

Aspire

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Hervey Bay Investors Limited
Level 6, 293 Queen Street
Brisbane Queensland 4000

**Re: * Market Analysis Assessment for Fraser Coast and Ramada Hervey Bay.
* Review of the Marketing Program adopted by Ramada Hervey Bay.
* Revenue Analysis for Apartments.**

Dear Sirs,

This letter is a summary of the letter report which is to form part of the Hervey Bay Investors prospectus. We consent to this letter being on the Hervey Bay Investors Limited web site but advise prospective investors should read our letter in full.

We have received instructions from Hervey Bay Investors Limited to undertake an independent analysis on the matters mentioned above. We have been advised that Hervey Bay Property Limited is purchasing between 8 and 18 dual key apartments in Ramada Hervey Bay which opened in October 2009. The property has 46 apartments comprising 45 dual key apartments, 1 triple key apartment and a 2 bedroom manager's apartment.

This letter and full report has been prepared by Stephen Turnbull, managing director of Aspire Apartments and Resorts. Aspire Apartments & Resorts is a management services company supporting independent apartment and resort properties. Aspire is dedicated to assisting to enhance returns for resort owners and investors, and growing their capital investments. We offer consulting and management services, and operational evaluations. We appraise practices and identify opportunities to, increase sales, decrease costs, create efficiencies and improve bottom line performance. We have extensive experience in operating hotels and resorts. Our services include strategic review of operational performance and marketing, and day-to-day assistance with management of assets.

Stephen Turnbull has significant experience in management and marketing in retail travel marketing, holiday resorts and hotel marketing with executive roles in companies including Flight Centre, S8 Resorts (Harvey World Resorts), Radisson Treetops Resort & Spa and Central Apartments & Hotels.

We also advise that Stephen Turnbull did undertake a level of market analysis and advice on a consultancy basis for Ramada Hervey Bay in mid 2009 prior to its completion and opening so is fully aware of the property. While no marketing or consultancy contract is currently in place further work may be undertaken.

We advise that this letter is for the sole purpose of Hervey Bay Property Limited and its directors and no other purposes. We understand that this letter is to be included in a Prospectus to be issued by Hervey Bay Investors Limited to which we consent.

1. Market Analysis Assessment for Hervey Bay and Ramada Hervey Bay

Hervey Bay is a strong emerging tourism destination with its natural attributes of Fraser Island, the Great Sandy Straits and whale watching complemented by Hervey Bay's cosmopolitan growth of hotels and resorts, restaurants and other lifestyle amenities.

A number of key statistics about the Fraser Coast and Hervey Bay include -

- Domestic overnight holiday visitors grew to 417,000, an annual change of 29%
- International overnight holiday visitors declined slightly by 7% from 189,000 to 181,000
- Business overnight visitors grew slightly by 4% to 102,000

(Source: Fraser Coast Regional Snapshot, Year ended September, 2009 Tourism Queensland)

There has been a trend towards growth in visitation to the Fraser Coast region over the last two years. This has been driven to a large extent by increased intrastate tourism as people holiday closer to home. As with other Queensland results, Fraser Coast saw a decline in interstate visitors over the last year but this was compensated by the strong intrastate visitation growth.

There is no doubt that the completion of the new airport in 2005 was a great boost for Hervey Bay with traffic increasing from 40,000 people a year to over 200,000 people a year. There are currently daily jet flights by Virgin Blue from Sydney and regular daily services from Brisbane by Qantas. The council and various other organisations in Hervey Bay are actively seeking further services including direct service from Melbourne.

Our full letter report contains a number of key domestic source markets to Fraser Coast.

The Fraser Coast is Queensland's 6th highest region for international visitors and 8th highest region for domestic visitors for the year ended September, 2009.

In looking forward, the Fraser Coast Region is well positioned to continue to benefit from domestic tourism and also from any global tourism improvement, especially in Europe, UK and Germany.

Average occupancy for hotels, motels and serviced apartments with more than 15 rooms over the four quarters to September 2009 year was 52.5%. The quarterly statistics were as follows: Dec 2008 Qtr 57.3%, March 2009 Qtr 49.3%, June 2009 Qtr 47.3% and Sept 2009 Qtr 55.8%.

(Source: ABS Tourist Accommodation, Small Area Data, Qld – Table 5. Hotels, Motels and Serviced Apartments by Tourism Region, Qld –Hotels, motels and Serviced Apartments with 15 or more rooms).

2. Review of the Marketing Program adopted by Ramada Hervey Bay

Ramada Hervey Bay is operated by Seascope Hervey Bay Pty Ltd whose shareholder Affinity Property Group Pty Ltd holds a license arrangement with Ramada Worldwide being owned by the Wyndham Hotel Group. Wyndham Hotel Group has over 6,500 hotels worldwide and over 550,000 rooms under management.

Ramada Hervey Bay is promoted by Wyndham Hotel Group and Ramada Worldwide being listed on their web site and various electronic and marketing material. They provide training support and hotel systems to deliver customer service and operational efficiency. Ramada Worldwide levy a franchise fee for use of the Ramada branding and systems and a marketing fee as part of global marketing and promotions.

Seascope Hervey Bay has adopted a proactive launch marketing campaign to generate occupancy and room rate. It should be noted that this is being undertaken in what could be described as a very tough hotel and resort market. There is downwards pressure on both room rate and occupancy at the current time.

An overview of the marketing strategy adopted by Seascope Hervey Bay to promote and generate occupancy and room rates is summarised as follows –

- Ramada Hervey Bay has distribution contracts in place with most major domestic travel wholesalers.
- Ramada Hervey Bay has distribution contracts in place with many major international travel wholesalers, and benefits from the Ramada Worldwide network.
- Ramada Hervey Bay utilizes a channel manager to ensure fast and timely distribution of rates and availability to last minute and many long term booking sites.
- The property has fully utilised the Ramada branding to benefit from the strong international brand awareness (Ramada Hervey Bay is the only international branded hotel in Hervey Bay).
- Promotion of the convenient location has been undertaken – at the marina and the closest hotel to the airport (7 minutes).
- Ramada Hervey Bay has an attractive booking web site - which is currently being upgraded to be more dynamic web site clearly detailed all value add opportunity
- The property uses web traffic optimization.
- Management has established clear levels of service and hospitality.
- An aggressive public relations/media campaign to ensure public awareness has been adopted which includes a number of travel writers on food and accommodation visiting and staying at Ramada Hervey Bay.
- The property has established close liaison with the various tourism organisations such as Fraser Coast tourism and tourism bodies as well as Fraser Coast Regional Council.
- The property has engaged mimi MacPherson as an ambassador to promote Hervey Bay and staying at the Ramada

- Marketing programs include:
 - * Newspaper and magazine advertising
 - * Competitions such as the 'young environmentalist of the year'
 - * Local sponsorships of selected significant community events
 - * Packaging up a whole range of tour and value add activities
 - * Packaging of conferences both in their own meeting rooms and with a larger conference centre
 - * Adopting innovative marketing such as packaging of 'women's adventure tours' targeted to be run at least 40 times per year and improve and create consistent occupancy and room rate.
 - * Synergistic packages with the restaurant on site
 - * Mail outs to corporate and companies to capture the corporate travel and repeat business
- The property is establishing liaisons with companies seeking venues for team building and corporate events
- The property is also undertaking a wide range of other marketing initiatives for occupancy

Following discussions with the Ramada Hervey Bay management team it is evident that for a 90 room hotel that they are undertaking an extensive and comprehensive marketing program to increase occupancy and establish a room rate based on service and hospitality

3. Revenue Analysis for Apartments

We have been requested to undertake a potential revenue analysis for Ramada Hervey Bay as we have been advised that Hervey Bay Property Limited intends to purchase between 8 and 18 dual key apartments in Ramada Hervey Bay (and including possibly one triple key apartment).

A dual key apartment in Ramada Hervey Bay is a two bedroom apartment comprising a one bedroom suite (a bedroom, bathroom, kitchen, lounge / dining and balcony) as well as a studio room (a bedroom, bathroom and balcony).

Both the suite and the studio in Ramada Hervey Bay are very well appointed with a very attractive commercial grade furniture pack. The rooms are in keeping with a 'beach coastal destination' with a elegant contemporary 'feel'. The apartments have a inviting outlook over a delightful 42 metre pool (with spa and heated pool) or out to the bay.

There is only one other resort / hotel in Hervey Bay with dual key rooms which is a real benefit to Ramada Hervey Bay. It is understood from local research by the property that there is no other apartment hotel likely to be commenced in the near future, and hence, it is likely to be at least two years before any other significant apartment hotels could bring further stock onto the market.

The benefit of a dual key room from a revenue perspective is that the suite and the studio can be let separately to different guests which allow revenue to be maximised. In peak times such as whale season and Christmas as well as weekends when occupancy is high this can be very useful as it allows the resort to accommodate the maximum number of guests possible.

Other benefits include flexibility as to rates offered and accommodation style. A studio can be well priced for the corporate and overnight market where a 'room for a night' is sought versus a family seeking a week holiday where a suite or a suite and studio is desired.

The revenue analysis and outcomes are in our letter report in the prospectus to be issued by Hervey Bay Investors Limited.

Yours faithfully,

**Stephen A Turnbull – MBA, B.Bus, FAMI, AFAIM, F Finsia
Managing Director**