

IMPORTANT NOTICE:

Broad Property Research & Advisory Pty Ltd (BPRA) has prepared this report for the purpose of providing an overview to Collective Wealth Pty Ltd of various parameters concerning the Ramada SkyHotel development. This report is not to be construed or used as financial or investment advice by any party. BPRA is an independent property research firm that offers a wide range of research services for the residential, commercial, and industrial property sectors. This summary should be read in conjunction with the full report. **BPRA Rating Observations are in Red.**

Key Research, Location, Economy, Security, Tax, Branding and Exit Structure

Ramada SkyHotel



SkyHotel Investment Fund will own the 83 rooms. Marina Land Pty will own the top floor conference centre, restaurant and bar.

Targets

BPRA: Opportunity

1. Commence construction April/May 2022
2. Open mid 2023
3. Operate for 5 years
4. Sell in Year 6 after construction commences

Global Branding and Proven Track Record



Ramada SkyHotel will operate with a global Wyndham Hotel Group franchise, optimising national and international booking opportunity.

History of Success

BPRA: Proven

1. Proven 10 year operational track record
2. All systems in place to operate Ramada SkyHotel
3. Franchisee of a global hotel group

Research: Needs Analysis & Revenue



Extensive research has been undertaken to validate the need, value and financial viability of Ramada SkyHotel Hervey Bay.

Reports Include

BPRA: Comprehensive

1. Nexia Australia: Independent Accountants Report
2. THSA: needs analysis, revenue analysis
3. Novak: needs analysis, revenue analysis
4. PHV: 'on completion' valuation
5. Niven: comprehensive QS analysis

Security Factors



Top level conference centre, restaurant and bar will act as loan security for bank to optimise loan as well as for capital repayment as per terms and conditions.

Benefits

BPRA: Favourable

1. Continued security benefit to optimise the loan facility
2. Security for capital repayment under specified terms and conditions

Fraser Coast Economy and Growth



3.7 million visitor nights per year from nearly 2 million visitors to the Fraser Coast showing clear demand factors – Ramada SkyHotel Gross Rooms Revenue growing to \$4.7 million.

Reports Include

BPRA: Strong

1. Fraser Coast Region (which includes Hervey Bay) has a Gross Regional Product of \$4.4 billion.
2. Gateway to resource-rich Central Queensland and the southern tip of the Great Barrier Reef including heritage-listed Fraser Island.
3. Visitors come from all over the world for the extensive whale-watching season which is enhanced by food, wine and boat festivals.

Taxation Deferral

BPRA: Benefit



The PDS describes substantial taxation deferral prospects which adds to the features and benefits of Ramada SkyHotel.

Forecast 100% tax deferral in the **first 3 years**

Clear Exit Structure

BPRA: Workable



Investment period schedule is 6 years however trust units are transferrable and mechanisms in place for exit.

1. Collective Wealth will offer to existing investors first
2. And then to full database plus associates database
3. Plus propose to list on primarymarkets.com

Hotel Market Depth



The hotel market is extensive globally approaching \$2 billion in sales in 2021 in Australia alone.

Opportunity

BPRA: Extensive

Optimises Ramada SkyHotel sale and price opportunity in 6 years.



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Key Financial Findings and Observations

Distributions (Returns) – Cash: Cash + Capital Growth



IRR (Internal Rate of Return) can be described as the compound rate of return per annum on an investment.

BPRA: Attractive

Forecast cash return detailed in PDS at Median Subscription and Expected Total Development Cost over 6 years:

IRR = 9.8% per annum

Forecast cash return paid quarterly, added to capital growth distribution at sale, based on a conservative 2% per annum escalation over 5 years of the 'on completion' PHV Valuation:

IRR = 14.7% per annum

Note: No tax deferrals or tax paid taken into account

Forecast 'on completion' valuation and TDC in PDS



Total Development Cost (TDC) is the total funds required to develop and construct Ramada SkyHotel.

BPRA: Value

The forecast 'on completion' valuation of the 83 rooms of Ramada SkyHotel as detailed in the PDS:

\$25.5 million

The Expected Total Development Cost (TDC) is:

\$22.5 million

Forecast value start margin: **\$3 million**

Note: The margin is more on the Optimistic TDC and less on the Pessimistic TDC as detailed in the PDS

Valuation Substantiation



PHV 'on completion' valuation substantiation based on TDC, room value, capitalisation and DCF.

BPRA: Substantiated

TDC Substantiation: **\$25.5 million**

Capitalisation Substantiation: **\$25 to \$26 million**

Discounted Cash Flow (DCF) Substantiation:

\$24.7 to \$28.3 million

Capital Value \$ Per Room



Room \$ analysis relates to the \$ capital value per room for national sales and for Ramada SkyHotel per room for the 83 rooms and then calculated for TDC for Ramada SkyHotel.

BPRA: Value

Hotel Report National Calculated Average: **\$312,000**

PHV 'on completion' Valuation 83 rooms: **\$307,000**

Cost per room at Expected TDC: **\$250,000**

Cost per room Expected TDC below national average: **20%**

Comparative RevPAR Analysis and GRR Forecasts



RevPar refers to the Gross Rooms Revenue per total available rooms in the hotel.

BPRA: Conservative

Current Ramada Hervey Bay: **\$128 per room 2021**

Forecast Ramada SkyHotel: **\$133 per room 2023**

Cost per room at Expected TDC: **\$250,000**

Ramada Hervey Bay GRR Growth last 5 years: **44%**

Forecast Ramada SkyHotel GRR Growth 5 years: **29%**

Comparative Revenue Per Sqm Analysis



Ramada Hervey Bay historical Gross Room Revenue (GRR) return per Sqm compared to future GRR per Sqm in SkyHotel.

BPRA: Robust Decision

2021 Ramada Hervey Bay suites \$ return/sqm: **\$2.46**

2021 Ramada Hervey Bay rooms return \$/sqm: **\$4.20**

2023 Forecast Ramada SkyHotel hotels rooms: **\$4.44**

Forecast Fixed Rent and Additional Rent



SkyHotel Resort Management will lease SkyHotel and pay Fixed Rent (based on TDC) and Additional Rent (based on GRR).

BPRA: Favourable

Year 1 Fixed Rent as a % of Total Rent: **> 80%**