

FRANCHISING WITH QUEST





INTRODUCTION



Paul Constantinou
Founder and Chairman
Quest Apartment Hotels

***“For some people,
the need to run their
own business is
pre-programmed
within their DNA,
and I am one
of those.”***

A message from the Chairman

People often ask me what I would change if I had my time again, knowing what I know now.

The answer is – plenty.

The Quest business was built on trial and error; on making mistakes and learning from them, with the assistance of suppliers who showed patience and belief in what I was trying to build, and on the passion that comes from building your own future.

For some people, the need to run their own business is pre-programmed within their DNA, and I am one of those. Perhaps it helped that I was naive, and that I was developing a product that didn't exist in the marketplace. It meant I could write the rulebook from scratch, and I didn't know what shouldn't work until I had tried it.

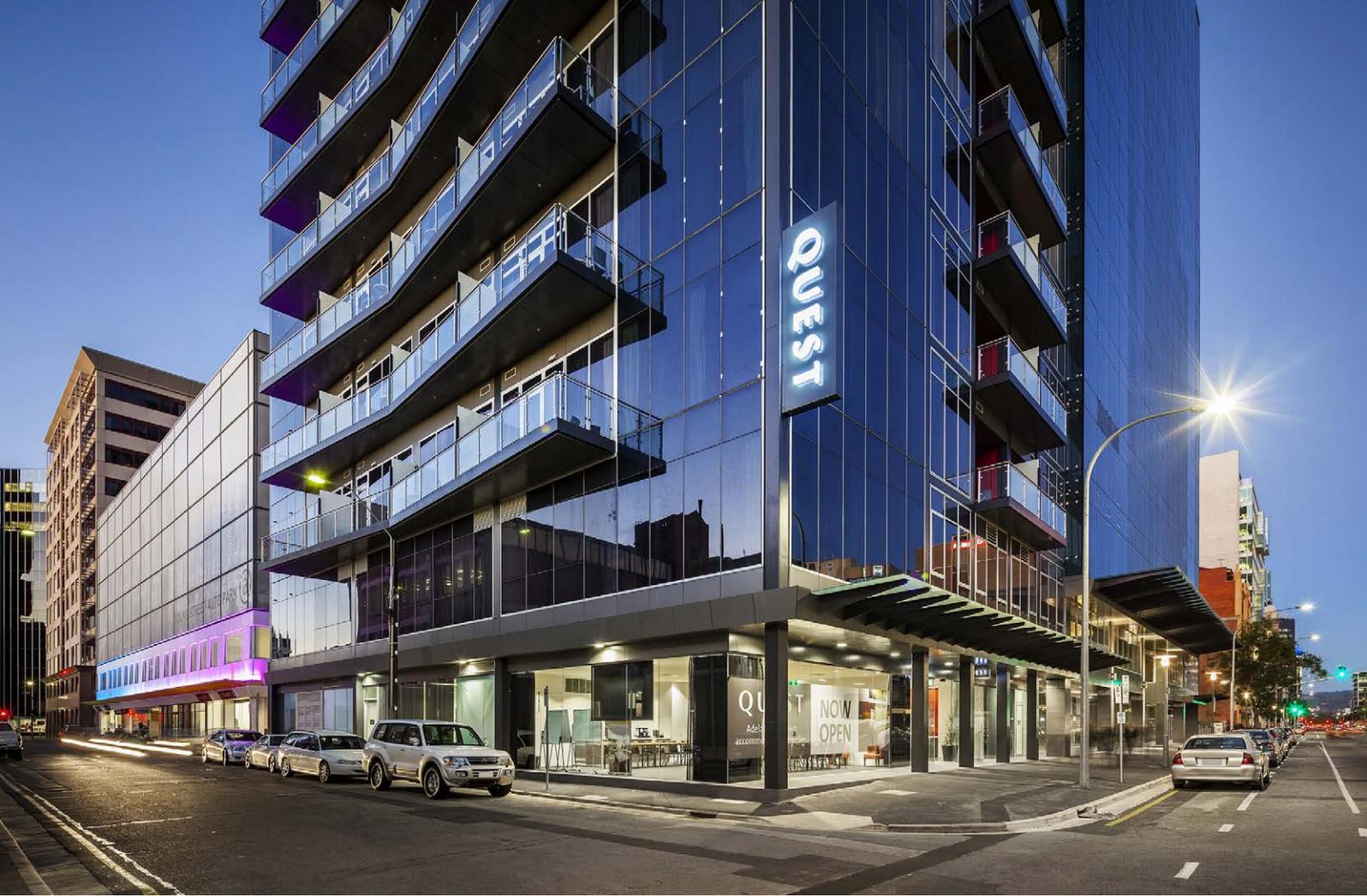
Joining Quest today means you benefit from over 25 years of honed and improved processes and systems. I've done the hard yards so that anyone joining the business as a Franchisee has the best chance of success.

When I started, the systems and corporate structures we take for granted today did not exist. We had to develop everything from the ground up, tailored to the needs of the business.

Today, Quest is more than a brand – it stands ready as a fully supported business to welcome energetic, self-motivated businesspeople into the fold.

If I could have my time again, I wish I could have it now.

A handwritten signature in blue ink, appearing to read 'Paul Constantinou', written in a cursive style.



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JOINING THE QUEST FAMILY

“Key to our success are the people who run our businesses – our Franchisees who live in the towns and cities where our accommodation is based.”

As Australasia’s largest apartment hotel operator, we have created a brand business travellers have come to rely on for more than 25 years.

In fact, if you are interested in running one of our franchise businesses, it’s quite likely you have stayed with us, and know how crucial reliable standards and service are to business travellers.

Key to our success are the people who run our businesses - our Franchisees who live in the towns and cities where our accommodation is based; who get to know their customers, build relationships with them and make their lives away from home as easy as possible.

Today, the Quest logo takes pride-of-place atop more than 150 properties across Australia, New Zealand and Fiji. We are rapidly expanding this network, opening between 4 and 10 new businesses every year for more than a decade. This growth creates opportunities for our Franchisees to expand their own businesses, with many of our existing Franchisees owning multiple businesses.

We’ve created a business model that takes away some of the major challenges to achieving success in small business, with the support of one of Australia’s most recognisable brands.

You don’t need a background in hospitality to become a Quest Franchisee, but you do need a proven track record in running a business or leading a team within a corporate environment. And you need to be prepared to immerse yourself in the day-to-day running of your business.

It takes a special kind of person to become a Quest Franchisee, and as such the selection process is rigorous.

However, the opportunities that come from joining one of Australia’s most recognisable and fastest growing brands, make it more than worthwhile.

Please read on and decide for yourself.

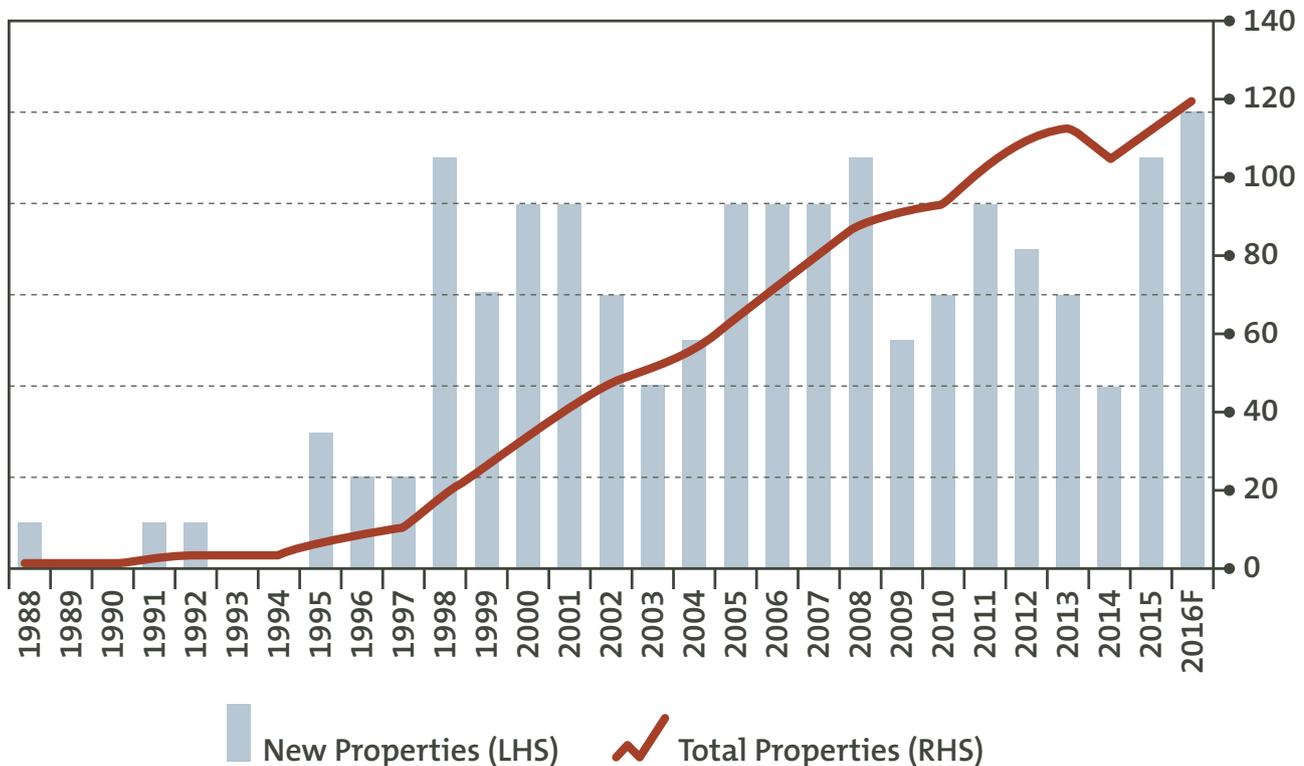


LOCATION IS KEY

Catering to the needs of the business traveller is very different to managing a leisure business. Our customers rarely get to choose where they are going, and nowadays most business is done away from the cities – in suburbs or regional centres and towns where there is little (or no) choice of where to stay.

Consequently, choosing the right locations to open new properties is crucial.

“Quest has developed a well-defined site selection process, which can involve years of research, taking into account the economic situation of the target location.”



Quest has developed a well-defined site selection process, which can involve years of research, taking into account both the economic situation of the target location, as well as extensive discussions with our corporate customers forecasting where they will need to be.

Today, with more than 150 properties across Australia, New Zealand and Fiji, Quest is the largest, and fastest growing apartment hotel operator in Australasia.

The company continues to open between 4 and 10 new businesses each year, regardless of economic and property cycles.

From Wollongong to Whyalla, and from Albury to Abbotsford, the Quest brand has become synonymous with spacious and flexible accommodation solutions in convenient locations, with reliable service standards.

And as we grow, the opportunities for our Franchisees to grow their businesses with us grow too.

TESTIMONIAL

KY & MARK O'SHEA
QUEST BUNDOORA



Ky and Mark O'Shea
*Franchisees,
Quest Bundoora*

“The structure works really well for us – it provides us with a working lifestyle, and the flexibility to spend time with our children.”

Husband and wife team Ky and Mark O'Shea have worked most of their careers in the hospitality and tourism industries – Mark started out as a Chef, whilst Ky worked as a Travel Agent and in events and conferencing roles. Their journey led them to become Property Managers with Quest, and it was during this time they realised the excellent opportunity to be had by becoming Quest franchise business owners in their own right.

As the Franchisees of Quest Bundoora in suburban Melbourne, they take great pride in delivering a personalised experience to their guests, and delivering the extra 1% on a daily basis.

“We love getting to know our guests by name, ensuring their favourite drink is in the fridge upon arrival to the property, and even driving them to their place of work in the Quest Bundoora shuttle bus,” says Mark.

Ky and Mark have clearly defined roles in their Quest franchise business – Ky looks after the sales, local marketing and finance tasks, whilst Mark oversees operational, maintenance and housekeeping matters.

“The structure works really well for us – it provides us with a working lifestyle, and the flexibility to spend time with our children,” says Ky.

Although Ky and Mark have years of hospitality industry experience, they are quick to advise potential Quest franchisees they do not need to be an expert.

“The Quest franchise system is robust, and there is support every step of the way. With the network of Quest properties expanding quite rapidly, there are great opportunities to grow your business and achieve success,” says Mark.

EVERYONE'S A WINNER

The key to Quest's success lies in our business model, which ensures the extended stay business traveller is at the centre of everything we do.

However, for this to succeed, Quest Franchisees must consider two significant stakeholders; the Franchisor and our landlords. Both are crucial in ensuring business success.

The Franchisee/Franchisor partnership ensures all Franchisees are supported by the Quest business in all business functions including sales, operations and business planning.

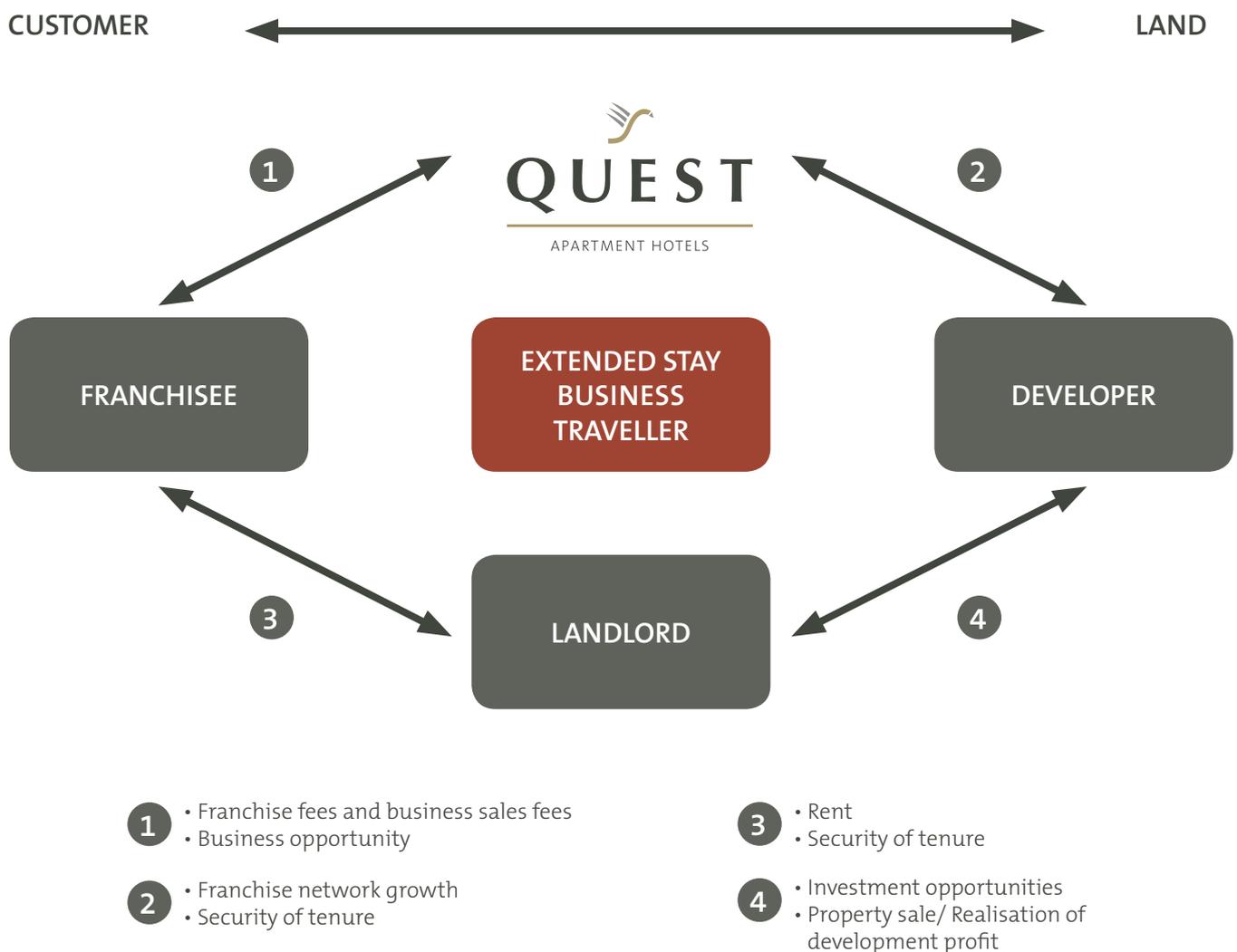
However, Quest Franchisees are also buying into a leasehold business – which comprises one of the critical relationships within the Quest business model.

This means Franchisees are investing in much more than the right to display the Quest logo on the door of their business. It means acquiring an asset which provides the right to generate income from the property secured through long-term tenure with the landlord.

Consequently, Franchisees hold tenure over a multi-million dollar property without the pressure of raising the capital required to purchase the building.

Franchisees are supported by Quest in managing their relationships with the landlords, who enjoy the benefits of a secure and stable investment with a trusted Australian brand as a long-term tenant.

All these relationships – developed under the Quest Business Model – are managed in order to get the best outcome for the extended stay business traveller.



TESTIMONIAL

KEVIN MURPHY
QUEST ON WILLIAM



Kevin Murphy
*Franchisee,
Quest on William*

“The best thing about being a Quest Franchisee is dealing with great people on a daily basis.”

Kevin Murphy, Franchisee of Quest on William in Melbourne’s Central Business District, wishes he had discovered Quest as a franchise business opportunity 20 years ago.

Having decided to retire after many years of owning successful franchise businesses including service stations, tyre outlets and fast food restaurants, Kevin’s retirement was somewhat short lived after a yearning to continue working conveniently came at a time when he was introduced to Quest’s franchise business model.

For Kevin, the best thing about being a Quest Franchisee is dealing with great people on a daily basis. “The passion of my team members is contagious. I thrive on bringing out the best in my people everyday, helping them to exceed the expectations of our guests and ensure they are satisfied.

“The support of other Quest Franchisees is also fantastic – they genuinely want to help one another and share their experiences, to ultimately drive the growth of their businesses.”

A people-oriented mindset, coupled with a preparedness to work hard are the key pieces of advice that Kevin offers to potential Quest Franchisees. “There is no doubt about it – you absolutely need to be a ‘people person’ to be a Quest franchisee,” says Kevin.

THE STRENGTH OF OUR SIZE

As Australasia’s largest network of apartment hotel businesses, Quest is considered a reliable choice for corporate Australia in meeting their accommodation needs nationally.

“Currently, Quest is used by over 80% of Australia’s Top 500 companies and has a CBD, suburban and regional presence across every state and territory in Australia.”

Quest’s relationships with these customers provide Franchisees with an opportunity to participate in centrally coordinated national tenders.

Quest has a dedicated team of National Account Managers who have the daily responsibility of managing the relationship with the key national clients in their industry portfolio, coordinating the tendering for these accounts and working to maximise the number of Quest properties utilised by these companies. Their impressive success rate contributes to approximately 40% of Quest group accommodation revenues, or over 600,000 room nights per annum.



TESTIMONIAL

CATHERINE MAPPERSON
QUEST ON DORCAS AND QUEST SOUTH MELBOURNE



Catherine Mapperson

*Franchisee, Quest on Dorcas
& Quest South Melbourne*

Buying a franchise was never Catherine Mapperson's goal. But after working as a Quest employee for a number of years, she felt confident enough in the structure and support the company offered to Franchisees to invest in her own Quest business.

16 years later, Mapperson relishes her position as a Franchisee for two Quest properties.

“My involvement as a Franchisee has been fantastic. While I never had a lifelong dream of working in hospitality, or owning my own business, the nature of Quest as a fast growing company, means opportunities really do come up regularly.”

She says the prestige from being associated with a large, established company, with common network standards, is of great benefit.

“The relationship with Quest Corporate Office is really important as it can be very difficult to get your foot in the door with major accounts. Having access to the National Account Managers can help with that.”

“From a Franchisee perspective it really helps as we have access to information about the future expectations of Quest's corporate clients – some of Australia's biggest businesses, without having to go to them directly.”

Mapperson says the existence of national accounts is of great benefit – particularly at times when major clients move in or out of the area.

“Quest Corporate Office assists by getting in contact with potential accounts that are moving into the area. This is where you can really rely on the network to help facilitate accessing and building the relationship with new companies.”

“What has been particularly terrific with the Quest business model is that you don't need to be an expert in everything. If you need assistance or mentoring, you can tap into the Quest knowledge base – you don't risk being out on your own.”

“And of course, it is not just the support from the Corporate Office, but also from other Franchisees who spur you on and give you new ideas on ways to continually improve.”



A strategic partnership between Quest and The Ascott Limited provides guests with access to a global network of locations and accommodation choices. Looking to the long term, the partnership provides a solid platform for the global expansion of the Quest brand. This means that wherever business takes our guests, they are likely to find a Quest Apartment Hotel in the vicinity.

QUEST & ASCOTT PROPERTY NETWORK

SOUTH KOREA 2 5 JAPAN

75 CHINA

1 LAOS 7 PHILIPPINES

12 VIETNAM

12 THAILAND

10 MALAYSIA

7 SINGAPORE

11 INDONESIA

4 NT

1 FIJI

WA

13

SA 6

17 QLD

ACT 1

24 NSW

55 VIC

TAS 6

35 NZ

A HANDS-ON COMMITMENT

OWNING AND OPERATING A QUEST BUSINESS
IS A HANDS-ON COMMITMENT

“As Franchisor, we provide clear and positive leadership to create an environment of success.”

We’ve created a business model underpinned by a system upon which every Franchisee depends for their success. But it’s not a business model that is able to support absentee investors.

The critical key to success lies in the partnership between the Quest business and our Franchisees, which must ensure each location is operated by the ‘right’ Franchisee – someone prepared to undertake a rigorous assessment process to ensure the partnership will be long-lasting and rewarding for both parties.



THE QUALITIES OF A QUEST FRANCHISEE

Investing in a Quest franchise is not like buying a job – it's buying into a business and a way of life.

We need our Franchisees to be energetic, people-orientated and committed to working within our franchise system framework.

It helps if you have previous experience as a successful business owner or have worked and led people within a medium–large corporate organisation.

“Investing in a Quest franchise is not like buying a job – it's buying into a business and a way of life.”

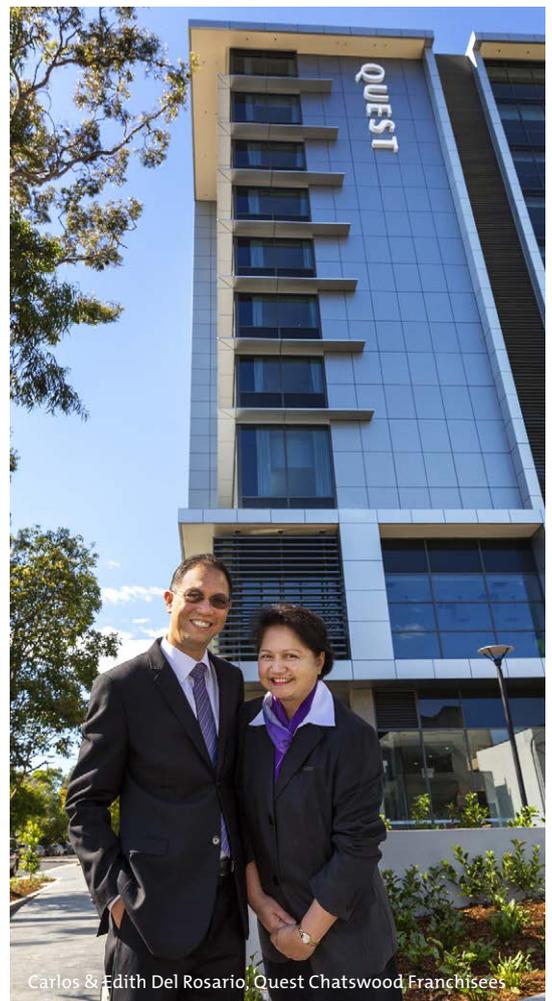
THE JOURNEY TO BECOMING A QUEST FRANCHISEE

Our selection process gives both parties the opportunity to fully understand whether the partnership is right for both Franchisor and Franchisee. This means both parties have the right to terminate the application without reason at any time.

The process involves 7 stages and can take up to six months. It includes a series of self-assessment profiles as well as interviews and spending time working within a Quest business.

We make the process rigorous to ensure that it is the right fit for both parties.

Once they've joined the Quest family, new Franchisees receive ongoing support during the first year and beyond to ensure they are assisted in all aspects of running the business.



Carlos & Edith Del Rosario, Quest Chatswood Franchisees

FRANCHISEE SUPPORT



“Field support is provided to Franchisees through a dedicated Franchise Relationship Manager and Area Sales Manager.”

A significant benefit of acquiring a Quest business is the ability to utilise Quest’s business format franchise system. This system has provided business owners with a proven format for franchise success for over 25 years, and combined with a Franchisee’s passion and commitment, has been the cornerstone of the financial and personal achievement of Quest Franchisees.

The Quest Franchise Operations Manual is comprehensive and provides Franchisees with policies, procedures, guidance, resources and training materials on all aspects of operating a Quest Franchise Business. This gives Franchisees the benefit of a proven structure and formula for operating a Quest franchised business and allows Franchisees more time to engage with their guests, employees and other stakeholders.

Field Support

Field support is provided to Franchisees through a dedicated Franchise Relationship Manager and Area Sales Manager.

The Franchise Operations Team is dedicated and passionate about supporting Franchisees to successfully operate their Quest Apartment Hotel businesses in line with the Quest business format franchise system.

The role of Franchise Relationship Manager offers continuing business advice and support in areas such as operational improvement, business planning, financial management and monitoring, compliance and stakeholder management. From time to time, the Franchise Relationship Manager will call on the

specialist expertise of a Business Partner to support a Franchisee around one or more of the following areas:

- Marketing
- Human Resource Management
- Refurbishment
- General legal assistance & Body Corporate Management
- Operations
- Accounting / Bookkeeping

The Sales Team is aligned with the goals of our Franchisees, to maximise Quest’s market share in every territory in which we operate. Given that business-to-business local area sales and marketing activities are considered one of the most critical success factors of operating a Quest franchise business, Franchisees are provided a locally-based dedicated Area Sales Manager, whose role is to focus with the Franchisee on revenue performance. The role of the Area Sales Manager is to facilitate in the following areas in conjunction with the Franchisee:

- Annual planning and budgeting cycle
- Pricing, inventory & channel strategy
- Performance monitoring and benchmarking
- Facilitation of tenders
- Training and mentoring Franchise sales activity
- Knowledge sharing across the network
- Communication channel with the National Account Management team

The widespread recognition – and power – of the Quest brand also underpins the support provided to Franchisees through national marketing campaigns.

TESTIMONIAL

PHIL WILLEY
QUEST WOLLONGONG AND QUEST NOWRA



Phil Willey
Franchisee, Quest Wollongong and Quest Nowra

With a background in a variety of management roles in the corporate world, Phil Willey, Franchisee of Quest Wollongong and Quest Nowra in regional New South Wales, came to Quest Apartment Hotels with a key skill – the ability to build and maintain relationships.

“Relationships are very important as a Quest Franchisee. Not only the relationships you have with your guests, but all stakeholders, including your own team members, the landlords, suppliers and Quest Corporate Office staff,” says Phil.

“One of the great things about being a Quest Franchisee is that you are working for yourself; it is your business and you can have a direct impact on its success. However, the ability to be a business owner is teamed with a strong, nationally recognised brand, and the support of the Franchisor. The support offered by Quest Corporate Office is extensive and covers sales and marketing, legal, HR, and administration.

“One of the great things about being a Quest Franchisee is that you are working for yourself; it is your business and you can have a direct impact on its success.”

“My advice to potential Quest Franchisees is to have the passion for running your own business, and a willingness to commit to working in the business, to ensure you are at the helm to drive its growth. If someone had told me when I joined Quest that I would own a second Quest business within two years, I would have told them they had rocks in their head! Quest Franchisees come from all walks of life, so speak to a few to understand their journey. Running a Quest franchise business is common sense – I failed HSC, and if I can do it, anyone can!”

COMMITMENT AND REWARDS

To become a Quest Franchisee you must be prepared to make a significant investment and commitment to the business, both personally and financially.

And whilst a typical Quest Franchisee can achieve an operating return of between 10% – 20%¹ per cent of turnover, the rewards in terms of professional satisfaction and lifestyle are also significant.

However, overall success depends on many factors, including your ability and commitment to the business.

The following information will assist you in evaluating the resources required to take the next step.

INITIAL COSTS*

Application fee	\$1,000 plus GST per application. This application fee forms part of the approval process
Initial franchise fee	\$50,000 plus GST This covers start up training costs provided by Quest. (Travel and Accommodation not included)
Legal fees for independent advice	Prior to purchasing a Quest franchise, you would need to obtain independent legal advice. Legal fees vary depending on who you hire and which state you live in.
Stamp duty	May be payable on the documentation. Stamp duty laws vary from State to State so you are encouraged to obtain independent legal advice.
Total Franchise business cost	\$750,000 upwards The cost of a Quest franchise is calculated based on several factors including number of apartments, tenure, location and existing conditions. Quest is accredited with a number of major Australian Banks who have provided funding of up to 70% of the value of the business ² .

ESTABLISHMENT COSTS*

Prepaid expenses	Between \$30,000 and \$150,000 plus GST (indicative costs) These costs contribute to the purchase of the existing prepaid expenses of the business
Additional funds including working capital	To qualify for a Quest franchise, you must have sufficient working capital available to you, the amount of which will vary depending on the size and maturity of the business as well as other factors.

ONGOING FEES

Gross sales fee	8% of Gross Sales plus GST (payable monthly in arrears)
Brand fee	1% of Gross Sales plus GST (payable monthly in arrears)

*Initial costs and establishment costs may vary depending on a number of factors.

¹ For the year ended June 30, 2014, based on returns provided by 70% of mature businesses.

This is an illustrative figure and not a prediction of future performance of any Franchisee's particular business.

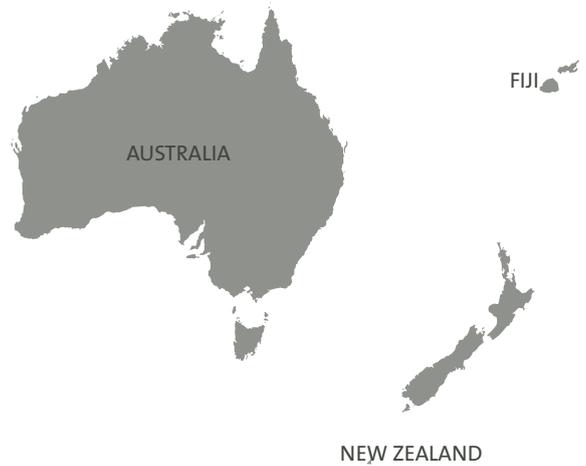
² Funding levels provided by banks may vary depending on a number of factors, including the circumstances of the individual Applicant/s. Quest requires compliance to its maximum franchise gearing policy of 60% for Greenfield Sites and 70% for Existing Sites.

Note: The information provided in this brochure is current as at October 2015. Quest reserves its rights to vary any of the conditions or terms contained herein.

FOR MORE INFORMATION ON BECOMING A QUEST FRANCHISEE PLEASE CALL 1800 809 913

QUEST

LOCATIONS



AUSTRALIA

VICTORIA

Melbourne CBD

Quest Docklands
Quest Jolimont
Quest on Bourke
Quest Gordon Place
Quest on Lonsdale
Quest Southbank
Quest on William

Melbourne suburbs

Quest Abbotsford
Quest Brighton
Quest Brighton on the Bay
Quest Bundoora
Quest Carlton on Finlay
Quest Caroline Springs
Quest Cheltenham
Quest on Chapel
Quest Clocktower on Lygon
Quest Dandenong
Quest Dandenong Central
Quest Doncaster
Quest on Dorcas
Quest East Melbourne
Quest Flemington
Quest Frankston
Quest Frankston on the Bay
Quest Glen Waverley
Quest Hawthorn
Quest Ivanhoe
Quest Kew
Quest Melbourne Airport
Quest Mont Albert
Quest Moonee Valley
Quest Moorabbin
Quest Narre Warren
Quest Prahran
Quest Royal Gardens
Quest Sanctuary Lakes
Quest South Melbourne
Quest St Kilda Bayside
Quest on St Kilda Road
Quest Werribee
Quest Williamstown
Quest Williamstown North
Quest Windsor

Regional

Quest Ballarat
Quest Bendigo
Quest Bendigo Central
Quest Echuca
Quest Geelong
Quest Mildura
Quest Portland
Quest Sale
Quest Shepparton
Quest Warrambbool
Quest Wodonga

QUEENSLAND

Brisbane CBD

Quest River Park Central
Quest Spring Hill

Brisbane suburbs

Quest Ascot
Quest Breakfast Creek
Quest Chermside
Quest Chermside on Playfield
Quest Ipswich
Quest Kelvin Grove
Quest on Story Bridge
Quest Woolloongabba

Regional

Quest Gladstone
Quest Mackay
Quest Mackay on Gordon
Quest Rockhampton
Quest Toowoomba
Quest Townsville
Quest Townsville on Eyre

SOUTH AUSTRALIA

Adelaide CBD

Quest on Franklin
Quest on King William
Quest King William South

Adelaide suburbs

Quest Mawson Lakes
Quest Port Adelaide

Regional

Quest Whyalla
Quest Whyalla Playford

WESTERN AUSTRALIA

Perth CBD

Quest East Perth
Quest Mounts Bay Road
Quest West End

Perth suburbs

Quest Fremantle
Quest on James
Quest on Rheola
Quest Rockingham
Quest Scarborough
Quest South Perth
Quest West Perth

Regional

Quest Bunbury
Quest Yelverton Kalgoorlie
Quest Mandurah

NEW SOUTH WALES

Sydney suburbs

Quest Bella Vista
Quest Bondi Junction
Quest Campbelltown
Quest Castle Hill
Quest Chatswood
Quest Cronulla Beach
Quest Liverpool
Quest Macquarie Park
Quest Manly
Quest Mascot
Quest North Ryde
Quest Potts Point
Quest St Leonards
Quest at Sydney Olympic Park

Regional

Quest Albury
Quest Albury on Townsend
Quest Dubbo
Quest Maitland
Quest Newcastle
Quest Newcastle West
Quest Nowra
Quest Singleton
Quest Tamworth
Quest Wagga Wagga
Quest Wollongong

TASMANIA

Hobart CBD

Quest Savoy
Quest Trinity House
Quest Waterfront

Regional

Quest Launceston

ACT

Canberra CBD

Quest Canberra

NORTHERN TERRITORY

Darwin suburbs

Quest Berrimah
Quest Palmerston
Quest Parap

Regional

Quest Alice Springs

FIJI & NZ

FIJI

Suva

Quest Suva

NEW ZEALAND

North Island

Quest on Durham
Quest Hamilton
Quest Mount Maunganui
Quest Napier
Quest New Plymouth
Quest Palmerston North
Quest Rotorua Central
Quest Taupo
Quest on Ward
Quest Whangarei

Auckland

Quest Albany
Quest Auckland
Quest Carlaw Park
Quest Henderson
Quest Highbrook
Quest on Beaumont
Quest on Eden
Quest on Hobson
Quest Newmarket
Quest Parnell
Quest Ponsonby
Quest on Queen

Wellington

Quest Atrium
Quest on Johnson
Quest on Lambton
Quest Petone
Quest on the Terrace
Quest on Thorndon
Quest Wellington

South Island

Quest Christchurch
Quest Dunedin
Quest Invercargill
Quest Nelson





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