

Special Edition

16th August 2013

Dear Owners and Investors,

It is only when you look back in time that you can truly see the journey you have been on - I sound like a fortune cookie I know!!! I try to write these emails from a personal point of view, as Ramon and I are really just like you - we aren't anything special or different. At the beginning of the GFC I knew it would be difficult, but I had absolutely no idea how difficult and draining it would be. Each time that I thought we had climbed to the top, another huge boulder would come rolling down the hill to knock us down even further. We had Cyclone Yasi and although it didn't affect us directly it very much affected us indirectly.

We had the massive insurance increases, the failure of all four builders in Cairns, I personally believe over 15,000 people left Cairns due to this alone, the tourism industry was failing, the rents were dropping and the vacancy rates were high - nothing I did made them rent any faster. Council rates climbed in cost, unemployment reach the 13.1% which was the highest in Australia and worst of all the values of the properties were dropping to 40% below what they were selling for. The situation was awful and even if you wanted to get out - who on earth would buy the property?

I know for me personally, there was some days that I had a complete melt down and thought there was no way out of this. Don't get me wrong, Ramon and I would have still be alright but there is no way if we sold out during this phase that we would be able to retire the way we want to. I guess one of the most difficult things to accept is that no matter what we did, it really wouldn't change the situation. Thankfully in the past 18 months we seem to have turned a corner. The sales market is still just awful. When I am asked what a property is worth the honest answer is

"It is worth what some one is prepared to pay for it and what you are prepared to sell it for."

Great, now that I have that out of the way, I have to tell you the most amazing news. I could try to tell you but you have to go to this link

www.aquisgreatbarrierreefresort.com

The full Project Overview is at

http://aquisgreatbarrierreefresort.com/wp-content/uploads/2013/08/Aquis-GBR-Resort_Project-Booklet_MedRes1.pdf

OH MY GOODNESS - if this project goes ahead, it will change Cairns forever and for the investors that have weathered the GFC storm it will be like we have all won Jackpot Lotto. This isn't a pipe dream, this is very real and if all the stars line up they will start building mid 2014 with it opening in 2018.

What will this mean for us as investors? As you know my crystal ball is out of action but these are my predictions if it does go ahead

Currently on www.realestate.com.au there are just 581 available rentals. This is from your studio apartment right the way up to Executive Homes. Our population is at 150,000 for the region, so having just 581 rentals is incredibly low.

We are at low vacancy rates as it is, so you can imagine the pressure that will be put on the rental market if potentially this statement is anywhere near true

Consultants KPMG have established that Aquis will create 16,600 jobs at peak construction (9,300 direct and 7,300 indirect) and 26,700 jobs when fully operational (10,000 direct and 16,700 indirect).

There are not these numbers of people in Cairns that will be available to work on the site so we will get a flood of people coming here to work on the project. The fact is that there is nowhere for them to all live, so this will put pressure on the potential rents we can charge. There has been no building for the past 7 years and even if they started to build today it wouldn't be finished in time - so we are sitting on potentially a golden egg!!

Cairns will still be a tourism destination but we will in my opinion go to World Class standards and this will draw people from all over the world to Cairns.

Direct flights are not really a thing here at the moment - there are some but nothing really. This will open opportunities with direct flights to not only Asia but hopefully America. With high rents this will well and truly cover any increases that we have currently with the insurance. These great returns will attract investors and the prices will rise.

I will not be surprised to see our rents increase by at least 50% in a very short period of time. When the word does get out, investors will flock in and the prices will return to pre GFC prices in a relatively short period of time - particularly if the rents increase to high levels.

I know that it has been a very difficult journey for the past few years - but there is now a bright shining light at the end of the tunnel. It hasn't been fully approved yet, but no one takes out full page articles in the news paper if they aren't serious about this project.

There are still opportunities in Cairns - and if you are thinking of investing then the time to take action is now.

I honestly can't tell you how exciting this will be for Cairns - it is difficult to stop smiling!!

I will finish off with a tenant story. I received this email from one of our tenants
Thank you very much indeed for your prompt response and actions,
I respect and loves all neighbour and just would like to keep and share to good environment.

Even they shoot several rubber band to our floor, I did not understand how come so many rubber band is on the corridor but I found some rubber band is cable ties as like a kids pistols
(LOL!)

Anyway, I do not want be like an officer of watching tower or peeping old woman of horror movies, however I will let you know if something happens.
Your continuing help and cooperation is highly appreciated.
Oh how I love my dobbling network!

I hope you are happy and well in your world.

Linda