



## OAKS HOTELS & RESORTS

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23 November 2010

### Chairman's Address to Shareholders

My name is Doug Wong, I am the Chairman of Oaks Hotels and Resorts Limited.

I have only been Chairman of the Company for 34 days, although I have been a director of the Company since August 2010.

As a board we are conscious of the fall in share price (which has traded as low as 23 cents a share recently) and are painfully aware that many of our shareholders will have average entry prices of many times the current share price.

What has gone wrong and how do we fix it?

Like many other listed companies, Oaks has been under pressure to reduce gearing levels. While the underlying business is strong and performing well in key metrics (which Brett Pointon, our CEO will talk about further in his presentation), this means nothing if Oaks cannot sort out some of its macro issues.

Clearly the most important challenge facing Oaks today is to regularise its banking and financing arrangements to the point where it is no longer in risk of breaching banking covenants. There have been several ASX announcements made about this issue and so I will not dwell on it in great detail during this presentation, but the Company will be required to raise further equity and pay down debt to achieve this. As you know, some of the required equity has already been raised, but further capital needs is required to be raised in the immediate future. Your Company is making good progress in relation to a further equity raising and an announcement will be made to the ASX in relation to a capital raising very shortly.

It is my view that the current low share price reflects concerns by the market surrounding the risks and uncertainties of the current banking situation of the Company. When this issue is resolved, the market will be able to focus on the underlying businesses of Oaks which as I said previously, are trading well. In due course, a return to payments of dividends is a goal of the Board for the next financial year.

Now is not the time to dwell on mistakes made in the past, but going forward, the Board is determined to increase the Company's level and transparency of investor relations and improve standards of corporate governance.

Thank you for standing by the Company during a difficult time.

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