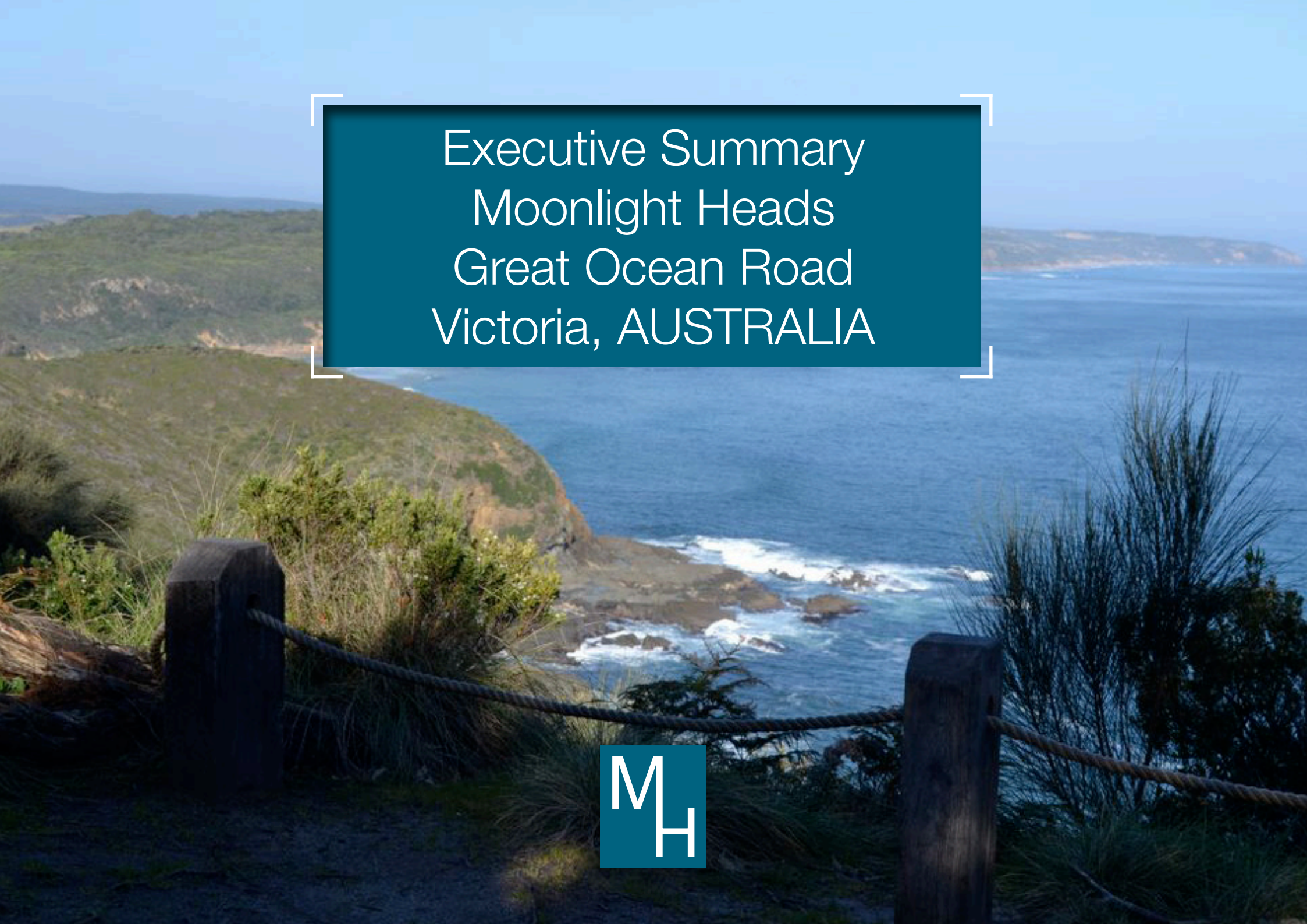
Executive Summary
Moonlight Heads
Great Ocean Road
Victoria, AUSTRALIA



A Very Important Project

Victoria is the only state in Australia that does not have a “luxury lodge”, as cited in this Australian Government Report. It is envisaged that this development will appeal to the international experience-seeker markets, in particular Chinese, Indian, American and European visitors.

Situated along the Great Ocean Road in Victoria, AUSTRALIA, the Moonlight Heads Eco-Complex is identified in the above report as one of the most important development projects for the area. The report lists this development as Tier 1, Level 1 in importance and a “game changer” for the region.

The Perfect Opportunity

With over 3 million visitors per annum to the Port Campbell National Park (15 minutes from Moonlight Heads) and no five star accommodation available within 1.5 hour’s drive, the Moonlight Heads hotel is ideally situated to take up this gap in the market, hence its importance in the overall government strategy.

The Proposed Development

The proposal is to build a 75 room, 5 star signature hotel.

Included in the design is a restaurant, conference facilities, a gymnasium and swimming pool.

The proposal is to purchase the existing land (100 acres), the 3 lodges (with a permit to build 2 additional lodges) and a 75 bedroom hotel.

Ministerial Endorsement

On 26 November 2011 Martin Ferguson, Federal Minister for Tourism, announced that, along with extensions to Avalon Airport, the Moonlight Heads Development was a priority infrastructure project that needed to go ahead in order to meet with Australia's long term tourism needs.

Australia's Leading Architect

The architects are Glenn Murcutt and Wendy Lewin. Murcutt is often referred to as one the top 20 architects of our time. The Moonlight Heads development will be his largest project to date.

Three Murcutt designed lodges have already been built on the property and have been featured in the following publications:

- *Harper's Bazaar*
- *The Financial Times*
- *The Australian Financial Review*
- *Town & Country*
- *Departures*
- *Platinum AMEX*
- *Travel & Leisure*
- *Dove* magazine
- *Elle* (Germany)
- *Luxury Culture*
- *Robb Report* – Vacation Homes edition
- *Conde Nast Traveller* – UK edition
- *Mrs* magazine (Japan)
- *Vanity Fair* – UK edition
- *Spectator* magazine

Prime Location

The Moonlight Head signature hotel is envisaged as a prime destination for Chinese, Indian, American, and European tourists. Close to the 12 Apostles and located on the Great Southern Touring Route, which also includes Melbourne (Crown Casino and high end shopping) and Ballarat (Sovereign Hill Gold Fields), the Moonlight Head hotel will become an icon for anyone who travels the world-renowned Great Ocean Road.

The site is located next to the Great Ocean Walk which had over 40,000 visitors last year. It is 15 minutes from the 12 Apostles which has over 1 million visitors per annum. The 12 Apostles is part of the Port Campbell National Park which saw over 3 million visitors last year. As such the Moonlight Head hotel complex is perfectly positioned to meet the need for accommodation in this area, where five star accommodation is currently non-existent. At the moment, the nearest five star hotels are located in Warrnambool and Lorne – both 1.5 hours' drive away.

Shovel Ready

The planning permit for the hotel has already been granted and the design and drawings have been completed by Glenn Murcutt and Wendy Lewin.

The construction team who built the three lodges are available and ready to commence work. The Lancemore Group, who have experience in managing high end boutique hotels and already have two hotels in the top ten in Australia, would be happy to manage this hotel. They have provided 5 year projections based on likely, optimistic, and pessimistic scenarios. Even the most pessimistic scenario has the property still making money. In other words, once the project is completed there will be no further funding required, even in the most unlikely of negative scenarios.

Return on Investment

The cost to purchase the land and build the hotel will be in the order of $27 million and will require 15 months to build. Expected ROI after 5 years on the likely scenario is $48 million (10 X $4.8 million GOP). Please see the detailed anticipated projections at the end of this report.

About Me

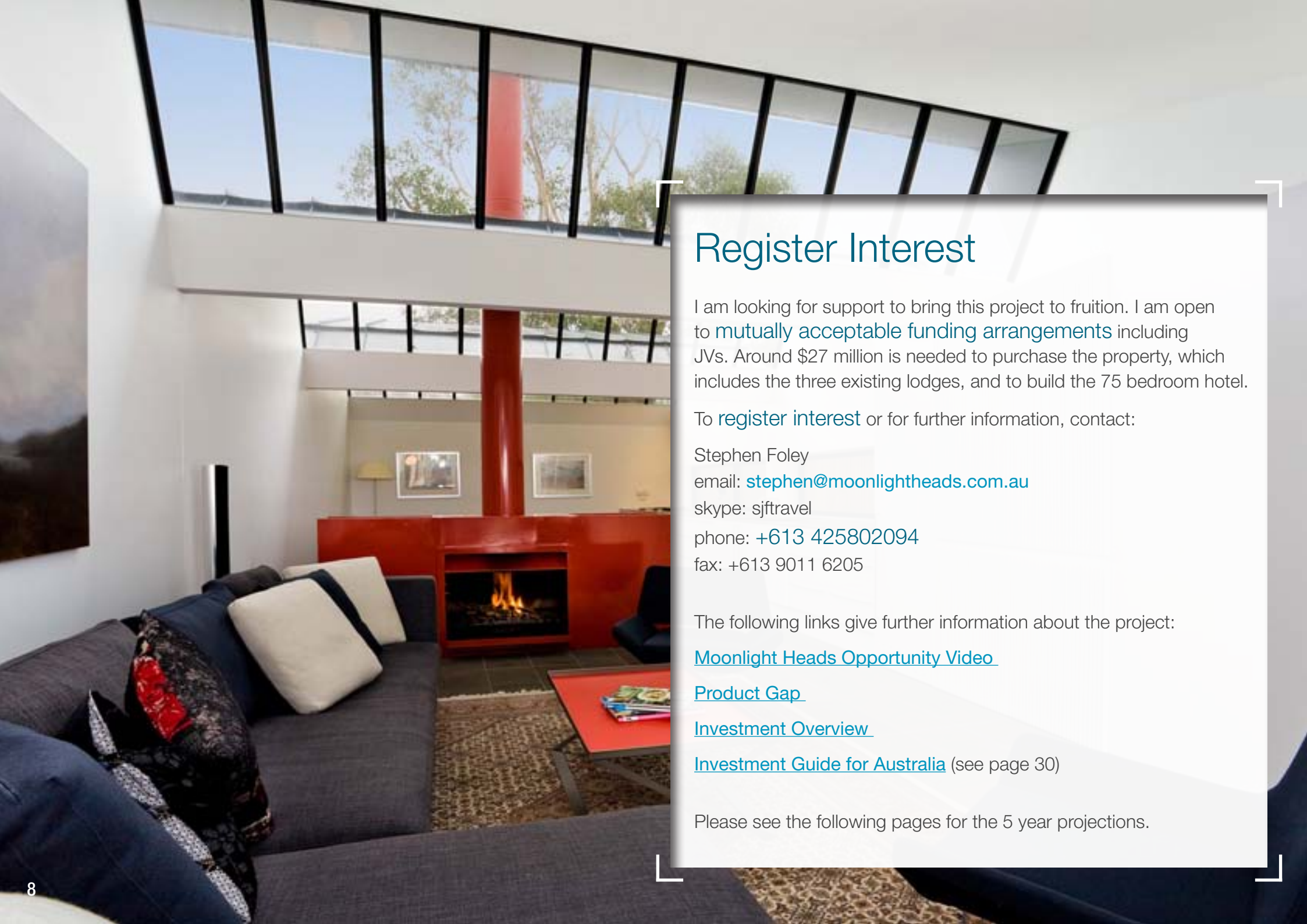
I, Stephen Foley, am an experienced computer software engineer and have founded several successful software businesses as well as project managing many major IT endeavours. With a Bachelor of Applied Science and Graduate Diploma in Computers I co-founded a company called Imago Computer Solutions in 1994. Imago specialised in courtroom transcription software and my role included software design and implementation as well as sales and marketing of the software in Australia and the UK. In 2000 I took on the role of Head of Development at Livenote Inc., which soon became the industry leader in transcription and evidence management software. I held this position for 6 years, becoming a shareholder in 2004, before the business was bought by Thomson West in 2006 for $70 million. In 2008 I co-founded the Vehicle Safety Information Resource Centre (VSIRC), an organisation dedicated to providing critical research data on motor vehicle safety. At around the same time I developed a software product named iCyte, which is used by thousands of people worldwide for saving and annotating information on the web. I am currently moving legacy accounting and diary software to cloud-based web 2.0 applications via my company taLaw. I am still a significant stakeholder in iCyte and the VSIRC.

I have been involved with the Moonlight Head project since 2007, when I purchased 1 of the 3 lodges on a 99 year lease. Since 2011, as well as managing my own property I have also managed the rest of the property on behalf of the receivers. During this time I have developed excellent relationships with many key individuals, companies and government organisations and I am perfectly positioned to take this project forward.

What I bring to the table

In summary:

- I have owned one of the three lodges since 2007 and have an intimate understanding of the project
- I have the support of the Australian and Victorian government tourist authorities
- I have local council support for the project, having successfully petitioned for the planning permit for the hotel to be extended to 2017
- Good connections with the local community
- I have agreement from the original builder of the Murcutt lodges to build the hotel
- I have agreement from the Lancemore group to manage the operation of the hotel once it is complete
- The property is in a distressed state as 2 of the 3 lodges are in receivership. I am in a strong position to negotiate with the receiver, as I own the other lodge
- I am passionate about this project moving forward. The opportunity is a once in a lifetime opportunity. The local council have said they will not grant another permit like this again and Glenn Murcutt is 75 years old and booked up for many years into the future. This would be his largest work to date.
- I created the website moonlightheads.com.au including content and video to promote this project to the world.



Register Interest

I am looking for support to bring this project to fruition. I am open to mutually acceptable funding arrangements including JVs. Around $27 million is needed to purchase the property, which includes the three existing lodges, and to build the 75 bedroom hotel.

To register interest or for further information, contact:

Stephen Foley
email: stephen@moonlightheads.com.au
skype: sjftravel
phone: +613 425802094
fax: +613 9011 6205

The following links give further information about the project:

Moonlight Heads Opportunity Video

Product Gap

Investment Overview

Investment Guide for Australia (see page 30)

Please see the following pages for the 5 year projections.

Moonlight Head
Management Agreement

Likely Scenario
5 Year Forecast

Lancemore Group

	Year 1		Year 2		Year 3		Year 4		Year 5		Years 1-5
Number of Rooms	78		78		78		78		78		
Available Rooms	28,470		28,470		28,470		28,470		28,470		
Occupied Rooms	15,061		16,370		17,794		17,794		17,794		
Occupancy %	52.9%		57.5%		62.5%		62.5%		62.5%		
Average Room Rate	375.77		387.39		399.38		411.36		423.70		
RevPAR	198.78		222.75		249.61		257.10		264.81		
Revenues											
Rooms	5,659,362	67.9%	6,341,733	68.1%	7,106,379	67.7%	7,319,570	67.3%	7,539,157	66.8%	
Food & Beverage	2,453,377	29.4%	2,713,794	29.2%	3,103,649	29.6%	3,265,985	30.0%	3,437,171	30.5%	
Minor Operating Department	226,374	2.7%	253,669	2.7%	284,255	2.7%	292,783	2.7%	301,566	2.7%	
Total	**8,339,113**	**100.0%**	**9,309,196**	**100.0%**	**10,494,283**	**100.0%**	**10,878,338**	**100.0%**	**11,277,895**	**100.0%**	
Expenses											
Rooms	1,332,760	23.5%	1,426,699	22.5%	1,529,908	21.5%	1,575,805	21.5%	1,623,079	21.5%	
Food & Beverage	1,824,563	74.4%	1,935,345	71.3%	2,085,937	67.2%	2,169,283	66.4%	2,256,324	65.6%	
Minor Operating Department	113,187	50.0%	126,835	50.0%	142,128	50.0%	146,391	50.0%	150,783	50.0%	
Total	**3,270,510**	**39.2%**	**3,488,879**	**37.5%**	**3,757,973**	**35.8%**	**3,891,480**	**35.8%**	**4,030,186**	**35.7%**	
Departmental Profit											
Rooms	4,326,602	76.5%	4,915,033	77.5%	5,576,471	78.5%	5,743,765	78.5%	5,916,078	78.5%	
Food & Beverage	628,814	25.6%	778,450	28.7%	1,017,711	32.8%	1,096,701	33.6%	1,180,847	34.4%	
Minor Operating Department	113,187	50.0%	126,835	50.0%	142,128	50.0%	146,391	50.0%	150,783	50.0%	
Gross Operating Income	**5,068,603**	**60.8%**	**5,820,317**	**62.5%**	**6,736,310**	**64.2%**	**6,986,858**	**64.2%**	**7,247,708**	**64.3%**	
Undistributed Expenses											
General & Administration	702,042	8.4%	747,077	8.0%	799,653	7.6%	825,947	7.6%	853,164	7.6%	
Sales & Marketing	525,628	6.3%	456,337	4.9%	490,131	4.7%	504,835	4.6%	519,980	4.6%	
Sales, Marketing, Shared Servic	81,127	1.0%	90,555	1.0%	102,100	1.0%	105,856	1.0%	109,763	1.0%	
Heat. Light & Power	391,938	4.7%	409,967	4.4%	428,416	4.1%	447,695	4.1%	467,841	4.1%	
POM	385,473	4.6%	418,635	4.5%	458,368	4.4%	474,196	4.4%	490,618	4.4%	
Total Undistributed Expenses	**2,086,209**	**25.0%**	**2,122,572**	**22.8%**	**2,278,668**	**21.7%**	**2,358,529**	**21.7%**	**2,441,366**	**21.6%**	
Gross Operating Profit	**2,982,394**	**35.8%**	**3,697,746**	**39.7%**	**4,457,642**	**42.5%**	**4,628,329**	**42.5%**	**4,806,342**	**42.6%**	**20,572,452**
Base Management Fee	166,782	2.0%	186,184	2.0%	209,886	2.0%	217,567	2.0%	225,558	2.0%	
Adjusted GOP	**2,815,611**	**33.8%**	**3,511,562**	**37.7%**	**4,247,756**	**40.5%**	**4,410,762**	**40.5%**	**4,580,784**	**40.6%**	
Overhead Expenses											
Incentive Management Fee	225,249	2.7%	280,925	3.0%	339,820	3.2%	352,861	3.2%	366,463	3.2%	
Property Rates & Taxes	50,000	0.6%	50,750	0.6%	51,511	0.6%	52,284	0.6%	53,068	0.6%	
Property Insurance	50,000	0.6%	51,000	0.6%	52,020	0.6%	53,060	0.6%	54,122	0.6%	
Total Overhead Expenses	**325,249**	**3.9%**	**382,675**	**4.6%**	**443,352**	**5.3%**	**458,205**	**5.5%**	**473,653**	**5.7%**	
NOP	**2,490,362**	**29.9%**	**3,128,887**	**33.6%**	**3,804,404**	**36.3%**	**3,952,557**	**36.3%**	**4,107,132**	**36.4%**	**17,483,343**
FF&E Reserve	16,678	0.2%	139,638	1.5%	314,828	3.0%	326,350	3.0%	338,337	3.0%	
CF Available to Owners	**2,473,684**	**29.7%**	**2,989,249**	**32.1%**	**3,489,576**	**33.3%**	**3,626,207**	**33.3%**	**3,768,795**	**33.4%**	**16,347,511**

Moonlight Head
Management Agreement

Optmistic Scenario
5 Year Forecast

Lancemore Group

	Year 1		Year 2		Year 3		Year 4		Year 5		Years 1-5
Number of Rooms	78		78		78		78		78		
Available Rooms	28,470		28,470		28,470		28,470		28,470		
Occupied Rooms	16,868	16,867.9	18,335		19,929		19,929		19,929		
Occupancy %	59.2%		64.4%		70.0%		70.0%		70.0%		
Average Room Rate	542.78		559.57		576.88		594.18		612.01		
RevPAR	321.59		360.36		403.81		415.93		428.40		
Revenues											
Rooms	9,155,590	74.6%	10,259,514	74.8%	11,496,542	74.5%	11,841,438	74.1%	12,196,681	73.8%	
Food & Beverage	2,747,782	22.4%	3,039,312	22.2%	3,475,942	22.5%	3,657,751	22.9%	3,849,472	23.3%	
Minor Operating Department	366,224	3.0%	410,381	3.0%	459,862	3.0%	473,658	3.0%	487,867	3.0%	
Total	**12,269,596**	**100.0%**	**13,709,206**	**100.0%**	**15,432,345**	**100.0%**	**15,972,847**	**100.0%**	**16,534,020**	**100.0%**	
Expenses											
Rooms	1,955,795	21.4%	2,101,338	20.5%	2,261,635	19.7%	2,329,484	19.7%	2,399,368	19.7%	
Food & Beverage	1,912,885	69.6%	2,033,000	66.9%	2,197,625	63.2%	2,286,813	62.5%	2,380,014	61.8%	
Minor Operating Department	183,112	50.0%	205,190	50.0%	229,931	50.0%	236,829	50.0%	243,934	50.0%	
Total	**4,051,791**	**33.0%**	**4,339,528**	**31.7%**	**4,689,191**	**30.4%**	**4,853,126**	**30.4%**	**5,023,316**	**30.4%**	
Departmental Profit											
Rooms	7,199,796	78.6%	8,158,176	79.5%	9,234,907	80.3%	9,511,955	80.3%	9,797,313	80.3%	
Food & Beverage	834,897	30.4%	1,006,312	33.1%	1,278,317	36.8%	1,370,938	37.5%	1,469,458	38.2%	
Minor Operating Department	183,112	50.0%	205,190	50.0%	229,931	50.0%	236,829	50.0%	243,934	50.0%	
Gross Operating Income	**8,217,805**	**67.0%**	**9,369,678**	**68.3%**	**10,743,155**	**69.6%**	**11,119,721**	**69.6%**	**11,510,704**	**69.6%**	
Undistributed Expenses											
General & Administration	832,928	6.8%	893,597	6.5%	964,090	6.2%	995,594	6.2%	1,028,193	6.2%	
Sales & Marketing	747,996	6.1%	593,459	4.3%	643,787	4.2%	663,100	4.2%	682,993	4.1%	
Sales, Marketing, Shared Servic	119,034	1.0%	132,988	1.0%	149,725	1.0%	154,992	1.0%	160,462	1.0%	
Heat. Light & Power	576,671	4.7%	603,198	4.4%	630,342	4.1%	658,707	4.1%	688,349	4.2%	
POM	503,388	4.1%	550,635	4.0%	606,510	3.9%	627,031	3.9%	648,302	3.9%	
Total Undistributed Expenses	**2,780,016**	**22.7%**	**2,773,878**	**20.2%**	**2,994,454**	**19.4%**	**3,099,425**	**19.4%**	**3,208,298**	**19.4%**	
Gross Operating Profit	**5,437,789**	**44.3%**	**6,595,800**	**48.1%**	**7,748,701**	**50.2%**	**8,020,296**	**50.2%**	**8,302,406**	**50.2%**	**36,104,992**
Base Management Fee	245,392	2.0%	274,184	2.0%	308,647	2.0%	319,457	2.0%	330,680	2.0%	
Adjusted GOP	**5,192,397**	**42.3%**	**6,321,616**	**46.1%**	**7,440,054**	**48.2%**	**7,700,839**	**48.2%**	**7,971,726**	**48.2%**	
Overhead Expenses											
Incentive Management Fee	415,392	3.4%	505,729	3.7%	595,204	3.9%	616,067	3.9%	637,738	3.9%	
Property Rates & Taxes	50,000	0.4%	50,750	0.4%	51,511	0.4%	52,284	0.4%	53,068	0.4%	
Property Insurance	50,000	0.4%	51,000	0.4%	52,020	0.4%	53,060	0.4%	54,122	0.4%	
Total Overhead Expenses	**515,392**	**4.2%**	**607,479**	**5.0%**	**698,736**	**5.7%**	**721,411**	**5.9%**	**744,928**	**6.1%**	
NOP	**4,677,005**	**38.1%**	**5,714,137**	**41.7%**	**6,741,319**	**43.7%**	**6,979,427**	**43.7%**	**7,226,798**	**43.7%**	**31,338,686**
FF&E Reserve	24,539	0.2%	205,638	1.5%	462,970	3.0%	479,185	3.0%	496,021	3.0%	
CF Available to Owners	**4,652,466**	**37.9%**	**5,508,498**	**40.2%**	**6,278,348**	**40.7%**	**6,500,242**	**40.7%**	**6,730,777**	**40.7%**	**29,670,332**

Moonlight Head | **Pessimistic Scenario** | **Lancemore Group**
Management Agreement | **5 Year Forecast**

	Year 1		Year 2		Year 3		Year 4		Year 5		Years 1-5
Number of Rooms	78		78		78		78		78		
Available Rooms	28,470		28,470		28,470		28,470		28,470		
Occupied Rooms	11,326		12,310		13,381		13,381		13,381		
Occupancy %	39.8%		43.2%		47.0%		47.0%		47.0%		
Average Room Rate	208.76		215.22		221.88		228.53		235.39		
RevPAR	83.05		93.06		104.28		107.41		110.63		
Revenues											
Rooms	2,364,356	54.9%	2,649,435	55.2%	2,968,887	54.8%	3,057,954	54.3%	3,149,692	53.7%	
Food & Beverage	1,844,939	42.9%	2,041,058	42.6%	2,334,243	43.1%	2,456,335	43.6%	2,585,083	44.1%	
Minor Operating Department	94,574	2.2%	105,977	2.2%	118,755	2.2%	122,318	2.2%	125,988	2.1%	
Total	**4,303,869**	**100.0%**	**4,796,471**	**100.0%**	**5,421,886**	**100.0%**	**5,636,607**	**100.0%**	**5,860,763**	**100.0%**	
Expenses											
Rooms	1,126,731	47.7%	1,196,036	45.1%	1,271,665	42.8%	1,309,815	42.8%	1,349,110	42.8%	
Food & Beverage	1,352,982	73.3%	1,435,803	70.3%	1,548,463	66.3%	1,610,536	65.6%	1,675,369	64.8%	
Minor Operating Department	47,287	50.0%	52,989	50.0%	59,378	50.0%	61,159	50.0%	62,994	50.0%	
Total	**2,527,000**	**58.7%**	**2,684,827**	**56.0%**	**2,879,506**	**53.1%**	**2,981,510**	**52.9%**	**3,087,473**	**52.7%**	
Departmental Profit											
Rooms	1,237,625	52.3%	1,453,399	54.9%	1,697,222	57.2%	1,748,139	57.2%	1,800,583	57.2%	
Food & Beverage	491,957	26.7%	605,256	29.7%	785,781	33.7%	845,799	34.4%	909,714	35.2%	
Minor Operating Department	47,287	50.0%	52,989	50.0%	59,378	50.0%	61,159	50.0%	62,994	50.0%	
Gross Operating Income	**1,776,870**	**41.3%**	**2,111,644**	**44.0%**	**2,542,380**	**46.9%**	**2,655,097**	**47.1%**	**2,773,290**	**47.3%**	
Undistributed Expenses											
General & Administration	401,619	9.3%	425,771	8.9%	454,579	8.4%	469,950	8.3%	485,882	8.3%	
Sales & Marketing	316,502	7.4%	251,093	5.2%	267,024	4.9%	275,035	4.9%	283,286	4.8%	
Sales, Marketing, Shared Servic	42,093	1.0%	46,905	1.0%	53,031	1.0%	55,143	1.0%	57,348	1.0%	
Heat. Light & Power	202,282	4.7%	211,587	4.4%	221,108	4.1%	231,058	4.1%	241,456	4.1%	
POM	241,356	5.6%	258,593	5.4%	279,593	5.2%	289,412	5.1%	299,609	5.1%	
Total Undistributed Expenses	**1,203,852**	**28.0%**	**1,193,949**	**24.9%**	**1,275,336**	**23.5%**	**1,320,599**	**23.4%**	**1,367,581**	**23.3%**	
Gross Operating Profit	**573,017**	**13.3%**	**917,695**	**19.1%**	**1,267,045**	**23.4%**	**1,334,498**	**23.7%**	**1,405,710**	**24.0%**	**5,497,964**
Base Management Fee	86,077	2.0%	95,929	2.0%	108,438	2.0%	112,732	2.0%	117,215	2.0%	
Adjusted GOP	**486,940**	**11.3%**	**821,765**	**17.1%**	**1,158,607**	**21.4%**	**1,221,766**	**21.7%**	**1,288,494**	**22.0%**	
Overhead Expenses											
Incentive Management Fee	38,955	0.9%	65,741	1.4%	92,689	1.7%	97,741	1.7%	103,080	1.8%	
Property Rates & Taxes	50,000	1.2%	50,750	1.2%	51,511	1.2%	52,284	1.2%	53,068	1.2%	
Property Insurance	50,000	1.2%	51,000	1.2%	52,020	1.2%	53,060	1.2%	54,122	1.3%	
Total Overhead Expenses	**138,955**	**3.2%**	**167,491**	**3.9%**	**196,220**	**4.6%**	**203,086**	**4.7%**	**210,269**	**4.9%**	
NOP	**347,984**	**8.1%**	**654,274**	**13.6%**	**962,387**	**17.8%**	**1,018,680**	**18.1%**	**1,078,225**	**18.4%**	**4,061,551**
FF&E Reserve	8,608	0.2%	71,947	1.5%	162,657	3.0%	169,098	3.0%	175,823	3.0%	
CF Available to Owners	**339,377**	**7.9%**	**582,327**	**12.1%**	**799,730**	**14.8%**	**849,582**	**15.1%**	**902,402**	**15.4%**	**3,473,419**