

CASE STUDY

NOOSA NORTH SHORE / BEACH ROAD RESORT

Noosa North Shore Resort is a joint venture between Petrac Pty Limited, a Brisbane based developer, and Valad Property Group, a listed developer and funds manager. Noosa North Shore Resort ("NNSR") occupies 91 hectares of pristine land 15 minutes north of Hastings Street, Noosa. The site is bordered by Lake Cooroibah and the Great Sandy National Park. Access to kilometres of pristine beaches that connect to Fraser Island are only 1km away.

The site is made up of a North and South side that is divided by Beach Road. There are five major precincts. Petrac acquired the Greenfield South side of the precinct in 1999 and subsequently acquired the North side in 2004. This was a strategic option to ensure control of the quality of service delivery and product in the entire precinct. The North side presently includes a basic Resort and Tourist Park operation which added management and operations complexities to the development project.

Petrac's vision for the site is to provide tourist accommodation across a range of styles and prices. A range of onsite activities and venues for interpretive, educative and management functions will be built. The master plan for the sites includes:

- 90 high quality Beach Houses (3 bedroom+), priced \$1M+
- 41 4 ½ star eco friendly villas (2 bedroom)

- 70 units in small clusters
- 200+ site tourist park which includes school camp facilities
- Restaurant and bar
- Multiple function rooms and theatres
- Day Spa
- Eco Wilderness Centre
- Equestrian Centre and stabling
- Multiple resort style pools
- Tennis courts
- BBQ areas
- Kids entertainment facilities
- Gymnasium
- High Ropes Course

These facilities are spread across the five precincts and require both collective and individual market positioning for operations and property sales.

The NNSR project has a gross value of approximately \$200 million and is the only approved tourism operation in the Noosa North Shore Precinct.

Petrac began discussions with Dransfield in mid 2006 to explore alternative development and operation options for several precincts on the sites. At this stage Petrac had secured development consent and commenced construction of the 90 Beach Houses and preliminary master plan approval for the second precinct on the South side comprising 41 eco friendly villas and some ancillary facilities.

After several months reviewing the project and understanding each others skill set, Petrac and Dransfield reached a common vision and agreement. The two organisations work together to jointly deliver the North and South site as a fully integrated set of resorts to be renamed Beach Road Resort.

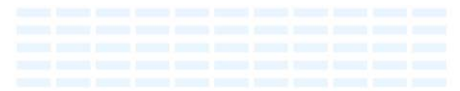
Dransfield's role in this project includes both operational and development responsibilities. The parties have a five year outlook on the project.

DEVELOPMENT

Dransfield have adopted a holistic approach for the development of the entire site. Key tasks include:

- Critical analysis of existing plans, proposals and capital expenditure budgets.
- Master planning the second South and Northern sites.
- Analysis and staging of design and construction.
- Develop cost effective design and construction methods.
- Liaising with architects, engineers, planners and contractors to provide a marketable design compatible with future operations at the Resort.
- Develop the strata title market offering and supervising the marketing program.





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- Reviewing the overall site master plan and designing an integration strategy that links each of the sites physically and from a marketing and operational perspective.
- Reviewing and remixing the ancillary facilities on offer and rebalancing the built product for long term sustainability.

These tasks were shared with the Developer, working hand in hand over a period of 8 months. Petrac is responsible for project delivery. Dransfield participates in the Development outcomes, subject to an agreed hurdle, to align our interests with the Developer. Development will occur over a five year period.

OPERATIONS

Dransfield was engaged by Petrac to manage the existing and future operations and to integrate each of the new precincts into the operations as they come on line. It was important to retain operational control in the development team, given the staged delivery over time and diverse nature of site elements.

Petrac recognized Dransfield's ability to add immediate value, which enabled them to focus on the more financially significant development aspects of the project. As part of Dransfield's operational role, a branding and awareness strategy was developed to integrate the development and operational goals of the project.

A summary of our roles in the operation of the current and future resorts is:

- Supervision of day to day operations.
- Prepare detailed operating budgets and Business Plans.
- Design an integrated marketing strategy.
- Developed daily, weekly and monthly financial reporting systems for the current and future operational requirements of the Resort.
- Board reports incorporating all of the above.
- Implemented revenue and cost control devices.
- Ensure the developed product provides balanced and sustainable accommodation support facilities.

Dransfield has an ownership stake in the Management Rights created through the development process. The ownership creates a long term alignment of interests with the various stakeholders, including Developer, Equity Participants, Staff and Financier.



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