



Gresham Private Equity Fund 2

Experiential Group

Gresham Private Equity acquires iconic Australian tourism business.

SUMMARY OF THE DEAL

Gresham Private Equity's new venture, Experiential Group, has acquired iconic Tasmanian assets, Cradle Huts and Bay of Fires Walks from founder Ken Latona for an undisclosed sum in October 2007.

Cradle Huts and Bay of Fires Walk form the centrepiece of the Experiential Group portfolio and represent the first stage in the business's consolidation of the experiential tourism market. Further synergistic acquisition opportunities have been identified across Australia and New Zealand.



BACKGROUND

Cradle Huts and The Bay of Fires hiking experiences are widely recognised as amongst the best luxury treks in the world. Built on strong eco-friendly principles, they were developed by staunch conservationist and highly acclaimed architect, Ken Latona. Experiential Group will continue to manage these assets on the strong environmental principles on which they were established.

New company CEO Grant Hunt has outstanding credentials in the tourism industry and is the former CEO and Managing Director of Voyages Hotels and Resorts. He has been working with Gresham for some time to secure the right quality of asset to cornerstone the new venture.

Gresham Private Equity executives Mark Youens and Praveena Sivanesarajah have joined the board of Experiential Group.

THE BUSINESS

Experiential tourism allows the tourist to be an active participant in their holiday. It features activities that draw people outdoors with examples including hiking, wildlife viewing, camping, wine tourism and cultural tours. While nature and adventure feature strongly, the Experiential Group experience will also offer luxurious and unique accommodation.

Experiential Group has identified a number of opportunities across Australia and New Zealand with expectations that the group will acquire eight to ten further assets over the next two to three years. The business will have a strong emphasis on nature based assets, however may also include properties focussing on other segments of experiential tourism.

The Company will develop and position its brand as a leader in responsible and sustainable tourism. It will establish global distribution networks aided by the strong marketing capability brought by its new management team.



Experiential tourism is the fastest growing segment of the global tourism market.



MARKET OVERVIEW

The Australian tourism market is growing slightly ahead of GDP growth and it is expected that this growth will continue in the medium term. However, experiential tourism is the fastest growing segment of the global tourism market and is growing at a much higher rate.

This growth is driven by consumer demand for greater environmental and cultural experiences from their holiday destinations. Tourists are increasingly seeking out unique, innovative and boutique places to stay and interesting things to do.

This strong growth trend is forecast to continue and is assisted by greater availability of this type of leisure product, a wider variety of product offerings, as well as increased consumer awareness.

TRANSACTION RATIONALE

Cornerstone Investment

The iconic Cradle Huts and Bay of Fires Walk are world renowned experiential travel assets and are an excellent base from which the portfolio will develop. These assets are strongly performing, yet capable of improvement with stronger marketing and distribution. Given their iconic nature, within the industry/marketplace, the ownership of these assets will also help establish brand credibility.

Well Credentialed CEO

The new company is led by experienced CEO Grant Hunt. With 20 years in the industry, he is a highly regarded professional who has a long track record of developing tourism businesses which generate strong returns to investors. He was the CEO of Voyages Hotels and Resorts for 10 years before working with Gresham Private Equity on forming this venture. He is also the Chairman of Tourism NT and a member of the board of Tourism Australia.

Expansion Strategy across Australia and New Zealand

Given the fragmented nature of the experiential travel market in Australia and New Zealand there is clear opportunity for market consolidation. Many assets are owner-operated which presents an opportunity to instil greater financial discipline, apply capital to improve the asset and implement business improvement initiatives.

Strong Acquisition Stream

A list of suitable potential assets has been identified across both Australia and New Zealand. Given our teams impeccable industry connections the company will be able to secure a number of off-market transactions to build the portfolio over the next few years.

Complimentary Skill Sets

Gresham Private Equity and Experiential Group management have formed an effective working partnership with a shared vision on how to grow the business organically and by acquisition. This strategy will build scale, value and will lead to attractive exit options.

Strong segmental growth

Experiential travel is the fastest growing travel sub-sector with Tourism Australia reporting an estimated 30% per annum growth rate.

Chairman

Sarina Bratton, the founder and Managing Director of Orion Expedition Cruises has recently been appointed the Chair of Experiential Group. Sarina has founded a number of tourism operations in Australia and served as a non-executive director of Voyages Hotels and Resorts.

