity aims to ensure that the Trust's environmental policies are adhered to and that there is compliance with all relevant environmental legislation.

Role of the Unitholders

Unitholders' meetings

The Constitution, the Corporations Act 2001 and Corporations Regulations 2001 prescribe the manner and circumstance in which a Unitholders' meeting may be convened and how voting by Unitholders is to be regulated.

The Board encourages full participation of Unitholders at meetings to ensure a high level of accountability and identification with the Trust's strategy and goals. Important issues are presented to Unitholders as single resolutions.

Unitholders are responsible for voting on the appointment of the Responsible Entity. A change in the appointment of the Responsible Entity is subject to vote by the Unitholders, as set out in the terms of the Constitution.

Unitholder reporting

The Responsible Entity's aim is to ensure Unitholders are informed of all major developments affecting the Trust's state of affairs. Information is communicated to Unitholders as follows:

- Annual Tax Statement is distributed to all Unitholders. The Annual Tax Statement is distributed after year end and includes a summary of distributions applicable to the previous tax year and details the tax status of the distributions;
- Annual financial statements are distributed to all Unitholders (unless a Unitholder has specifically requested not to receive the document). The Responsible Entity ensures that the annual financial statements include relevant information about the operations of the Trust during the year, changes in the state of affairs of the Trust and details of future developments, in addition to the other disclosures required by the Corporations Act 2001, ASX and Accounting Standards;
- Half-yearly financial statements contain summarised financial information and a review of the operations of the Trust during the period. The half-year financial statements prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the ASIC and the ASX;
- Periodical letters are forwarded to Unitholders advising of portfolio performance and strategic initiatives; and
- Proposed major changes in the Trust which may impact on Unitholders' rights are submitted to a vote of Unitholders.

AUSTRALIAN HOTEL FUND DIRECTORS' REPORT for the year ended 30 June 2005

The directors of Hotel Capital Partners Limited ("the Responsible Entity"), the Responsible Entity of the Australian Hotel Fund ("the Trust"), present their report together with the financial report of the Trust for the year ended 30 June 2005 and the auditor's report thereon.

The Responsible Entity

The Registered Office and principal place of business of the Responsible Entity and the Trust is Level 3, 40 Miller Street, North Sydney NSW 2060.

The directors of Hotel Capital Partners Limited at any time during or since the end of the financial year are:

James MacKenzie (Chairman)	Appointed 27 January 2005
Gregory Paramor (Executive Director)	Appointed 30 April 2002
Robert Summerton (Non-Executive Director)	Appointed 30 April 2002
Nicholas Collishaw (Executive Director)	Appointed 30 April 2002
Paul Biancardi (Non-Executive Director)	Appointed 27 January 2005
Richard Turner (Non-Executive Director)	Appointed 27 January 2005
Adrian Harrington (Executive Director)	Appointed 27 January 2005
Tony Pitt (Executive Director)	Appointed 27 January 2005
Richard Colless (Non-Executive Director)	Resigned 27 October 2004
David Britton (Non-Executive Director)	Resigned 27 October 2004
Stephen Burt (Managing Director)	Resigned 27 January 2005

Directors' Qualifications, Experience and Responsibilities

James MacKenzie BBus, FCA, FAICD
Chairman Age: 52

James MacKenzie is the Chairman of Hotel Capital Partners Limited (HCP) and JF Meridian Management Limited, and is a Non-executive Director of Mirvac Group. He is also Chairman of the Victorian WorkCover Authority and of the Victorian Transport Accident Commission. He is a Director of James Fielding Holdings Limited (appointed May 2001), the Victorian Major Events Company Limited, Circadian Technologies Limited and Amrad Corporation Limited.

He has a comprehensive knowledge of the financial services industry, previously holding senior executive positions with ANZ Bank, Norwich Union Australia and the Victorian Transport Accident Commission. Mr MacKenzie was a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte, and he remains involved with Deloitte as a consultant.

James became a Director of HCP in January 2005 and has been a JFMM director since 2003, and a Mirvac Director since 2005.

Greg Paramor FAPI, FAICD
Managing Director, Mirvac Group Age: 55

Greg Paramor was appointed Managing Director of Mirvac Group following the acquisition of the James Fielding Group (JFG) in January 2005.

He has been involved in the real estate and funds management industry for the past 33 years. He has participated in forming property vehicles for public investment since 1981 and was the co-founder of Growth Equities Mutual, Paladin Australia and James Fielding Group. He has been directly involved in the organisation of approximately six billion dollars of commercial, retail and industrial projects and property securities funds. He is a past president of both the Property Council of Australia and the Investment Funds Association and a Fellow of the Australian Property Institute. He is a Director of a number of organisations and companies including James Fielding Holdings Limited (appointed July 2000), the Garvan Institute of Medical Research and Leighton Properties Pty Ltd. He was appointed to HCPs Board in April 2002.

**AUSTRALIAN HOTEL FUND
DIRECTORS' REPORT
for the year ended 30 June 2005**

Tony Pitt BCom, AAPI, ASIA
Executive Director Age: 35

Tony Pitt has worked in the property and property funds management industries for eight years. Tony is responsible for JF Meridian Trust. He graduated from Curtin University with a Bachelor of Commerce (Property), has a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and is a Certified Practising Valuer.

He is an Associate of the Australian Property Institute and of the Securities Institute of Australia. Tony is an Executive Director of Hotel Capital Partners Limited, JF Meridian Management Limited, (the Responsible Entity of JF Meridian Trust) and James Fielding Funds Management Limited. Tony is also an Executive Director of Travelodge Holdings Limited. He was an Executive Director at Bankminster Properties Limited and held positions at the James Fielding Group, Paladin Australia Limited, Jones Lang LaSalle and Richard Ellis. He was appointed to HCP's Board in January 2005.

Adrian Harrington BSc (Hons), ASIA
Executive Director Age: 37

Adrian Harrington has 13 years experience in the funds management and property industries. He was appointed CEO of James Fielding Funds Management, the funds management division of Mirvac Group in January 2005. James Fielding Funds Management currently has approximately \$2.5 billion in property and infrastructure funds under management. He is also a director of Perpetual James Fielding Limited, JF AQUA Limited, James Fielding Funds Management Limited and JF Meridian Management Limited.

Adrian has held senior positions at the James Fielding Group, Deutsche Asset Management, Paladin Australia Limited and at the Property Council of Australia. He has a Bachelor of Science (Hons) from the University of New South Wales and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He was appointed to HCP's Board in January 2005.

Nicholas Collishaw ASIA (Aff), AAPI
Executive Director Age: 44

Nicholas Collishaw was appointed CEO of the Investments division at Mirvac following the acquisition of James Fielding Group (JFG) in January 2005. Nicholas has been involved in property and property funds management for more than 20 years. He has extensive experience in commercial, retail and industrial property throughout Australia. In various roles he has co-ordinated business acquisitions and investment fund creation as well as implementing portfolio sales programs. Nicholas has also managed many large investment acquisitions. He has an Associate Diploma in Business (Valuations) from the Sydney Institute of Technology and a Diploma in Financial Markets from the Securities Institute of Australia.

At James Fielding Group, Nicholas was an executive director and Head of Property and has also held senior positions with Deutsche Asset Management, Paladin Australia Limited and Schroders Australia. In the past three years he was a Director of James Fielding Holdings Limited (appointed November 2002). He was appointed to HCP's Board in April 2002.

Paul Biancardi BEc, FCA
Non-executive Director Age: 55

Paul Biancardi is a Non-executive Director of JFFM and Mirvac, and is Chairman of Mirvac's Audit Risk and Compliance Committee. He is a former taxation partner of PricewaterhouseCoopers (the current auditors of Mirvac Group and JF Meridian Trust) and Chairman of Coopers & Lybrand from 1994 to 1997. He left PricewaterhouseCoopers in 1999 and joined the Mirvac Board in 2001. An experienced accountant, he brings extensive knowledge of finance, taxation and human resources to the Board. He is a Director of Crescent Capital Partners. In the past three years he has also been a Director of Cash Card Australia Limited and a Director and Chairman of Hamilton James & Bruce Group Ltd. He was appointed to the HCP Board in January 2005 and has been a Mirvac Director since 2001.

Robert Summerton Solicitor
Non-executive Director Age: 61

Robert Summerton is a partner of the Queensland law firm Summerton de Vere. He has extensive experience in the law on major commercial and property transactions in Australia and the United Kingdom. He is a member of professional bodies including the Law Council of Australia and the Australian Institute of Company Directors and is a Director of a number of companies, including James Fielding Holdings Limited from which he resigned on 22 May 2005. Robert chairs the Scheme Compliance Committee for HCP and became a Director of HCP in April 2002.

Richard Turner FCA, BEc, AM
Non-executive Director Age: 67

Richard Turner is a Non-executive Director of JFFM, a Chartered Accountant and former CEO of Ernst & Young. He is the Chairman of Capital Finance Australia Limited and a Director of HBOS Australia Limited and the Pain Management Institute Pty Limited at North Shore Hospital. In the past three years he has also been a Director at Publishing and Broadcasting Limited (appointed in November 1998) and Crown Limited (appointed October 2003) and James Fielding Holdings Limited (February 2001) and continues to hold these directorships. He is a member of the Corporate Governance, Audit and Risk Committee for JFMM and became a Director of JFMM in 2001 and Mirvac in 2005.

**AUSTRALIAN HOTEL FUND
DIRECTORS' REPORT
for the year ended 30 June 2005**

Directors' meetings

The number of directors' meetings and compliance committee meetings held during the year and number of meetings attended by each of the directors of the Responsible Entity during the financial year are:

Director	Board Meetings		Compliance Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
James MacKenzie	6	3	-	-
Gregory Paramor	6	3	-	-
Robert Summerton ¹	6	6	4	1
Nicholas Collishaw	6	6	-	-
Paul Biancardi	6	3	-	-
Richard Turner	6	3	-	-
Adrian Harrington	6	3	-	-
Tony Pitt	6	3	-	-
Richard Colless	6	2	-	-
Stephen Burt	6	3	4	4
David Britton	6	2	-	-

¹ Mr Summerton was appointed to the Compliance Committee on 1 April 2005.

The Responsible Entity did not have an audit committee or a nomination committee at the date of the directors' report because the size of the Responsible Entity's operation and that of the Trust did not warrant such committees. Issues relevant to audit, internal control and risk assessment were addressed by the Board and the Compliance Committee. As at 30 June 2005 the Compliance Committee comprises Robert Summerton and two independent members.

Principal activities

The principal activity of the Trust during the course of the financial year was investment in hotel related property. No significant change in the nature of this activity occurred during the financial year.

Review and results of operations

Key financial data:

	30 June 2005	30 June 2004
ASX closing price at 30 June	\$0.625	\$0.410
Market capitalisation	\$31.31 million	\$20.54 million
Net profit from ordinary activities	\$3,843,805	\$1,311,899
Total distribution per unit	2.4 cents	Nil
Net tangible assets per unit	\$0.83	\$0.77
Total assets	\$71.9 million	\$68.4 million
Gearing ratio (total debt to total tangible assets)	42.30%	42.40%
Units on issue	50.1 million	50.1 million
Number of Unitholders	755	982

Investment Performance

Trust units have traded in the range of 41.0 cents to 78.0 cents during the financial year, closing at 63 cents on 30 June 2005. The ASX calculation of total return for the year is 58.24%.

**AUSTRALIAN HOTEL FUND
DIRECTORS' REPORT
for the year ended 30 June 2005**

Hotel Portfolio	Lessee	No. of Rooms	Book Value 30 June 2005	Book Value 30 June 2004
Peppers Fairmont	Peppers Leisure Limited	210	\$44,600,000	\$42,683,095
Peppers Anchorage	Peppers Leisure Limited	80	\$18,000,000	\$18,000,000
Peppers Manor House	Peppers Leisure Limited	43	\$5,952,542	\$5,926,325
Total			\$68,552,542	\$66,609,420

Trust Borrowings

The Trust has a loan facility with the Commonwealth Bank of Australia. Details of the facility as at 30 June 2005 are as follows:

- First registered mortgage over the Trust's assets;
- Facility limit of \$29.0 million;
- Drawn to \$29.0 million;
- Floating interest rate but within a range determined by interest rate swap agreements maturing 26 September 2005 that provide for a maximum base rate of 6.00% and minimum base rate of 4.99% on \$20.0 million of the facility and a maximum base rate of 6.00% and minimum base rate of 4.86% on \$9.0 million of the facility. From 26 September 2005 further interest rate swaps have been implemented to 26 September 2010 that provide on the total \$29 million facility for a maximum base rate 6.50% and minimum base rate of 5.37%
- Facility term expires 30 September 2008 (Refer to Note 13(iii) for further details)

Distributions

Distributions paid or declared by the Trust:

- Final distribution of 2.40 cent per unit determined by the directors in respect of the year ended 30 June 2005 to be paid 6 September 2005 (2004: nil)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Environmental regulation

The Trust is not subject to any significant environmental regulations. Based upon the results of inquiries made, the directors are not aware of any significant breaches of environmental regulations during the period covered by this report. Notwithstanding the Trust's limited exposure to environmental regulations the Responsible Entity believes negative environmental impacts of the current and future portfolio should be carefully monitored and enhanced where possible.

Events subsequent to balance date

For reporting periods beginning on or after 1 July 2005, the Trust must comply with Australian equivalents to International Financial Reporting standards (AIFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 21 to the financial statements.

Other than the matter discussed above, there has not arisen since the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature that significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in subsequent financial years.

Interests of the Responsible Entity

Hotel Capital Partners Limited has no units either directly or indirectly in the Trust. Refer Note 14 to the financial statements for details of the Responsible Entity's remuneration.

Directors' interests

No director of Hotel Capital Partners Limited held units in the Trust during the year or since the end of the financial year.

Units on issue

The number of units in the Trust as at the end of the financial year was 50,102,178 ordinary units, which is unchanged from the previous financial year.

The Trust neither acquired nor cancelled any units on issue during the period including up to the date of this directors' report.

Likely developments

The directors of the Responsible Entity are continuing to review investment proposals for the Trust with a view to securing opportunities that will enhance Unitholder value.

Share and option schemes

No options over units in the Trust were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying officer or auditors

No insurance premiums are paid out of the assets of the Trust in regard to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust's Constitution and the law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are not indemnified out of the assets of the Trust.

Non-audit services

During the year KPMG, the Trust's auditor, has performed certain other services in addition to their statutory duties as set out in Note 4 to the financial statements.

The directors have considered the non-audit services provided during the year by the auditor and in accordance with a resolution of the directors of the Responsible Entity, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Trust and have been reviewed by the directors to ensure that they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional Independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Trust, acting as an advocate for the Trust or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act follows the directors' report.

Dated at Sydney this 25th day of August 2005

Signed in accordance with a resolution of the directors:


Adrian Harrington
Director, Hotel Capital Partners Limited

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The directors of Hotel Capital Partners Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2005 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



S Gatt
Partner

Sydney
25 August 2005

Australian Hotel Fund

Statement of Financial Performance

for the year ended 30 June 2005

	Note	2005	2004
		\$	\$
Revenue from ordinary activities			
Property rental income		5,469,751	4,437,811
Other revenues from ordinary activities		35,928	123,745
Total revenue from ordinary activities	2(a)	5,505,679	4,561,556
Revaluation increment recovering amounts previously written off			
Property expenses	2(b)	1,942,849	698,542
Borrowing costs	2(c)	(1,015,332)	(1,167,489)
Responsible entity fee	14	(1,960,729)	(1,908,937)
Custodian fee		(466,284)	(444,297)
Legal expenses		(13,745)	(13,390)
Legal expenses		(19,490)	(229,633)
Other Trust expenses		(129,143)	(117,608)
Net profit from ordinary activities		3,843,805	1,311,899
Non-owner transaction changes in equity		-	-
Total changes in equity other than those resulting from transactions with unitholders as unitholders	11	3,843,805	1,311,899
Basic earnings per unit	5	7.67 cents	2.62 cents

The Statement of Financial Performance is to be read in conjunction with the notes to the financial statements set out on pages 16 to 27.

Australian Hotel Fund

Statement of Financial Position

as at 30 June 2005

	Note	2005 \$	2004 \$
Current assets			
Cash assets	13(ii)	2,156,871	650,908
Receivables		940,417	946,736
Other	6	192,712	166,923
Total current assets		3,290,000	1,754,567
Non-current assets			
Other	6	15,000	15,000
Investment properties	7	68,552,542	66,609,420
Total non-current assets		68,567,542	66,624,420
Total assets		71,857,542	68,388,987
Current liabilities			
Payables	8	311,951	678,735
Distribution payable	3	1,202,452	-
Interest bearing liabilities	9	-	8,466
Total current liabilities		1,514,403	687,201
Non-current liabilities			
Interest bearing liabilities	9	29,000,000	29,000,000
Total non-current liabilities		29,000,000	29,000,000
Total liabilities		30,514,403	29,687,201
Net assets		41,343,139	38,701,786
Unitholders' equity			
Unit capital	10	42,409,579	42,409,579
Accumulated losses	11	(1,066,440)	(3,707,793)
Total Unitholders' equity	12	41,343,139	38,701,786

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 16 to 27.

Australian Hotel Fund

Statement of Cash Flows

for the year ended 30 June 2005

	Note	2005	2004
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		5,873,847	4,616,669
Cash payments in the course of operations		(2,380,203)	(2,433,547)
Interest received		30,050	123,745
Borrowing costs paid		(1,983,048)	(1,925,263)
Net cash provided by operating activities	13(i)	1,540,646	381,604
Cash flows from investing activities			
Payments for equipment/improvements to investment properties		(26,217)	(3,157,836)
Net cash provided by investing activities		(26,217)	(3,157,836)
Cash flows from financing activities			
Finance lease payments		(8,466)	(22,282)
Net cash (used in) financing activities		(8,466)	(22,282)
Net increase (decrease) in cash held		1,505,963	(2,798,514)
Cash at the beginning of the financial year		650,908	3,449,422
Cash at the end of the financial year	13(ii)	2,156,871	650,908

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 16 to 27.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these financial statements are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and the requirements of the Trust's Constitution dated 7 July 1996 as amended.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair value of assets.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Revenue recognition

Rental income

Rental income is brought to account on an accrual basis and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable or if paid in advance, as rent paid in advance.

Interest

Interest is brought to account when earned and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable.

Sale of investment properties

The gross proceeds of asset sales are included as revenues of the Trust when control of the asset passes to the purchaser.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(c) Expenses

Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Interest costs are recognised on an accruals basis. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

(d) Taxation

Under current income tax legislation, the Trust is not liable for income tax, provided that the taxable income is fully distributed to Unitholders each year, and any taxable capital gain is fully distributed to Unitholders. Tax allowances for building and plant and equipment depreciation are distributed to Unitholders in the form of tax deferred distributions.

(e) Investment properties

Investment Properties comprising interest in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income. They are initially recorded at their cost of acquisition being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The Trust's policy is to carry investment properties at fair value. The Trust's Constitution requires independent valuations to be performed at least every three years or when the Directors believe there has been a significant change in the value of a property. These valuations are considered by the Directors of the Responsible Entity when determining fair value. At reporting dates in between receiving independent valuations, the Directors perform a review of the carrying value of the investment properties to ensure they continue to approximate fair value.

Fair value is based on the price at which a property might reasonably be expected to be sold at the date of the valuation, assuming:

- (i) a willing, but not anxious, buyer and seller;
- (ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- (iii) that the property will be reasonably exposed to that market;
- (iv) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
- (v) only takes into account instructions given by the Responsible Entity and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the Responsible Entity.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment properties (continued)

Revaluation increments are credited directly to the asset revaluation reserve. Revaluation decrements are taken to the asset revaluation reserve to the extent that such decrements are covered by amounts previously credited to the reserve and still available in that reserve. Revaluation decrements in excess of amounts available in the reserves are first charged to the Statement of Financial Performance and then an equivalent amount transferred to the asset revaluation reserve. Subsequent revaluation increments which recover amounts previously charged to the Statement of Financial Performance are to that extent, credited to the Statement of Financial Performance and then transferred to the asset revaluation reserve.

Investment properties are not depreciated.

(f) Receivables

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful debts. Debtors to be settled within 60 days are carried at amounts due.

(g) Issue costs

Transaction costs arising on the issue of Unitholders' equity are offset against the proceeds of the new units.

(h) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Trust. Trade accounts payable are normally settled within 60 days.

(i) Interest-bearing liabilities

Bank borrowings are carried on the Statement of Financial Position at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in "payables" or when paid in advance included in "prepayments".

(j) Cash assets

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at banks including at call deposits with banks.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of the cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Earnings per unit

Basic earnings per unit (EPU) is calculated by dividing the net profit for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary units of the Trust, adjusted for any bonus issue.

Diluted EPU is calculated by dividing the basic EPU, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary units and the effect on revenues and expenses of conversion of ordinary units associated with dilutive potential ordinary units, by the weighted average number of ordinary units and the dilutive potential ordinary units adjusted for any bonus issue.

(m) Distributions payable

A provision for distribution payable is recognised in the reporting period in which the distributions are declared.

(n) Derivatives

The Trust is exposed to changes in interest rates from its activities. The Trust uses fixed interest rate swaps to hedge this risk. The swaps are not held for speculative purposes.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

	2005 \$	2004 \$		
2 REVENUE FROM ORDINARY ACTIVITIES				
(a) Revenue from operating activities				
Property rental income	5,469,751	4,437,811		
Other revenues:				
- Interest received or due and receivable from:				
Other persons	35,928	123,745		
Total revenue from ordinary activities	5,505,679	4,561,556		
(b) Individually significant items in profit/(loss) from ordinary activities				
Revaluation increment recovering amounts previously written off in the Statement of Financial Performance	1,942,849	698,542		
(c) Profit/(loss) from ordinary activities				
Profit from ordinary activities has been arrived at after charging/(crediting) the following items:				
Borrowing costs comprising interest and other borrowing costs paid or due and payable to:				
Other persons	1,954,741	1,902,937		
Amortisation of capitalised borrowing costs	5,988	6,000		
	<u>1,960,729</u>	<u>1,908,937</u>		
3 DISTRIBUTIONS				
Distributions recognised in the current year by the Trust are:				
	Date Declared	Cents per Unit	Total amount \$	Date of payment or declared date of payment
2005				
Final – Ordinary	21 June 2005	2.40	1,202,452	6 September 2005
2004				
There were no distributions paid or declared.	-	-	-	-
4 AUDITORS' REMUNERATION				
Audit services:				
KPMG Australia				
- audit and review of financial reports			54,500	51,000
- compliance plan audit			6,745	7,500
Other services:				
KPMG Australia				
- taxation services			4,000	12,104
Total auditors' remuneration			65,245	70,604
5 EARNINGS PER UNIT				
Basic and diluted earnings per unit			7.67 cents	2.62 cents
Weighted average number of ordinary units on issue used in the calculation of basic earnings per unit			50,102,178	50,102,178
6 OTHER ASSETS				
Current:				
Prepayments			191,200	159,423
Borrowing costs capitalised			1,512	7,500
Total other current assets			192,712	166,923
Non-current:				
Deposit			15,000	15,000
Total other non-current assets			15,000	15,000

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

	2005 \$	2004 \$
7 INVESTMENT PROPERTIES		
Opening balance	66,609,420	62,370,042
Additions from refurbishment	26,217	3,540,836
Revaluation increment	1,942,849	698,542
Reversal of over accrued refurbishment additions	(25,944)	-
Closing balance investment properties	68,552,542	66,609,420

Portfolio Details

Hotel	:	Peppers Fairmont Resort Blue Mountains
Ownership	:	100%
Facilities	:	210 rooms
Date acquired	:	September 1997
Land Tenure	:	Freehold
Cost including additions and acquisition costs	:	\$47,042,194
Independent valuation date	:	9 June 2005
Independent valuation amount	:	\$44,600,000
Independent valuer	:	Alistair Bell, MRICS AAPI, Certified Practising Valuer of Expotel Pty Limited

Hotel	:	Peppers Anchorage Port Stephens
Ownership	:	100%
Facilities	:	80 hotel rooms plus 90 berth marina
Date acquired	:	December 1996
Land Tenure	:	Leasehold land with a lease tenure to 22 July 2068
Cost including additions and acquisition costs	:	\$17,701,962
Independent valuation date	:	9 June 2005
Independent valuation amount	:	\$18,000,000
Independent valuer	:	Alistair Bell, MRICS AAPI, Certified Practising Valuer of Expotel Pty Limited

Hotel	:	Peppers Manor House Southern Highlands
Facilities	:	43 rooms plus 18 hole championship golf course
Ownership	:	100%
Date acquired	:	June 1997
Land Tenure	:	Freehold
Cost including additions and acquisition costs	:	\$8,352,702
Independent valuation date	:	30 June 2004
Independent valuation amount	:	\$5,900,000
Independent valuer	:	Alistair Bell, MRICS AAPI, Certified Practising Valuer of Expotel Pty Limited

Refer to note 13(iii) for details of security over the investment properties.

8 PAYABLES		
GST payable	86,849	-
Creditors and accrued expenses	225,102	678,735
Total payables	311,951	678,735

9 INTEREST BEARING LIABILITIES		
Current:		
Lease liabilities	-	8,466
Non-current:		
Lease liabilities	-	-
Bank bill facility	13 (iii)	29,000,000
Total non-current interest bearing liabilities	29,000,000	29,000,000
Total interest bearing liabilities	29,000,000	29,008,466

10 UNIT CAPITAL		
There has been no movements in unit capital since the beginning of the previous year.		
50,102,178 (2004: 50,102,178) ordinary units, fully paid	42,409,579	42,409,579
Total unit capital	42,409,579	42,409,579

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

	2005 \$	2004 \$
11 ACCUMULATED LOSSES		
Movements during the year:		
Balance at beginning of year	(3,707,793)	(5,019,692)
Net profit from ordinary activities	3,843,805	1,311,899
Distributions	(1,202,452)	-
Balance at end of year	(1,066,440)	(3,707,793)
12 TOTAL UNITHOLDERS' EQUITY RECONCILIATION		
Total unitholders' equity at beginning of year	38,701,786	37,389,887
Total changes in interest in equity recognised in the Statement of Financial Performance	3,843,805	1,311,899
Distributions	(1,202,452)	-
Total unitholders' equity at end of year	41,343,139	38,701,786
13 NOTES TO THE STATEMENT OF CASH FLOWS		
(i) Reconciliation of profit from ordinary activities to net cash provided by operating activities:		
Profit from ordinary activities	3,843,805	1,311,899
Less non-cash items:		
Write back of finance leases	-	(81)
Revaluation increment recovering amounts previously written off	(1,945,872)	(698,542)
Add: Capital Amounts accrued & subsequently reversed	28,967	-
Add: Amortisation of borrowing costs	5,988	6,000
Net cash provided by operating activities before change in assets and liabilities	1,932,888	619,276
Changes in assets and liabilities during the financial year:		
(Increase)/decrease in receivables	6,319	(315,828)
(Increase)/decrease in other assets	(31,777)	-
Increase/(decrease) in payables	(366,784)	78,156
Net cash provided by operating activities	1,540,646	381,604

(ii) Reconciliation of cash assets

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank	2,156,871	650,908
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(iii) Financing arrangements

The Trust has access to the following lines of credit at balance date:

Bank bill facilities available	29,000,000	29,000,000
Bank bill facilities utilised at balance date	29,000,000	29,000,000
Total facilities unutilised	-	-

Bank Bill Facility

Debt facilities of \$29,000,000 are provided by the Commonwealth Bank of Australia and are secured by a registered first mortgage over the Trust's assets to the extent of \$29,000,000 (2004: \$29,000,000). The facility is subject to line fee of 1.00% and matures 30 September 2008. There are no repayment terms to this time.

The facility is subject to swap agreements details of which are in Note 15.

The Trust has provided a bank guarantee secured by a first mortgage over the Trust's investment properties for \$100,000 (2003: \$100,000) to guarantee the Peppers Anchorage ground lease commitment.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

14 RELATED PARTY DISCLOSURES

(i) The Responsible Entity

Directors of the Responsible Entity

Hotel Capital Partners Limited was appointed the Responsible Entity on 11 June 2002. The directors of Hotel Capital Partners Limited during the financial year are:

- James MacKenzie – Chairman and Non-Executive Director (appointed 27 January 2005)
- Gregory Paramor – Executive Director (appointed 30 April 2002)
- Robert Summerton- Non-Executive Director (appointed 30 April 2002)
- Nicholas Collishaw – Executive Director (appointed 30 April 2002)
- Paul Biancardi - Non-Executive Director (appointed 27 January 2005)
- Richard Turner - Non-Executive Director (appointed 27 January 2005)
- Adrian Harrington - Executive Director (appointed 27 January 2005)
- Tony Pitt - Executive Director (appointed 27 January 2005)
- Richard Colless – Chairman and Non-Executive Director (resigned 27 October 2004)
- Stephen Burt – Managing Director (resigned 27 January 2005)
- David Britton – Non-Executive Director (resigned 27 October 2004)

Since the end of the previous financial year no director of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Trust with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest, except at terms set out in the Trust's Constitution.

Holding of units and unit options

At 30 June 2005 James Fielding Investments Pty Limited held 9,970,333 units in the Trust. There were no other holdings of units or unit options by related parties during the financial year.

Responsible Entity's Remuneration

In accordance with the Trust's Constitution, the Responsible Entity is entitled to receive a management fee of up to 0.70% of the gross property value of the Trust.

Transactions with the Responsible Entity

	2005	2004
	\$	\$
During the year the Responsible Entity earned:		
Fees	466,284	444,297

There were no expenses reimbursed by the Trust during the year.

(ii) The Custodian

Custodian's Remuneration

During the year the amounts paid or payable to the Custodian were:

Custodian's fee	13,745	13,390
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15 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Interest Rate Risk Exposure

The Responsible Entity has policies and procedures to manage interest rate risk. Derivative financial instruments are only held for hedging purposes.

The Trust has entered into an interest rate swap agreement in order to manage its interest rate exposures. The swap agreements maturing 26 September 2005 provide for a floating interest rate but within a range that provides for a maximum base rate of 6.00% and minimum base rate of 4.99% on \$20.0 million of the facility and a maximum base rate of 6.00% and minimum base rate of 4.86% on \$9.0 million of the facility. From 26 September 2005 further interest rate swaps have been implemented to 26 September 2010 that provide on the total \$29 million facility for a maximum base rate 6.50% and minimum base rate of 5.37%

Bank bill facility details are included in note 13 (iii).

For the year to 30 June 2005 bank interest earned was \$35,928 (2004: \$123,745).

The weighted average interest rate attaching to cash assets at 30 June 2005 is 4.35% (2004: 3.80%).

Payables are non-interest bearing with 60 day payment terms. Receivables are non-interest bearing.

Credit Risk Exposure

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. The credit risk on financial assets which have been recognised on the Statement of Financial Position is the carrying amount net of any provision for doubtful debts relating to rental debtors.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

	2005	2004
	\$	\$
15		
ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)		
Recognised financial instruments		
The net fair values for all financial instruments approximate book values.		
Unrecognised financial instruments		
Credit risk on derivative contracts, which have not been recognised on the statement of financial position, is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.		
Interest rate swaps are subject to credit risk in relation to the relevant counterparties, which are principally large banks. The credit risk on swap contracts is limited to the net amount to be received from counterparties on contracts that are favourable to the Trust. The accrued amount due to the Trust at 30 June 2005 amounted to \$224,815 (2004: \$21,127).		
As all futures contracts are transacted through a recognised futures exchange, credit risk associated with these contracts is minimal.		

16 CONTINGENT LIABILITIES

The directors of the Responsible Entity are not aware of any contingent liabilities existing at balance date.

17 COMMITMENTS

(a) Finance Leases

Computer equipment at Peppers Manor House was leased under a finance lease which expired during the year. The value of the computer equipment is incorporated into the book value of the property. The liability at 30 June was:

Within one year	-	8,466
Later than one year but not later than five years	-	-
Total finance lease liability	-	8,466

(b) Operating Leases

Included in operating lease rentals is an amount relating to land at Peppers Anchorage, which is held on two separate long-term leases expiring 22 July 2068. Future operating lease rentals not provided for in the financial statements are payable as follows:

Within one year	80,945	77,852
Later than one year but not later than five years	331,551	311,407
Later than five years	4,812,463	4,597,922
	5,224,959	4,987,181

18 DIRECTOR AND EXECUTIVE DISCLOSURES

Directors

The following persons were directors of Hotel Capital Partners Ltd during the whole of the financial year and up to the date of this report unless otherwise indicated:

James MacKenzie *	Gregory Paramor
Robert Summerton	Nicholas Collishaw
Paul Biancardi *	Richard Turner *
Adrian Harrington *	Tony Pitt *
Richard Colless **	Stephen Burt ***
David Britton **	

* appointed 27 January 2005

** resigned 27 October 2004

*** resigned 27 January 2005

Remuneration of specified directors and executives

As the executive directors of Hotel Capital Partners Limited are employees of the Mirvac Group they are remunerated under the Mirvac Group remuneration policy. The remuneration detailed in this report is not paid by the Trust or its responsible entity but by a subsidiary of the Mirvac Group. The remuneration of the directors is included in the management fees paid to the responsible entity and is not an additional cost of the Trust.

The amounts detailed in relation to executive directors' remuneration is based on an estimate of time spent as a director of Hotel Capital Partners Limited in its capacity as Responsible Entity of the Trust specifically and does not represent total salaries paid as an employee of the Mirvac Group. As a result the amounts paid to directors are not solely based on the performance of the Trust.

The amounts in relation to non-executive directors' remuneration has not been apportioned as there is no reasonable basis, the amounts detailed represent total salaries paid as an employee of the Mirvac group.

Outlined below is the Mirvac Group remuneration policy.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

18 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Principles used to determine the nature and amount of remuneration

The Mirvac Group has undertaken significant change to remuneration processes over the past 12 months with greater focus placed on providing direct linkage between performance and rewards.

Review of Mirvac performance management programme gives greater clarity to employees on the key outcomes required for success and provides specific feedback on their performance.

Guidelines for Long Term Incentive awards were introduced to ensure internal equity and targeted reward. A review of Short term incentives has been undertaken and a more clearly defined, structured programme which is conditional on overall business performance and recognises individual contribution is being introduced for the 2006 financial year.

Mirvac will continue to review its remuneration policies and practices to ensure its policy of competitive, performance based remuneration in order to attract, retain and motivate the best talent.

The Performance Management and Performance Development Programme is a fundamental platform in the remuneration of Mirvac executive directors. At the beginning of each financial year clear objectives are set for each executive director in order to provide clarity and focus to the individual and the organisation. There are a number of common objectives shared by executive directors including the following subject areas;

- Achievement of divisional profit target
- Training and development of staff
- Adherence to Group Risk management and OHS&E platforms
- Communication of business performance and objectives to staff

The evaluation is the primary tool for evaluating an individual's contribution to the business and therefore the extent of rewards. The Performance Development and Performance Development review influences, along with other factors, such as internal and external equity, Fixed remuneration, Short Term Incentives and Long Term Incentives.

The Performance Management and Development programme will continue to be refined and will in the coming year include further initiative to provide feedback to executive directors on their performance and leadership capability.

Structure of Remuneration

Mirvac seeks to structure Remuneration in order to reward individual performance and contribution, reward team performance, overall business performance and to enhance retention.

Mirvac remuneration is structured in the following components:

a) Fixed Remuneration

The key drivers of fixed remuneration are;

- Individual performance evaluated against predetermined objectives.
- The competitive environment for the individual's skills and capabilities.

Fixed remuneration includes superannuation contributions, any additional voluntary superannuation contributions, novated lease costs for motor vehicles and for certain employees an annual travel allowance.

Executive directors have flexibility to allocate components of fixed remuneration to certain benefits. In these circumstances the executive director is charged the cost of Fringe Benefits Tax. The cost to the Mirvac Group is therefore the same.

b) Short Term Variable ("STI") Remuneration

The key drivers of variable remuneration are;

- Performance against Group and Division profit performance measure against predetermined targets.
- Overall business or division performance against predetermined objectives.
- Individual contribution to group or division performance.

Short term variable remuneration consists of annual incentive payments based upon predetermined targets and evaluation of individual performance.

Certain executive directors are rewarded based upon the performance of the business unit they lead, the group performance and their individual performance. Other participants participate based upon the performance of their business unit and their individual contribution.

c) Long Term Variable ("LTI") Remuneration

The Long Term Incentive Scheme (Employee Incentive Scheme) is available for all employees and is designed to share the benefit of the performance of the group through the provision of a loan to purchase securities. The loan is repayable via dividend payments or upon the sale of securities. Employees are required to sell the securities and repay the loan on termination of employment. The total value of the sold securities is applied to the loan.

Should the value of the securities be less than the value of the loan, the employee is only required to repay the value of the securities.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

18 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

The key drivers of equity based remuneration are;

- Overall business performance
- Individual contribution and performance
- Criticality of the role / individual
- Potential of the individual to undertake a more senior role in the longer term.

Review of Remuneration

- a) Each component of remuneration is reviewed annually throughout the Group to account for changes in market practice in the industries in which the group operates.
- b) The review is undertaken giving consideration to collected market data from a variety of external sources, individual performance and business performance.
- c) Salaries of Executive Directors are reviewed and approved by the Remuneration Committee.

The implementation of the Policy involves the provision of market competitive remuneration packages, targeted use of short term incentives in the form of cash bonuses, and extensive awarding of long term incentives in the form of Mirvac securities issued under loan plans approved by Mirvac security holders from time to time. Certain key executives are also invited to participate in an Executive Retention Plan that includes periodic forgiveness of loans.

In addition to the above there are a range of other benefits that employees may be offered. These are intended to encourage ongoing skills development and to engender company loyalty.

The Remuneration Committee exercises discretion in relation to payment of remuneration, including bonuses, and the recommendation of the issue of securities under the Employee Incentive Scheme (EIS) to executive directors. The Remuneration Committee exercises its discretion based on the Remuneration Policy summarised above. The EIS has been approved by security holders and the payment of equity remuneration to executive directors is made in accordance with that plan. No individual is directly involved in deciding his or her remuneration.

Remuneration of Directors

Non-executive directors are remunerated by fees, including statutory superannuation. Non-executive directors do not receive options or bonus payments, and they do not participate in the EIS.

The remuneration of executive directors is reviewed in detail by the Mirvac Remuneration Committee and approved by the Board. Market competitive remuneration packages are paid to them and strict criteria need to be met in order to determine the level of each executive director's participation in either short or long term incentives. The major criteria include the attainment of personal key objectives (annually set for each individual executive) which involve divisional and group operational and financial goals.

Retirement benefits for employees

No benefits are payable, except through Superannuation arrangement.

Composition of the Mirvac Remuneration Committee

The Mirvac Remuneration Committee is comprised of non-executive independent directors. The Committee was chaired by Anna Buduls until her resignation on 29 July 2005, and includes James McKenzie and Adrian Lane. Robert Webster was a member of the committee until his resignation on 7 January 2005. The Mirvac Board is in the process of appointing a new Chairman of the Mirvac Remuneration Committee at the date of this report. The membership of the committee ensures it has financial, management and human resource expertise. The Committee approves remuneration packages and policies applicable to the managing director, directors and senior executives of the Mirvac group.

The Committee also oversees the Group's employee incentive schemes, performance packages, superannuation entitlements, retirement and termination entitlements and fringe benefits policies. The Committee meets twice a year and as required. Where appropriate, the Committee seeks independent professional advice from third parties. The Charter of the Remuneration committee was last reviewed by the Board in June 2004.

The Mirvac Group Managing Director and Mirvac Group General Manager Human Resources attend meetings by invitation. The Mirvac Group General Manager Human Resources is Secretary of the committee.

Details of the nature and amount of each element of the emoluments of each director of Hotel Capital Partners Limited for the year ended 30 June 2005 are set out in the following tables.

Service Agreements

The executive directors on the Board of Hotel Capital Partners Limited all have an employment contract with an associated Mirvac company that provides for a base salary and benefits and participation in STI and LTI Plans.

If, at any time, an executive director were to resign from employment, they are entitled to the full amount of salary through to termination date and any unpaid accrued annual leave. The Board may also, in its sole discretion, elect to pay a pro-rata portion of the STI for the period of employment during the financial year.

If, for any reason, the Board were to terminate the employment of an executive director other than for cause as defined in their Employment Agreement, they are entitled to a termination benefit equivalent to a multiple of the their basic salary as at the date of termination and multiple of their bonus for the last full financial year preceding the termination of employment.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

18 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

A summary of the service agreements for the executive directors are set out in the following table:

Name	Term of Agreement	Notice Period	Severance Period	Remuneration Review Period	Eligible for STI?	Eligible for LTI?	Eligible for Termination Benefit?	Eligible for Other Benefits?
Greg Paramor	no term	3 months	9 months	12 months	Yes	Yes	Yes	Yes
Adrian Harrington	no term	3 months	9 months	12 months	Yes	Yes	No	Yes
Nicholas Collishaw	no term	3 months	9 months	12 months	Yes	Yes	No	Yes
Tony Pitt	no term	3 months	9 months	12 months	Yes	Yes	No	Yes

Details of remuneration

Details of the remuneration of each director of Hotel Capital Partners Limited, including their personally-related entities, are set out in the following table.

2005 Name	Primary		Post Employment		
	Cash salary & fees \$	Non-monetary benefits \$	Super-annuation \$	Retirement benefits \$	Total \$
P J J Biancardi	51,531	-	4,638	-	56,169
N R Collishaw	19,671	1,746	579	-	21,996
A J Harrington	5,726	857	246	-	6,829
J A C MacKenzie	122,399	-	11,016	-	133,415
G J Paramor	25,444	1,404	1,631	-	28,479
T R Pitt	5,147	822	246	-	6,215
R W Turner	106,927	-	9,623	-	116,550
R T Summerton	59,633	-	4,335	-	63,968
S Burt	88,351	5,481	10,535	-	104,367
R Colless	25,000	-	-	-	25,000
D Britton	25,000	-	-	-	25,000
Total	534,829	10,310	42,849	-	587,988

Comparative information of the remuneration disclosures is not provided as this is the first year that AASB 1046 *Director and Executive Disclosures by Disclosing Entities* applies as the Trust claimed relief from these disclosures under Class Order 04/967 in 2004.

Loan to specified directors

The Trust has not made, guaranteed or secured any loans to the directors and specified executives.

Executives

Other than S Burt, who is included as a specified director, there were no other specified executives employed by the Trust or Responsible Entity at any time during the financial year.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

19 ADDITIONAL INFORMATION

Principal Activity of the Trust and Segment Reporting

The principal activity of the Trust is investment in income producing hotel properties, with any surplus funds invested in short term deposits. All activities are located in New South Wales, Australia.

Borrowing Policy of the Trust

The Trust's Constitution provides that total liabilities of the Trust must not exceed 60% of total tangible assets of the Trust. At 30 June 2005 the ratio was 42.47% (2004: 43.41%) at balance date.

Responsible Entity of the Trust

Hotel Capital Partners Limited, Responsible Entity of the Trust, held no units in the Trust as at 30 June 2005. Details of transactions between the Responsible Entity and the Trust are set out in Note 14.

Net Tangible Assets

As at 30 June 2005 the net tangible assets of the Trust were \$41,343,139 (2004: \$38,701,786) and in respect of each unit were \$0.83 (2004: \$0.77).

Circumstances Affecting the Holders of Prescribed Interests

The Responsible Entity is not aware of any circumstances that materially affect the holders of prescribed interests except as detailed in these financial statements.

Interest in Property of the Trust

Neither the Responsible Entity nor any associate of the Responsible Entity had any interest in property held or disposed of by the Trust during the year ended 30 June 2005.

Economic Dependency

Peppers Leisure Limited ("Peppers") leases the Trust's three Investment Properties. Performance provisions are applicable under the terms of the leases. The Trust is reliant on the performance capability of Peppers Leisure Limited.

Lease Commitments Receivable at Balance Date

Rental due from Peppers is paid monthly and comprises a combination of base rental plus additional rental calculated in accordance with property performance. Amounts receivable for base rentals within one year is \$330,000 (2004: \$330,000) and one year or later and no later than five years is \$332,219 (2004: \$662,219).

20 EVENTS SUBSEQUENT TO BALANCE DATE

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005 the Trust must comply with Australian equivalents to International Financial reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 21 to the financial statements.

Bank Bill Facility

The bank bill facility is provided by the Commonwealth Bank of Australia and is secured by a registered first mortgage over the Trust's assets to the extent of \$29,000,000 (2004: \$29,000,000). The bank bill facility of \$29,000,000 was due to expire 30 September 2005 but an agreement has been reached with the Bank to extend the facility for a further three years expiring 30 September 2008. Interest on the facility is charged at the floating rate but interest rate swap agreements maturing 26 September 2005 provide for a floating interest rate but within a range that provides for a maximum base rate of 6.00% and minimum base rate of 4.99% on \$20.0 million of the facility and a maximum base rate of 6.00% and minimum base rate of 4.86% on \$9.0 million of the facility. From 26 September 2005 further interest rate swaps have been implemented to 26 September 2010 that provide on the total \$29 million facility for a maximum base rate 6.50% and minimum base rate of 5.37%

21 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENT TO IFRS

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to ISAB Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the trust's financial statements for the half year ending 31 December 2005.

Entities complying with Australian Equivalents to IFRS for the first time will be required to restate their financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

One of the Registered Entity's shareholders, James Fielding Holdings Limited, has established a project team to manage the transition to Australian equivalents to IFRS. This project team will assist the company to implement IFRS. The project team has prepared a detailed timetable for managing the transition and is currently on schedule.

Australian Hotel Fund

Notes to the financial statements

for the year ended 30 June 2005

21 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENT TO IFRS (continued)

The project team has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. These choices have been analysed to determine the most appropriate accounting policy for the Trust.

Set out below are the key areas expecting to change on the adoption of AIFRS and the best estimate of the impact of the changes as at 30 June 2005.

Although the adjustments disclosed in this note are based on the Responsible Entity's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and IASB. Therefore, until the Trust prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

(a) Investment Properties

Under current Australian GAAP, the Trust treats its investment in hotels as investment properties on the basis that the investments are predominantly held for the purpose of earning rental income rather than a provision of service.

The appropriate classification of hotels of Australian Hotel Fund under AIFRS is currently under consideration by the Trust but not yet finalised. It has not yet been resolved whether the hotel properties qualify for investment property treatment under the definition contained in AASB140 or whether each hotel is more appropriately classified as property, plant and equipment under AASB116.

The factors being considered in determining whether the hotels should be treated as investment properties include whether the level of ancillary services provided by the Trust are of a level such that it is providing a service rather than holding investments for rental returns and also if the extent to which the Trust is exposed to variability of cash flows is the key factor in determining classification as investment property.

It is the opinion of the Responsible Entity that the level of ancillary services provided by the Trust is negligible and so the investments are held to generate rental income, thereby meeting the classification criteria of investment property. This treatment is subject to further consideration and as yet has not been finalised.

Set out below are the respective accounting treatments under each classification:

Investment property

If the hotels meet the definition of investment properties, it would be revalued to fair value annually, and increments and decrements in fair value would be recognised through the profit and loss statement. There would be no annual amortisation charge.

Property, plant and equipment

If the hotels were classified as property, plant and equipment, they could be valued at either cost or fair value. If the fair value model was adopted, then any increments or decrements in fair value would be recognised through the asset revaluation reserve. The hotels would be depreciated over their useful life.

(b) Financial Instruments

The Trust will be taking advantage of the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Recognition and Measurement* and AASB 139 *Financial Instruments: Recognition and Measurement* only from 1 July 2005. This allows the Trust to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 139, financial instruments will generally be recognised at fair value in the statement of financial position. Derivatives taken out to reduce exposure to fluctuations in floating interest rates may be accounted for as hedges provided that the hedges designation documentation and effectiveness tests can be met. If these tests are satisfied, the derivative is measured at fair value and gains and losses are reflected directly in equity until the hedged transaction occurs, when they are released to the statement of financial performance. To the extent that the hedges do not satisfy the above tests, then a corresponding portion of the gain or loss is reflected in the statement of financial performance as incurred.

(c) Trust Units

AASB 132: *Financial Instruments: Disclosure and Presentation* prescribes the criteria for recognising a financial instrument as either debt or equity. The directors of the Responsible Entity are proposing to amend the Constitution of the Trust in order to continue to treat members' capital as equity. Without this change in the Constitution, units in the Trust would be classified as debt rather than equity resulting in net tangible assets of \$41,343,139. Net profit for this financial year would be reduced to \$2,641,353 as distribution to unit holders would be an above the line interest expense.

Australian Hotel Fund Directors' Declaration for the year ended 30 June 2005

In the opinion of the directors of Hotel Capital Partners Limited, the Responsible Entity of the Australian Hotel Fund ("the Trust"):

1. The financial statements and notes, set out on pages 13 to 27, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Trust as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
3. The directors have been given declarations required by Section 295A of the Corporations Act 2001 from Stephen Burt, acting as chief executive officer and chief financial officer for the financial year ended 30 June 2005.

Signed in accordance with a resolution of the directors:

For and on behalf of the Responsible Entity.



Adrian Harrington
Director

Dated this 25th day of August 2005

Independent audit report to unitholders of Australian Hotel Fund

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Australian Hotel Fund (the "Trust"), for the year ended 30 June 2005.

The directors of the Responsible Entity, Hotel Capital Partners Limited, are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the Trust. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Audit opinion'

In our opinion, the financial report of Australian Hotel Fund is in accordance with:

- a) the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Trust's financial position as at 30 June 2005 and of its performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.



KPMG



S Gatt
Partner

Sydney
25 August 2005

AUSTRALIAN HOTEL FUND UNITHOLDER INFORMATION

Stay informed by visiting the web site of the responsible entity (www.hotelcapitalpartners.com.au) to find out more about the company and the funds we manage including Australian Hotel Fund. Information on James Fielding Group the holding company of Hotel Capital Partners can be obtained on www.jamesfielding.com.au.

End of financial year tax statement

To assist Australian Hotel Fund investors to complete their annual income tax returns, each investor will receive after 30 June each year a Tax Statement that summarises the income distributions received from the Trust during the financial year.

Buying and selling units in Australian Hotel Fund

Australian Hotel Fund is listed on the Australian Stock Exchange (ASX). Units in Australian Hotel Fund can only be bought or sold through a stockbroker.

The details of trading activity are published in most daily newspapers under the Trust's ASX code of AHO.

Handling complaints

Hotel Capital Partners has an established policy for dealing with complaints received from investors. Investors wishing to complain should write to:

Investor Relations Manager
Hotel Capital Partners
Level 3, 40 Miller Street
NORTH SYDNEY NSW 2060

Or:

Facsimile (02) 9080 8152

Hotel Capital Partners is a member of an independent dispute resolution scheme, the Financial Industry Complaints Service.

Protecting privacy

Hotel Capital Partners does not retain personal information except that information provided to the Unit Registry. However, if an investor has a concern or complaint about personal information they should contact our Privacy Officer by calling (02) 9080 8511 or by writing to:

The Privacy Officer
Hotel Capital Partners
Level 3, 40 Miller Street
NORTH SYDNEY NSW 2060

Or:

Facsimile (02) 9080 8152

AUSTRALIAN HOTEL FUND

ASX Additional Information

Unitholdings

Substantial Unitholders

The number of units held by the substantial Unitholders listed in the Trust's register of substantial Unitholders as at 18 July 2005 were:

Unitholder	No. of Units
James Fielding Investments Pty Limited	9,970,333
Toga Investments Pty Limited	9,969,285
Barana Capital Pty Limited (Group)	9,955,518
UBS Global Asset Management	3,975,854
Peppers Leisure Ltd	2,260,564

Unitholder spread (as at 29 July 2005)

Range	No. of ordinary Unitholders
1-1,000	34
1,001-5,000	335
5,001-10,000	175
10,001-100,000	172
100,001 and over	32
Total	748

There were 21 Unitholders holding less than a marketable parcel of 807 units at 29 July 2005.

Voting rights

Unitholders are entitled to one vote for each fully paid unit held.

20 Largest Unitholders (as at 18 July 2005)

	Number of ordinary units	Percentage of capital %
James Fielding Investments Pty Limited	9,970,333	19.90
Toga Investments Pty Limited	9,969,285	19.90
Barana Capital Pty Limited	9,955,518	19.87
UBS Global Asset Mgt	3,975,854	7.94
Peppers Leisure Ltd	2,260,564	4.51
Donald Financial Enterprises Pty Limited	994,296	1.98
I R Schilipalius	749,207	1.50
T Clark	600,000	1.20
M Chan	510,000	1.02
Questor Financial Services Limited	499,525	1.00
V J Plummer	400,000	0.80
E & J Katz	350,000	0.70
Coutts & Co	300,000	0.60
R W Reid	239,200	0.48
J A Mead	221,660	0.44
M A Eibisch	210,000	0.42
A & L Hargreaves	200,000	0.40
D & G Mackenzie	163,000	0.33
G Buckeridge	150,000	0.30
L T Mahony	130,500	0.26
	41,848,942	83.55

Australian Hotel Fund (ARSN 092 971 518)

Directory

Responsible Entity:	Hotel Capital Partners Limited	Level 3 40 Miller Street North Sydney NSW 2060 Tel: 02) 9080 8511 Fax : 02) 9080 8152 Email: info@hcpinvestors.com.au Web: www.jamesfielding.com.au
Unit Registry:	Computershare Investor Services Pty Limited	Level 3 60 Carrington Street Sydney NSW 2000 Tel: 1300 855 080 Fax: 02) 8234 5050 Web: www.computershare.com.au
Custodian:	Trust Company of Australia Limited	35 Clarence Street Sydney NSW 2000
Auditor:	KPMG	10 Shelley Street Sydney NSW 2000
Investment Properties:	Peppers Anchorage Port Stephens	Tel: 02) 4984 2555
	Peppers Manor House Southern Highlands	Tel: 02) 4868 2355
	Peppers Fairmont Resort Blue Mountains	Tel: 1800 786 640
	Bookings can also be made on	www.peppers.com.au