

Barossa Valley Resort





Barossa Valley Resort

A Truly Beautiful Part of The World

A fantastic opportunity to invest in the Barossa's premier accommodation and conference resort by owning your own strata-titled unit. Reap the rewards as this facility continues to grow in popularity among interstate, overseas and local patrons. 7 free nights accommodation per year plus major discounts on further accommodation, dining, Endota day spa and heated outdoor pool are just part of the relaxing activities available. With continual upgrading of resort facilities and the extensive improvement of the nearby Tanunda Pines Golf Course have and will continue to ensure a very bright future for this world class resort.



Guy Draper
0417 810 828
david@homburg.com.au
RLA: 219152



Felicity Cock
0411 456 266
felicity@homburg.com.au

Barossa Valley Resort

Net Income per Month One Bedroom Unit Income

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	\$	\$	\$	\$	\$	\$
July	443.56	483.00	850.00	1105.00	629.77	860.00
August	703.43	573.00	850.00	991.67	611.16	495.42
September	274.02	606.00	850.00	1106.30	799.85	502.54
October	676.84	643.00	850.00	1152.26	1276.87	716.97
November	621.75	719.00	850.00	1016.24	1228.94	987.24
December	299.12	352.00	850.00	1128.25	1321.47	1078.63
January	480.65	515.00	850.00	999.13	1027.56	
February	874.40	884.00	922.13	980.00	1077.82	
March	805.70	823.95	1532.04	1097.00	1008.16	
April	831.47	719.55	900.08	892.00	1049.72	
May	743.98	786.93	901.00	995.00	963.81	
June	356.74	850.00	901.00	1004.00	1019.45	
Total	\$7,111.66	\$7,954.93	\$11,106.25	\$12,460.85	\$12,014.58	\$4640.80

NOTES:

January 2006 – The F F & E Fund (Refurbishment) was increased from 3% to 6% and despite this returns have remained strong. To ensure any hotel/resort maintains/increases its occupancy rate, and therefore total income, it is vital that sufficient moneys are set aside for maintenance and refurbishment from the returns.

Two Bedroom Units

Monthly Income is calculated by dividing the above figures by 170 then multiplying that number by 230.

Totals	2007 / 2008	2008 / 2009	2009 / 2010	2010 / 2011	2011/2012
	\$13,523.60	\$15,026.10	\$16,858.79	\$16,255.02	\$6,278.73

Added Bonuses of Unit Ownership

Owners Accommodation

7 free nights accommodation per annum (approx value \$1000).

Heavily discounted accommodation at other times.

Owners Privilege Card

Can only be redeemed on presentation of card on arrival

Discounts on Meals and other activities whilst at the resort. Harry's Restaurant you will receive 25% discount off the food only portion of your account, to a maximum value of \$100 discount. This does not apply to room service.

Presentation of card at Tanunda Pines Golf Course, you will receive a complimentary round of golf for one person – limited to 1 round x 1 person per card per annum.

Presentation of card at Endota Day Spa will entitle you to a free half hour facial when booking a one hour treatment.



- | | | | |
|------------------------------|--|-------------------------------------|----------------------------|
| A. Reception | H. Games Room | O. Dolfi Kids Club | U. Workout Station |
| B. Conference Centre | I. Bar 180 | P. Half Basketball Court | V. Flying Fox |
| C. Gramps Bar | J. Pool | Q. Archery | W. Abseiling |
| D. Harry's Restaurant | K. Volley Ball, Bocce,
Badminton | R. Golf Clubhouse | X. North Para River |
| E. Gym | L. Giant Chess Board | S. Golf Driving Range | Y. Jacob's Creek |
| F. Spa | M. Car Park | T. 2km Running/Walking Track | Z. Cable Bridge |
| G. Sauna | N. Tennis Courts | | |



Things to Do – Resort Activities

abseiling, archery, burma bridge, flying fox, orienteering

Great activities for groups and corporate team building, The Novotel Barossa Valley Resort sources a professional consulting company to conduct the above activities so minimum numbers and charges apply and 24 hours notice is required.

badminton

Outdoor badminton courts are available for use on site.

basketball

With one of the best views from the Resort, the half court basketball court is located on site.

barbecues

Barbecues are located pool side and are available for complimentary use. BBQ packs may be pre-ordered via Reception.

bike hire

Bike riding is an ideal way to take in the serenity of the Barossa Valley. Join a group tour or set off on your own adventure. Hourly, full and half day bike hire is available and charges apply.

bocce/bolle or petanque

If you are seeking a somewhat refined activity, then this could be for you. Bocce can be played on the Resort lawns with sets available from Reception.

croquet

One of our more cultured activities, croquet will take you back to a time when sport barely raised a sweat. Our manicured lawns provide the perfect backdrop for this gracious activity.

day spa

endota is the spa for everyone, providing down-to-earth heaven, just a short stroll from your room. Bookings essential.

eightball

We are delighted to offer South Australia's first outdoor billiard table! At the Novotel you can take your shot in between taking a dip in the heated pool and ordering another refreshing beverage from the pool bar.

gymnasium

If you would like to keep your exercise program in check while you are away, you will find the fully-equipped gym available adjacent to the pool (Opening hours from 6am - 10pm).

golf

Just a 30 second walk from Reception is Tanunda Pines Golf Course, an 18-hole, recently renovated Course and quaint Club House. Green fees apply, buggy and club hire are available. Bookings required.

swimming pool

From the outdoor heated swimming pool you can see across the rolling hills of the Barossa Valley. Soak up the sun on one of the day beds or cool down in the pool (Open daily).

table tennis

Located pool side, you can play a game of table tennis in-between taking a dip in the heated pool and ordering your lunch at the pool bar.

tennis

Located on top of a hill, the two synthetic courts have stunning views across the Barossa Valley. If you are still feeling active in the evenings, you can continue to play into the night with the assistance of the floodlights.

volleyball

Volleyball can be set up pool side, making it easy to cool down after working up a sweat!

All activities can be arranged and / or booked via our friendly team at Reception.



Things to Do – Restaurants & Bars

Dining at Novotel Barossa Valley Resort is not only convenient, it's also a delight as you sample the best local produce that Barossa has to offer. With seasonally designed menus reflecting the region's fine culinary heritage and culture, you can sample gourmet delights while taking in the scenic views across the rolling hills of the Barossa Valley.

harry's restaurant

Harry's Restaurant features an extensive buffet breakfast and an a la carte lunch and dinner, providing an array of Barossa produce designed to tempt even the most discerning connoisseur.

- Full buffet breakfast Mon-Sat 6:30am - 10:30am - Sun 7:00am - 11:00am
- Day dining menu from 10:30am - 5pm
- Dinner 6pm - until late
- Kids menu available

the restaurant bar

Gramp's Bar has an intimate atmosphere, enhanced by the magnificent central fireplace. It's the perfect location to relax with a Barossa red (or two) while sampling the new range of platters to share.

- Tapas style platters from 5pm until late

room service

If you would prefer to "wine" down & relax in your room, then we have a couple of options for you to choose from.

- Room service breakfast from 6:30am
- Take away "Barossa Style" - a new take on room service!

the pool bar

The Pool Bar is open seasonally (weather permitting) and offers a great alternative for casual dining while soaking up the beautiful Barossa sun.

At Novotel Barossa Valley Resort, we like to ensure our guests feel at home, and what better way than by cooking your own BBQ by the pool. BBQ Packs and icy cold beverages straight from the tap can be pre-ordered from reception so that you can really enjoy the balmy Barossa nights.



endota spa

endota adj. (indigenous australian) (en-doe-ta) beautiful.

Endota spa Australia - Winner 2008 and 2009 South Australian Franchisee of the Year, Franchise Council of Australia Awards

Novotel Barossa Valley Resort now has its very own slice of down-to-earth heaven: Endota Spa.

Endota's ambience is immediately soothing and alluring, with white walls, recycled timber furnishings, polished floorboards and tranquil imagery. Relax back on the couch, cradling a cup of Endota herbal tea as the aromatherapy oil blends floating on the air start you on your journey of relaxation.

Select any Endota experience, from a scalp massage to the be all and end all: a head-soothing half day of Endota treatments. If it's your first time, you should get drenched with the Endota stand-out treatment. Feel your body rejuvenate as you're cleansed with lavender and lime, exfoliated with rock salt and local honey and drizzled with warm aromatherapy oils.

You'll be rapt - in a creamy yoghurt cocoon, before a soothing massage and finally sink into a long tub soak. There's also a swag of heavenly Endota spa products, bursting with straight-from-the-earth organic ingredients designed to seduce you.

Endota Day Spa

Tel: +61885240071

Email: barossavalley@endota.com.au



Tanunda Pines Golf Club is located adjacent to the Novotel Barossa Valley Resort in the heart of the Barossa Valley, just one hours drive from Adelaide.

Adelaide is blessed with several fine golf courses with Royal Adelaide, Kooyonga, The Grange and Glenelg at the top of the order. However there are others to consider as well, especially if one decides to visit the fabulous Barossa Valley wine region where Tanunda Pines weaves its fairways among 100 year old gnarly gums alive with what seems to be every variety of native parrot in the nation. The course itself has surprisingly sandy loam as a base. This makes for excellent, tightly packed fairways and fast greens. The great Scottish architect Alister Mackenzie visited Adelaide in the early 1920's and wrote: "The ideal hole is surely one that affords greatest pleasure to the greatest number, gives the fullest advantage for accurate play, stimulates players to improve their games and never becomes monotonous. Multiply that by 18 and you have an ideal golf course." Well, Tanunda Pines fits nicely into that description. Tee shots demand technique as much as power, approach shots that employ the old grey matter, tight fairways and fast greens- it's got the lot. -By Tom Ramsey

Judge US Golf magazine's Top 100 Courses in the world.



Course

You may not need another reason to visit the grand dame of Australian wine regions, unless you are a golfer who likes to play outstanding golf courses in beautiful locations - and then we have another 18 great reasons for you.

Tanunda Pines Golf Club is a stunning 18 hole, par 72, championship golf course set in the heart of the Barossa Valley. Home to an abundance of native bird and animal life, one hundred year old gum trees line fairways that undulate across hilltops with views over Jacob's Creek and St Hallett vineyards from several vantage points.

Established in 1938, this now privately owned public access course has recently undergone a transformation with the introduction of six newly designed holes, elevating it to one of Australia's finest regional woodlands golf courses.

The SA PGA Championship which is an Australasian Von Nida Tour event was held here in 2006

The club also hosts events such as the Jacobs Creek Classic, the Holden Scramble and many other smaller and more intimate annual events for members, visitors and groups.

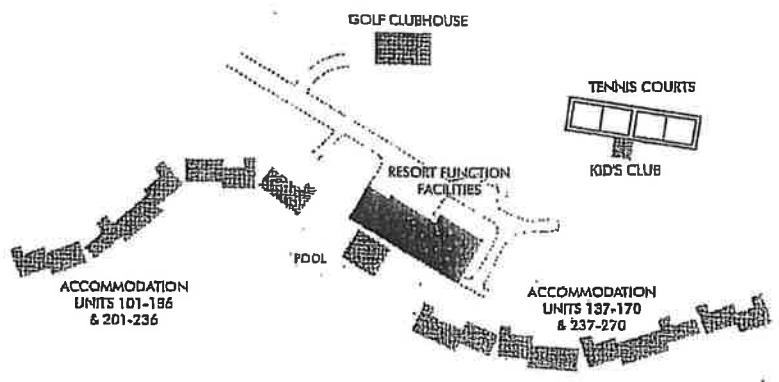
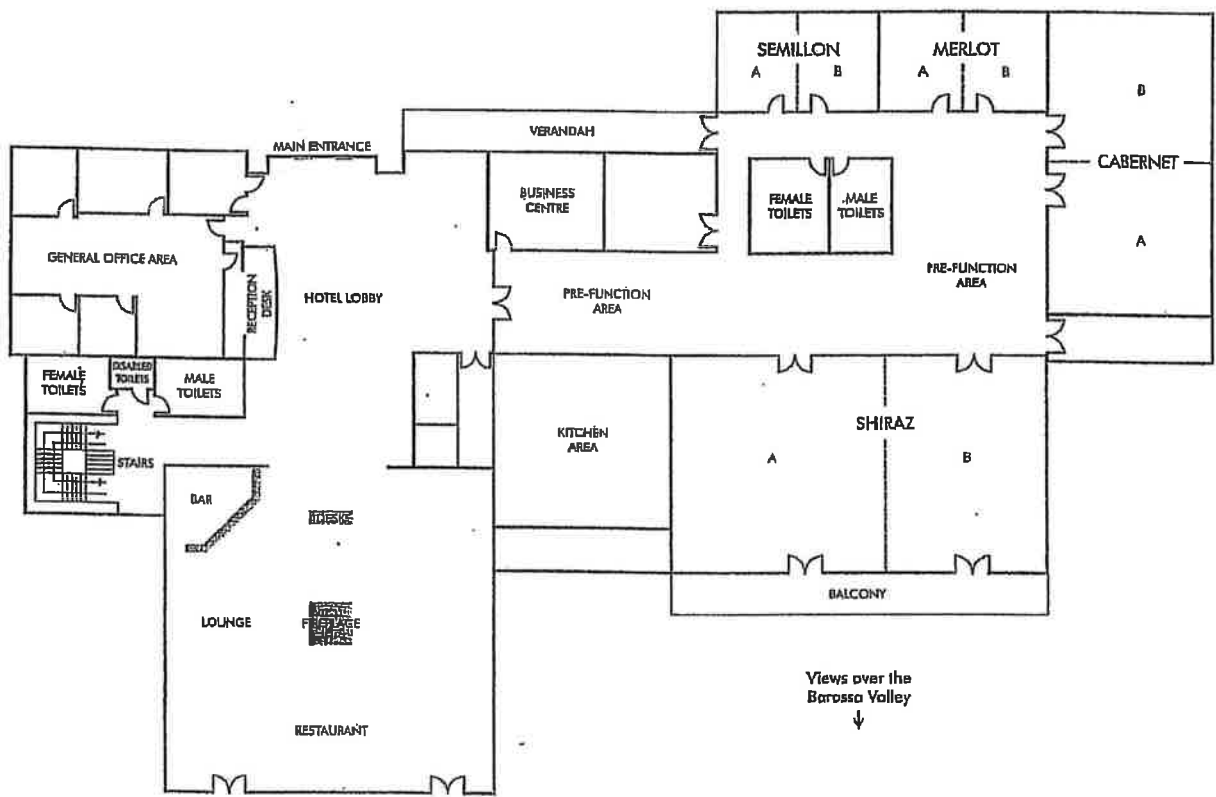
Facilities

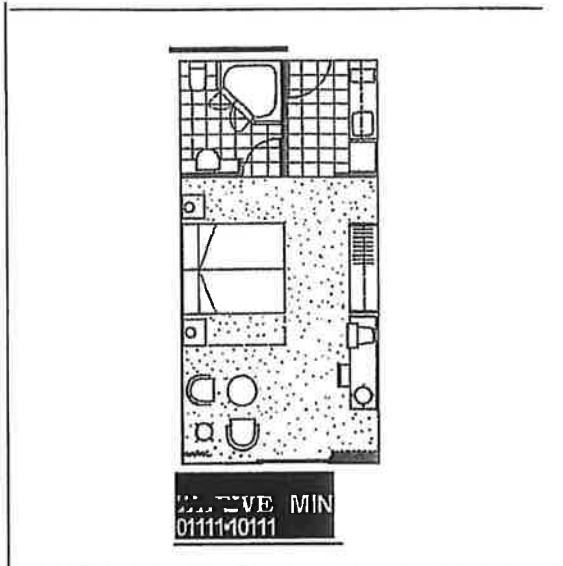
In a perfect location to explore all the delights of the Barossa Valley, the Tanunda Pines Golf Club is situated adjacent to the Novotel Barossa Valley Resort, which currently comprises 140 suites, leisure complex and conference facilities for 300 delegates and overlooks some of Australia's most recognised vineyards: Orlando's Jacob's Creek and St Hallett.

The Barossa Valley now has a world-class golf, conference and resort complex, to complement the style, quality and sophistication of its wines - a great destination.

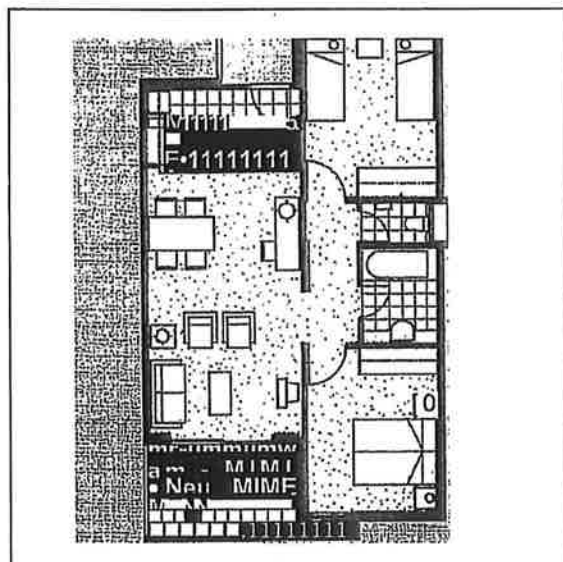
Tanunda Pines Golf Club also partners with many of the wonderful local Bed & Breakfast accommodation houses, hotels and caravan parks to provide visitors with a fantastic range of options to suit your preference and budget. Typical packages include, accommodation, full breakfasts, 18 holes golf, range balls and wine. Book your Play & Stay packages through the Novotel Barossa Valley Resort link below.

Conference Facilities Floor Plan





Typical One-bedroom Apartment



Typical Two-bedroom Apartment

Facts and Figures

- The Resort consists of one and two-bedroom fully, self-contained strata titled apartments. All are fully furnished and have quality fittings in line with the Resort's 4 Star rating.

All apartments have private balconies that overlook vineyards in the foreground and the Barossa Ranges in the distance.

- The Resort facility includes a fabulous restaurant, lounge bar, health club, swimming pool, tennis courts, kiddies club and Championship golf course.
- Each investor becomes entitled to a substantial discount on accommodation and dining facilities along with numerous other benefits*.

*conditions apply

Questions & Answers

The Barossa Valley Resort Investment Scheme

Information provided below is of a general nature only and is provided to assist investor in this scheme to better understand the nature of their investment. Investors should make their own enquiries and are encouraged to review the registered scheme documents, copies of which are available from Lands Titles Office.

Please contact Orchard Investor Services on 1800 008 494 if you require further information or clarification on the information provided within this document.

1. What is The Barossa Valley Resort property (The Resort)?

The original development was based on a site of approximately 157 hectares. Of this, approximately 45 hectares are owned by the Tanunda Golf Club Inc (with an 18-hole golf course). The parcel of land on which The Resort sits is approximately 16.47 hectares. The remaining development site on either side of The Resort is still owned by the original developer, Barossa Valley Country Club Pty Ltd, an entity associated with Kinsmen who were the original developers.

The Resort itself has been community titled under the *Community Titles Act 1996 (South Australia)* and broadly comprises:

- 116 one bedroom apartments
- 24 two bedroom apartments
- One restaurant and dining room (food and beverage facilities)
- Common property including
 - Conference facilities
 - Reception and lobby
 - Administration
 - Lounge
 - Bar
 - Back of house
 - Health club
 - Swimming pool

Individual investors own 140 apartments. The food and beverage facilities (F&B facilities) are owned by entities associated with the original developer of The Resort and are presently leased by the Responsible Entity (RE) of the investment, Orchard Capital Investments Limited (OCIL or Orchard), at a rental based on turnover percentage.

2. How did The Barossa Valley Resort Investment Scheme (Scheme) come about?

The Scheme is operated as an income pooling scheme and is a registered managed investment scheme – ARSN 091 043 864.

The Barossa

The Scheme was originally registered as a prescribed interest scheme (the regime which pre-dated the introduction of the *Managed Investments Act 1998* MIA) pursuant to the Investor Protection Deed dated 4 October 1996.

The Scheme was converted to a managed investment scheme by constitution dated 22 December 1999, and registered with the Australian Securities and Investments Commission (ASIC) on 6 January 2000.

The original manager of the Scheme was Barossa Valley Resort Sales Limited (BVRS) ACN 075 857 939. BVRS is a company related to the developer of The Resort.

Upon the introduction of the MIA, BVRS elected not to obtain a licence to act as RE of the Scheme and was voluntarily replaced by Teys McMahon Investments Limited (TMI) ACN 077 235 879 when the Scheme was converted to a managed investment scheme. TMI subsequently became part of the Orchard group of companies and changed its name to Orchard Capital Investments Limited (OCIL).

The original constitution refers to the role of Investors' Representative (a role which was required under the old prescribed interest regime). The role of Investors Representative was merged with the role of the manager on the conversion of the Scheme from a prescribed interest to a managed investment scheme and both roles are now performed by OCIL as RE of the Scheme. Clause 20 of the Constitution dated 22 December 1999 confirms the merger of these two roles.

Sandhurst Trustees (Sandhurst) is the appointed Custodian of the Scheme and controls the bank accounts for the Scheme. Sandhurst is also involved in the approval of budgets and provides the usual role and responsibilities required of custodian entities.

3. Who protects my interests in the profit share system?

The Investor's Representative (responsible entity – Orchard Funds Management) has an overall duty to protect the interests of all the investors in the Barossa Valley Resort.

4. What is The Barossa Valley Resort Investment Scheme?

The Scheme is structured as an income pooling system. Each investor owns a community titled apartment in The Resort and is bound by an income pooling lease under which the investor leases the apartment to OCIL who is responsible for the operation of The Resort. All revenue is pooled, expenses deducted and the net profit is shared amongst investors according to the (fixed) profit entitlement for each apartment.

Gross revenue of the Scheme is made up of the following:

- Rooms revenue, room hire charges, cleaning fees, telephone, gaming revenue (if any);
- Food and beverage revenue net of rental expenses; and
- Rental received from any other operators who lease areas of common property within The Resort e.g. Endota Spa (spa) and Darren Williams Consulting (ropes course).

Under the income pooling lease, OCIL is permitted to appoint a hotel/resort manager to undertake the day-to-day management of The Resort. OCIL has appointed Accor Hotels (Novotel) as the hotel operator on its behalf pursuant to an operating agreement. OCIL is

entitled to recover Accor's costs and receives management fees under the income pooling lease. Custodian costs are also paid from the gross profit.

5. Am I buying a freehold strata titled property?

Yes. Investors can buy a freehold strata titled apartment along with an entitlement to part of the common property contained in the remainder of the Resort. All investors purchase their holding at an agreed price settling on their purchase at an agreeable settlement date.

6. Do investors own property or units in a scheme?

Investors own a furnished, community titled apartment (freehold) in The Resort development. The Resort apartments are all presently zoned for short stay resort accommodation only. Each apartment has an allocated Unit Entitlement, which forms the basis for profit entitlements.

All apartments are subject to the same pooling lease whereby all income and expenses are pooled and distributed according to profit entitlements, regardless of which apartments are occupied and regardless of varying costs between each apartment.

The Scheme is based upon the pooling lease and income distribution principles and is dependent upon all aspects of the registered scheme.

Investors have no rights to occupy their own apartment, but do have the right to a maximum of seven days free accommodation at The Resort during each allocated 12 month period (August to July), subject to certain terms and conditions, including availability as provided under the Scheme. In exercising this right, investors may not necessarily be able to occupy the apartment they own. Investors are also prohibited from placing items in or removing any items from or making any alterations to their apartment during the period of the Scheme.

7. Is income derived from the investment in The Resort guaranteed?

When the investment scheme was first established, the developer of The Resort provided a guaranteed return to the original investors. That guarantee expired in 2001.

Since expiry of the income guarantee, each investor has received distributions each month in proportion to the profit entitlement applicable to their respective holdings. Such distributions are dependent upon the trading experiences of The Resort and the expenses of operating the business and the Scheme.

You will receive profits in accordance with your profit entitlement, based on the annual performance of the Resort. Your profits and distributable income are calculated by the Management Company for you and checked by the Investor's Representative.

N.B. All profits paid to you are net profits after all operational outgoings (as detailed below) are paid by the Management Company.

8. What income do investors receive?

Gross operating profit is the difference between revenue and operating expenses of The Resort business.

The Barossa

Net operating profit is calculated by deducting expenses from gross operating profit. Expenses include the refurbishment levy, the strata corporation sinking fund levy, the restaurant lease payments, council and water rates, building insurance and management fees.

Investors' profit is determined by multiplying the net operating profit by the profit entitlement and then dividing this amount by the aggregate profit entitlement. Profit entitlements are set in proportion to unit entitlements on the community plan. Unit entitlements are the points allocated to each apartment by a valuer and represent the capital proportion within the community corporation.

There have been occasions where the distributions to investors have been restricted due to prevailing economic circumstances. Equally there has been considerable recovery at times. Notably, the Scheme was able to self fund a \$2.3 million upgrade of rooms in 2008, without requiring investors to put in any extra investment to fund these works. This well timed upgrade provided an excellent image improvement and income boost for The Resort which then performed well against its peers during the economic downturn.

Fluctuations in distributions can be expected over the term of the investment.

Performance of The Resort will be largely influenced by the strength of:

- The management team.
- The tourism industry generally within the region.
- The economy and consumer sentiment.

9. What outgoings do investors pay?

All operational outgoings inclusive of insurance, community corporation contributions, refurbishment contributions and normal state and local authority rates and taxes (excluding land tax) are paid from the income of The Resort. In the event of a shortfall in funds, each investor will be required to contribute a respective proportion, based on the profit entitlements, to fund such deficiency. Every effort is made by Orchard to avoid this occurrence.

10. How often do investors receive an income distribution?

Distributions are made by direct bank transfer into investors' bank accounts, 21 days after the end of each month, with monthly distribution statements being issued separately to each investor.

Orchard also provides a quarterly statement on the performance of The Resort. Included with these statements are:

- Trading information with comparison to budget;
- Matters pertaining to the operation of The Resort; and
- Financial forecasts for the next three months.

11. Is there a community corporation?

Community Corporation 20287 was established in 1999 when the strata plan for The Resort was first created. All owners of apartments, suites and the manager's unit are members of the community corporation.

Under state law it is necessary for the community corporation to exist and operate, although in practical terms it is not a feature of operations at The Resort.

All community corporation contributions are a pooled expense of The Resort; therefore these costs are paid by the management company during the normal running of The Resort. All community corporation expenditure is approved yearly within The Resort operational budget and the voting powers for the community corporation are delegated to Orchard during the term of the income pooling leases.

12. How long does the income pooling lease go for?

The initial term of the income pooling lease is for 12 years to 10 August 2011. Before the end of the first 12 year term investors will be asked if they want the profit sharing scheme to continue. If investors do not want the profit sharing scheme to continue it must end and new arrangements must be entered into for managing and leasing the apartments.

Should investors vote in favour of a second term, at the conclusion of the second term, investors will be asked if they want the Scheme to continue for a further six years. If investors do not want the profit sharing scheme to continue at that time it must end and new arrangements entered into for the management and leasing of the apartments.

The property is presently zoned for short stay resort accommodation only and this will restrict the alternative arrangements that would be suitable for this property.

13. Can investors sell their investment at any time?

Investors are free to sell their investment at any time. Conditions applicable to proceeding with a sale are detailed in the income pooling lease. Any sale is subject to the income pooling lease and a secondary sales notice must be given to the purchaser containing information about the:

- Operations of The Resort;
- Income pooling lease;
- Seller;
- Responsible Entity; and
- Custodian.

All new purchasers will also be required to sign a deed of covenant ensuring they are bound by the terms of the income pooling lease and other Scheme documents. This ensures continuity of the Scheme and acts to protect all investors.

14. How do investors go about selling their apartment and what are their obligations?

While an investor is at liberty to use the services of any agent, there would be considerable benefits in engaging the services of a real estate agent who is familiar with the property and the Scheme. It is not appropriate for the RE to recommend any particular agent. Alternatively or as well, an investor may choose to engage the services of a lawyer who can review and advise appropriately on the requirements and obligations of the Scheme. It is not possible for an investor or agent to conduct open inspections of an apartment.

It is important that an investor informs Orchard as soon as a sale/purchase contract is entered into. To facilitate this, Orchard has produced a special form for investors to complete; this form captures all the required information of any apartment sales. The form must be completed by the existing investor to advise of the pending sale. The details of the new investor/purchaser are also required and these must be completed by the new investor or purchaser.

These forms may be obtained from Orchard Investor Services on 1800 008 494 and must be completed and lodged with Orchard as soon as possible to ensure all records are up to date and investor distributions are redirected to the new owner/investor.

As required by the income pooling lease, the lease must be assigned to the purchaser who must execute the Deed of Covenant to Transfer of Freehold and the Appointment of Attorney (refer to the appendices to the income pooling lease), both of which are required to be lodged with Orchard prior to settlement.

The following documents must also be forwarded to Orchard immediately following settlement:

1. Annexure C Deed of Covenant (as per the income pooling lease) completed by both parties –the conveyance manager or lawyer acting in the settlement must attend to this requirement.
2. Copy of Memorandum of Transfer of Lease – the conveyance manager or lawyer acting in the settlement must attend to this requirement.
3. Copy of Memorandum of Transfer of Title – the conveyance manager or lawyer acting **in the** settlement must attend to this requirement.
4. New investor details form (obtained from Orchard).
5. 100 point check of purchasing entity – e.g. copy of driver's license and passport certified by a justice of the peace.
6. If held in Trust, a certified copy of the Trust Deed if the original is not provided.

All the above documents must be forwarded to Orchard to record a transfer in the Scheme registry.

Regardless of the property transfer date, the new owner will not start receiving the monthly income until Orchard has received all of the above documentation and completed the transfer in the registry system. There may be a period where the vendor receives the income rather than the purchaser. It is the vendor's or the vendor's conveyance manager's responsibility to forward that income to the purchaser. It is also the purchaser's responsibility to control this. Orchard is unable to backdate payments, or hold payments whilst waiting on the required documents listed above. It is the responsibility of the vendor and/or his/her agent to inform the purchaser and/or conveyance manager of these requirements.

Each investor has an entitlement of seven nights' accommodation, free of charge, at the Resort. This privilege is managed by The Resort operator through the use of an Owner's Privilege Card. As owners' privileges pass to new owners at time of settlement, it is the responsibility of the existing owner to pass their Owner's Privilege Card to the incoming owner/purchaser at the time of settlement, whether or not there remains any entitlement to free accommodation at The Resort at that time.

The Barossa

15. What is the Owner's Privilege Card and how does it work?

The operating agreement with The Resort operator (Accor Hotels/Novotel) provides that investors are entitled to seven nights' free accommodation every 12 months (non-cumulative and subject to availability). The standard of accommodation must be consistent with the owner's investment apartment, although the operator is not obliged to provide accommodation in the investor's own apartment. However, The Resort operator will do its best to accommodate such a request.

The Resort operator presently manages this privilege by issuing an Owner's Privilege Card directly to investors each year. This privilege card can be used during the specific twelve month period. The entitlements lapse if not used by the period end date.

To gain the entitlement, investors must present their card to The Resort reception when checking in at The Resort. If an Owner's Privilege Card is misplaced or lost, unfortunately there is no provision for replacement.

16. Is the whole development and my apartment adequately insured?

Yes. A licensed International Insurance broker will advise on and place as instructed insurance for holiday and tourism accommodation to ensure that all buildings, fixtures, loss of apartment rental, public liability and workers compensation risks are covered.

17. What are the risks of investing in The Barossa Valley Resort?

Investors must make their own enquiries and assessment of the potential risks involved with such an investment. However, some of the risks are:

- (a) The Management Company or any of the key people employed by the Management Company may wish to retire or assign or sell their interest for the management and operations. However, before this occurrence, the Management Company must organise a replacement (approved by Orchard).
- (b) The value of an apartment will, to a great extent, be affected by its income return. The income return will, in turn, depend upon the performance of the Management Company. However if the Management Company is not performing to budget a mechanism exists to appoint a new Management Company. Investors are able to remove the Management Company by voting at a meeting. If 50% or more (by value of profit entitlements held) vote in favour of the removal, then the Management Company's contract is terminated.
- (c) Tourism and travel market conditions in Australia and overseas will have a bearing on the financial results of the Barossa Valley Resort. There can be no guarantee on demand for apartments of this type in Barossa Valley or the attraction of Barossa Valley as a future destination for domestic and international travellers.
- (d) The success of the Barossa Valley Resort will be affected by general economic factors. Should the economy experience a downturn then this is likely to have an effect on the disposable income and number of prospective guests. The government's policies in relation to taxes, exchange rates and other issues may also impact upon the operation.
- (e) The Resort may fall out of favour with potential customers or added competition

- may impact on the viability and/or returns of this investment.
- (f) The expiry or termination of the income pooling lease with the Management Company may have a bearing on the investment. While the income pooling lease is in place a cohesive scheme exists with Sandhurst acting as Custodian of the Scheme, responsible for protecting investors' interests. If the income pooling lease comes to an end after its 12 year lease term then investors may not wish to operate the property under the same system (however the property is presently zoned for short stay resort accommodation only). The decision made by investors at this time may affect the future returns to investors and therefore the value of the apartment.

This is not an exhaustive list of possible risks.

18. What happens if the Management Company doesn't perform to budget?

There is a mechanism whereby the Management Company can be substituted with another Management Company if certain events occur. The most notable of these is that investors may vote for the removal of the Management Company if 50% or more investors (by value of their vote) agree to have the Management Company removed. The absolute right of removal is a significant protection for investors in the event the Management Company is performing poorly.

In addition there are other events which, if they occur, mean the Management Company has defaulted under the income pooling lease and action may be taken. These events include:

- The financial responsibilities of the Management Company to the RE and investors are not being fulfilled.
- The Management Company has had a receiver or administrator appointed.
- An obligation under the lease has been breached.

The RE handles the complaints, will give the required notices and follow through with any action. If the Management Company is removed for any reason then the RE can put in place a caretaker Management Company until a new permanent Management Company is found. The RE will use its best endeavours to have the new Management Company bound by the same terms and conditions as the previous Management Company.

If the Management Company leaves the property, all business and administrative systems and computer hardware and software remain with the property pursuant to the provisions of the income pooling lease.

19. What competition will the Resort face?

Based on Barossa Wine & Tourism Association records, there are 8 hotels and motels providing tourist accommodation in the region. The total number of guest rooms available is 213 with only four of these establishments offering more than 30 rooms.

The Barossa Valley is ideally located to compete for the growing convention market, as it is relatively close to Adelaide yet sufficiently removed to capture delegates and ensure networking. At present there are only five hotels/motels listed in the Barossa which can accommodate conferences and meetings. However, the lack of accommodation is a limiting factor as there is no convention

establishment in the Barossa with more than 42 guest rooms, and none of appropriate standard.

20. Is there a refurbishment fund?

Yes. The Management Company deposits 3% from every dollar earned with the custodian for the future refurbishment of all apartments.

The Resort budget also has a special purpose fund which is used for external repairs and painting of common property. This is paid by the Management Company as an expense of operating The Resort.

The refurbishment fund will be used to maintain all apartments within the pool to a four star standard during the operation of The Resort. Investors have no claim to any of the money in the refurbishment or special purpose funds.

21. Is the whole development including apartments adequately insured?

Yes. A licensed international insurance broker has arranged insurance for holiday and tourism accommodation to ensure that all buildings, fixtures, loss of apartment rental, public liability and workers' compensation risks are covered.

Insurance is also a statutory obligation of the community corporation. Premiums to maintain adequate policies of insurance are an operational expense and as such are paid before any distributions to investors.

22. What happens if apartments are damaged?

Each apartment is insured for loss of income if the property cannot be rented due to damage. The rental pool will still receive income and returns to investors should not be affected. It is normal for a loss of rental insurance policy to have an expiry date for payment of replacement rental income.

23. What communications should investors expect to receive from Orchard and are investor meetings conducted at particular intervals?

Investors will receive the following reports and communications from Orchard:

- Monthly distribution of profit entitlements are deposited into investors' nominated bank accounts on the 22nd day (or the next business day) of the following month.
- Monthly distribution statements.
- Quarterly report that includes:
 - Activity highlights;
 - Forecast for the ensuing quarter; and
 - Unaudited financials for the quarter and year to date.
- Annual audited financial report.
- Annual tax statement.

General meetings for investors are conducted as deemed necessary by Orchard. Considering the cost to conduct such meetings, these have generally been held every two years. Investors requiring a meeting for specific reasons can request this of Sandhurst Trustees, the Custodian for the Scheme.

If you require further information about the Scheme please call Orchard Investor Services on 1800 008 494.

YES, I WANT TO BUY ONE!
Where To From Here

Complete the following information and return either by email, fax or normal mail to:-

Email guy@homburg.com.au or felicity@homburg.com.au

Fax (08) 8562 3273 or (08) 8563 2155

Postal P.O. Box 530 or 88 Murray Street
 Nuriootpa SA 5355 Tanunda SA 5352

Unit Preference

Single

Double

(subject to availability and sold on a first come basis)

We will prepare a Contract document, along with all other legal documentation, in accordance with the detail you provide then arrange for signing

Full Name/s _____

Address _____

Deposit \$2,000.00 payable the day after 'cooling off'.

Offer _____

Settlement _____

Subject to Finance of \$ _____

Other _____

Contact No. _____

Email _____

Landbroker/Conveyancer _____

The Barossa