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Chartered Accountants

Tamworth Office
14th July, 2005

PRIVATE AND CONFIDENTIAL

Mr. G. Dennehy,
Executive Director,
Business and Administration,
University of New England,
ARMIDALE NSW 2351

Facsimile No. 6773 3509
3 pages inclusive

Dear Sir,

UNE UNION LTD.
(ADMINISTRATOR APPOINTED)
ACN 065 648 419 ABN 29 065 648 419

I refer to my report of 2nd June, 2005 and in particular to my recommendations in respect of the Tattersalls Hotel, Armidale.

I now enclose a copy of a letter dated 13th July, 2005 received from Manenti Quinlan & Associates Pty. Limited following up on their valuation dated 25th May, 2005, of the Tattersalls Hotel.

Given the subsequent information received from Manenti Quinlan and for the reasons outlined in my report, I now confirm my earlier recommendation that the Tattersalls Hotel should be sold.

I suggest to you the following programme for the sale of the Hotel:

Method of Sale: Given the quality of the Hotel and the expected competition for it, I recommend auction as the ideal method of sale.

Brokers: A Sydney hotel broker be appointed to market the Hotel in conjunction with a local hotel agent.

Estimated Costs: Advertising and Promotional Material: \$12,000.00

Commission 2.25% of Selling Price

Auction Date: Thursday 1st September, 2005
This will enable time to market and promote the Hotel.

Armidale

111 Faulkner Street
PO Box 114
ARMIDALE
NSW 2350

Telephone
(02) 6771 2700
Facsimile
(02) 6772 9957
Email
armidale@forsyths.com.au

Coonabarabran

68 Cassilis Street
PO Box 468
Coonabarabran
NSW 2357

Telephone
(02) 6842 1744
Facsimile
(02) 6842 4877
Email
coonabarabran@forsyths.com.au

Gunnedah

330 Conadilly Street
PO Box 80
GUNNEDAH
NSW 2380

Telephone
(02) 6742 0844
Facsimile
(02) 6742 4416
Email
gunnedah@forsyths.com.au

Tamworth

127 Marius Street
PO Box 758
TAMWORTH
NSW 2340

Telephone
(02) 6766 5166
Facsimile
(02) 6766 8538
Email
tamworth@forsyths.com.au

ABN 24 935 296 225

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Mr. G. Dennehy, Executive Director, Business and Administration, University of New England
14th July, 2005

I look forward to discussing this matter further with you at your earliest convenience.

Yours faithfully,
UNE UNION LTD.



STEPHEN N. HALL,
ADMINISTRATOR.

Email: shall@forsyths.com.au

Enc
SH.CR



Our Reference : GFQ:LQ

13th July, 2005

Mr Stephen Hall
Forsyths
Chartered Accountants
127 Marius Street
TAMWORTH NSW 2340

Dear Stephen

RE: Tattersalls Hotel, Armidale

Further to the valuation of the above Hotel I wish to provide you a further market update.

There is market evidence that the country market has started to cool. Of a total of 17 auctions for 2004 there have been only two sales on the day.

Last Thursday's auction results were as follows:

- | | |
|--------------------------------|---------------------------------|
| ▶ Lennox Head Hotel | Passed in - Vendor bid \$12.75M |
| ▶ Royal Mail Hotel, Narrandera | Sold - \$1,580,000 |
| ▶ Ashmont Hotel, Wagga Wagga | Passed in - \$5.1M |
| ▶ Royal Hotel, Yeoval | Passed in - \$600,000 |

The weakness in the marketplace relates to smaller locations. I believe due to new smoking legislation effective 1st July, this weakness will spread to regional centres later this year.

As you are aware there has been a great deal of interest expressed in the Hotel during your period of administration. It is important to harness this prior to any deterioration in the market.

Timing is now relevant in any sales process.

I'll provide you a further update should the market change.

Yours faithfully

GERRY QUINLAN
Director

MANENTI QUINLAN
& ASSOCIATES PTY LIMITED
A.C.N. 002 401 694

143 Liverpool Road, Enfield, NSW, 2136. Telephone: (02) 9744.8833 Facsimile: (02) 9745.4770
Email: mgsydney@ihug.com.au Website: www.mq.com.au