Unsold Portions of Phase 1, Under Construction Site of Phase 2 and Phases 3D-3E, and Vacant Land Parcels of Phases 3A-3C, named Baitang One located in Suzhou Industrial Park, Suzhou, Jiangsu Province, the People's Republic of China

Date of valuation: 30 September 2012

Portion	GFA (sq.m.)	Market Value (RMB)
High-rise apartment	14,240.98	199,373,720
Mid-rise apartment	1,295.93	21,512,438
Car parking spaces	(751 lots) 30,670.34	37,550,000
Sub-total	**46,207.25**	**258,000,000**

5.2 Gross Development Value of Phase 2 and Phases 3A-3E

The Gross Development Value is assumed that it would have been completed as at the Date of Valuation in accordance with the development scheme provided to us.

Given Gross Development Value of the Property being of a complex development comprising high-rise apartment, mid-rise apartment, duplex house, terrace house, semi-detached house, detached house, retail and car parking spaces, we have considered it appropriate to adopt the Direct Comparison Approach to arrive at an estimated Gross Development Value ("GDV") upon completion.

Direct Comparison Approach

GDV of High-rise Apartment Portion

In the course of our valuation, we have collected three high-rise apartment comparables and summarised the details as follows:-

Basic Details	Comparable 1	Comparable 2	Comparable 3
Building Name	Linglong Bay (玲珑湾)	Copic International Community (中海国际社区)	Central Park (中央景城)
Address	No.1 Linglong Street	Zhongyuan Road / Liuli Street	No.88 Hefeng Road
District	SIP	SIP	SIP
Use	High-rise apartment	High-rise apartment	High-rise apartment
Year of Completion	2013	2013	2009
Transaction Date	Jul-12	Mar-12	May-12
Condition of Sale	Transacted	Transacted	Transacted
Level	22	20F	8F

Gross Floor Area (sq.m.)	119.05	176.24	89.13
Unit Price (RMB/sq.m.)	15,960	13,472	13,127

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, age & maintenance, completion date, facilities, appearance, floor, size, decoration standard, view, layout, management, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted a unit price of **RMB13,700/sq.m.** for luxury decorated high-rise apartment, **RMB11,700/sq.m.** for simply decorated high-rise apartment.

<u>GDV of Mid-rise Apartment Portion</u>

In the course of our valuation, we have collected three mid-rise apartment comparables and summarised the details as follows:-

Basic Details	Comparable 1	Comparable 2	Comparable 3
Building Name	Times City (时代上城)	Beauty Garden (花境)	Love Island (爱琴岛)
Address	Xiandai Avenue / Zhongnan Street	No.99 Qingcheng Road	Heshun Road / Yangting Road
District	SIP	SIP	SIP
Use	Mid-rise apartment	Mid-rise apartment	Mid-rise apartment
Year of Completion	2014	2013	2012
Transaction Date	Sep-12	Sep-12	Sep-12
Condition of Sale	Asking	Asking	Asking
Level	3F	3F	4F
Gross Floor Area (sq.m.)	120-155	137-186	159-232
Unit Price (RMB/sq.m.)	15,000	15,000	12,500

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, age & maintenance, completion date, facilities, appearance, floor, size, decoration standard, view, layout, management, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted a unit price of **RMB16,300/sq.m.**

GDV of Duplex House Portion

In the course of our valuation, we have collected three duplex house comparables and summarised the details as follows:-

Basic Details	Comparable 1	Comparable 2	Comparable 3
Building Name	The Living Bank (枫情水岸)	Park Mansion (雍景湾)	Ben An (万科中粮本岸)
Address	No.8 Xizhou Road	Yangcheng Road / Nansi Road	No.99 Qingcheng Road
District	SIP	SIP	SIP
Use	Duplex house	Duplex house	Duplex house
Year of Completion	2009	2014	2009
Transaction Date	Sep-12	Sep-12	Sep-12
Condition of Sale	Asking	Asking	Asking
Gross Floor Area (sq.m.)	240	250	250
Unit Price (RMB/sq.m.)	20,417	14,000	17,600

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, age & maintenance, completion date, facilities, appearance, floor, size, decoration standard, view, layout, management, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted a unit price of **RMB18,700/sq.m.**

GDV of Terrace House Portion

In the course of our valuation, we have collected three terrace house comparables and summarised the details as follows:-

Unsold Portions of Phase 1, Under Construction Site of Phase 2 and Phases 3D-3E, and Vacant Land Parcels of Phases 3A-3C, named Baitang One located in Suzhou Industrial Park, Suzhou, Jiangsu Province, the People's Republic of China

Date of valuation: 30 September 2012

Basic Details	Comparable 1	Comparable 2	Comparable 3
Building Name	Forest and Vallev Villa (路劲尚澜湾)	Natural Villas (璞墅)	Elegant Villa (仁恒观棠）
Address	No.511 Gangtian Road	Xiandai Avenue / Xieyu Street	No.1211 Xinghu Road
District	SIP	SIP	SIP
Use	Terrace house	Terrace house	Terrace house
Year of Completion	2013	2013	2013
Transaction Date	Sep-12	Sep-12	Sep-12
Condition of Sale	Asking	Asking	Asking
Gross Floor Area (sq.m.)	230	240	258
Unit Price (RMB/sq.m.)	21,739	20,000	31,008

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, age & maintenance, completion date, facilities, appearance, floor, size, decoration standard, view, layout, management, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted a unit price of **RMB22,200/sq.m.**

GDV of Semi-detached House Portion

In the course of our valuation, we have collected three semi-detached house comparables and summarised the details as follows:-

Basic Details	Comparable 1	Comparable 2	Comparable 3
Building Name	Forest and Vallev Villa (路劲尚澜湾)	Natural Villas (璞墅)	Jian Bing Garden (见滨园)
Address	No.511 Gangtian Road	Xiandai Avenue / Xieyu Street	No.69 Qiongji Road
District	SIP	SIP	SIP
Use	Semi-detached house	Semi-detached house	Semi-detached house
Year of Completion	2013	2013	2013
Transaction Date	Sep-12	Sep-12	Sep-12

Unsold Portions of Phase 1, Under Construction Site of Phase 2 and Phases 3D-3E, and Vacant Land Parcels of Phases 3A-3C, named Baitang One located in Suzhou Industrial Park, Suzhou, Jiangsu Province, the People's Republic of China

Date of valuation: 30 September 2012

Condition of Sale	Asking	Asking	Asking
Gross Floor Area (sq.m.)	350	330	360
Unit Price (RMB/sq.m.)	34,286	22,727	20,833

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, age & maintenance, completion date, facilities, appearance, floor, size, decoration standard, view, layout, management, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted a unit price of **RMB26,400/sq.m.**

GDV of Detached House Portion

In the course of our valuation, we have collected three detached house comparables and summarised the details as follows:-

Basic Details	Comparable 1	Comparable 2	Comparable 3
Building Name	Natural Villas (璞墅)	Acadia (阿卡迪亚)	Elegant Villa (仁恒观棠)
Address	Xiandai Avenue / Xieyu Street	No.99 Qingcheng Road	No.1211 Xinghu Road
District	SIP	SIP	SIP
Use	Detached house	Detached house	Detached house
Year of Completion	2013	2012	2013
Transaction Date	Sep-12	Sep-12	Sep-12
Condition of Sale	Asking	Asking	Asking
Gross Floor Area (sq.m.)	330	400	550
Unit Price (RMB/sq.m.)	30,303	30,000	43,636

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, age & maintenance, completion date, facilities, appearance, floor, size, decoration standard, view, layout, management, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted a unit price of **RMB32,400/sq.m.**

GDV of Retail Portion

In the course of our valuation, we have collected three retail comparables and summarised the details as follows:-

Basic Details	Comparable 1	Comparable 2	Comparable 3
Building Name	Lejia Building (乐嘉大厦)	Urban VIP (都市 VIP)	Copic International Community (中海国际社区)
Address	Xiandai Avenue / Xincghu Street	Zhongyuan Road / Liuli Street	Liuli Street
District	SIP	SIP	SIP
Use	Retail	Retail	Retail
Year of Completion	2010	2013	2013
Transaction Date	Sep-12	Sep-12	Sep-12
Condition of Sale	Asking	Asking	Asking
Level	1-2F	1-2F	1F
Gross Floor Area (sq.m.)	42-900	70-260	90
Unit Price (RMB/sq.m.)	38,000	30,000	31,000

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, age & maintenance, completion date, facilities, appearance, floor, size, decoration standard, view, type, management, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted a unit price of **RMB30,700/sq.m.** for level 1**.**

We have made reference to floor value differences of the retail property in the market and taken into account the layout and vertical transportation of retail portion. The floor value differences which we have adopted are summarized in the following table:

Floor	1	2	3
Difference	100%	65%	50%

GDV of Car parking spaces Portion

In the course of our valuation, we have collected several car parking spaces comparables and taken into account the comparables with appropriate adjustments, and then we adopted a unit price of **RMB50,000/lot**

Reconciliation of GDV of Phase 2 and Phases 3A-3E

According to the sales information provided by the Company, some high-rise apartment units of Phase 2 with a total gross floor area of approximately 14,194.12 sq.m., as at the date of valuation are subject to various agreements for sale and purchase for a total consideration of RMB159,674,865. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation.

Based on the above parameters, the GDV of the Property is summarized as follows:

Phase	Portion	Proposed GFA (sq.m.)	GDV (RMB)
Phase2 (Under construction)	High-rise apartment	133,509.70	1,723,081,711
	Duplex house	9,123.44	170,608,328
	Terrace house	7,584.45	168,374,790
	Others	1,852.00	0
	Car parking spaces	(664 lots) 31,020.35`	33,200,000
Phase3D-3E (Under construction)	Retail	8,657.00	190,468,495
	Others	4,612.00	0
	Kindergarten	4,490.00	0
	Car parking spaces	(99 lots) 4,895.00	4,950,000
Sub-total		205,743.94	2,291,000,000
Phase 3A-3C (Vacant land)	High-rise apartment	235,580.00	3,029,663,000
	Mid-rise apartment	15,132.00	246,651,600
	Semi-detached house	5,928.00	156,499,200
	Detached house	2,980.00	96,552,000
	Others	2,387.00	N/A
	Car parking spaces	(1,337 lots) 71,277.54	66,850,000
Sub-total		333,284.54	3,596,000,000
Total		539,028.48	5,887,000,000

5.3 Market Value of Phase 2 and Phase 3 in existing state

In course of the valuation, we have valued the Market Value of Phase 2 and Phase 3D-3E in existing state by Residual Approach. We have valued the Market Value of Phase 3A-3C in existing state by both Residual Approach and Direct Comparison Approach. For Residual Approach, the market value is arrived by deducting the estimated development costs including construction cost, professional fee, interest required to complete the development and due allowances for the developer's profit, marketing cost and acquisition cost from the Gross Development Value assuming it would have been completed as at the Date of Valuation in accordance with the development scheme provided to us. For Direct Comparison Approach we have made reference to comparable sales evidence as available in the relevant market.

Phase 2 and Phases 3D-3E by Residual Approach

Estimated Gross Development Value
We have adopted above figures as the Gross Development Value of RMB2,291,000,000.

Business Tax
A 5.55% business tax is adopted for the disposal of the proposed development.

Sales Fees
A 1% sales fee is adopted for the disposal of the proposed development.

Development Period
The estimated development (completion) period is 1.58 years from the Date of Valuation.

Development Cost
We have applied the estimated total development costs provided by the Company for the proposed development including the professional fee and contingency fee estimated at RMB1,151,603,051.

Expended Construction Cost
According to the information provided by the Company, RMB423,915,570 has been expended as part of the construction cost, we have take this into account in our valuation.

Administration Fee
We adopted an administration fee of 3% on the Development Cost, which is estimated at RMB21,830,624.

Interest Expense
We adopted an interest of 6.15% per annum on Development Cost and Administration Fee by referring to interest rate for similar kind of term loan from the People's Bank of China. The estimated interest expenses on Development Cost and Administration Fee is RMB36,205,099.

Developer's Profit
We adopted a developer's profit of 12% on Development Cost and Administration Fee. The developer's profit is adopted by referring to our experience for similar kind of development project under the prevailing market conditions and risk exposure. The estimated developer's profit is RMB89,942,173.

Market Value of Phase 2 and Phases 3D-3E in existing state

Based on the above analysis and taking into account the land profit and deferment, we are of the opinion that the Market Value of Phase 2 and Phases 3D-3E of the Property in existing state, as at the Date of Valuation, was **RMB1,038,000,000**.

Phases 3A-3C by Residual Approach

Estimated Gross Development Value
We have adopted above figures as the Gross Development Value of RMB3,596,000,000.

Business Tax
A 5.55% business tax is adopted for the disposal of the proposed development.

Sales Fees
A 1% sales fee is adopted for the disposal of the proposed development.

Development Period
The estimated development (completion) period is 3.00 years from the Date of Valuation.

Development Cost
We have applied the estimated total development costs provided by the Company for the proposed development including the professional fee and contingency fee estimated at RMB1,918,317,161.

Administration Fee
We adopted an administration fee of 3% on the Development Cost, which is estimated at RMB57,549,515.

Interest Expense
We adopted an interest of 6.15% per annum on Development Cost and Administration Fee by referring to interest rate for similar kind of term loan from the People's Bank of China. The estimated interest expenses on Development Cost and Administration Fee is RMB185,048,077.

Developer's Profit

We adopted a developer's profit of 20% on Development Cost and Administration Fee. The developer's profit is adopted by referring to our experience for similar kind of development project under the prevailing market conditions and risk exposure. The estimated developer's profit is RMB395,173,335.

Market Value of Phases 3A-3C in existing state

Based on the above analysis and taking into account the land profit and deferment, the Market Value of Phases 3A-3C of the Property in existing state by residual approach, as at the Date of Valuation, was **RMB576,000,000**.

Phases 3A-3C by Direct Comparison Approach

In the course of our valuation, we have collected three land comparables and summarised the details as follows:-

Basic Details	Comparable 1	Comparable 2	Comparable 3
Land lot No.	SYTG (2012) No.06 (苏园土挂(2012)06)	SYTG (2012) No.05 (苏园土挂(2012)05)	SYTG (2011) No.15 (苏园土挂(2011)15)
Address	North side of Qingcheng Road and west side of Kecheng Road	South side of Yibang Road and East side of Keying Road	North side of Yangchenghu Anvenue and East side of Keneng Road
District	SIP	SIP	SIP
Site Area (sq.m.)	32,121.00	32,094.00	28,232.00
Gross Floor Area (sq.m.)	38,545.20	38,512.80	42,348.00
Plot Ratio	1.20	1.20	1.50
Land Use	Residential	Residential	Residential / Retail
Land Use Term	70	70	70/40
Condition of Sale	Transaction	Transaction	Transaction
Transaction Date	May-12	May-12	Oct-11
Accommodation Value (RMB/sq.m.)	2,500	2,500	2,900

For the comparables, analysis and adjustment of comparable sales evidence have been made to reflect differences in transaction state, time, location & environment, accessibility, size, shape, land use, layout, existing state, plot ratio, land use term, etc.

We have taken into account the above comparables with appropriate adjustments and then we adopted an accommodation value of **RMB2,570/sq.m.** on above ground area.

Based on the above analysis, the Market Value of Phases 3A-3C of the Property in existing state as at the Date of Valuation by Direct Comparison Approach was **RMB673,000,000**.

Market Value of Phases 3A-3C

Based on the above two approaches to arrive at the Market Value of Phases 3A-3C, we have adopted the weighted average of the results to concluded final Market Value of Phases 3A-3C as follows.

Valuation Method	Market Value of Phases 3A-3C (RMB)	Weight
Direct Comparison Approach	673,000,000	50%
Residual Approach	576,000,000	50%
Final Value (RMB) Rounded	**625,000,000**	

Summary of Market Value of Phase 2 and Phase 3 in existing state

The Market Value of Phase 2 and Phase 3 of the Property in existing state, as at the Date of Valuation, is summarized as follows:

Phase	Site Area (sq.m.)	Plot Ratio GFA (sq. m.)	Market Value in existing state (RMB)
Phase 2 & Phases 3D-3E	107,847	169,828.59	1,038,000,000
Phases 3A-3C	140,227	262,007.00	625,000,000
Total	**248,074**	**431,835.59**	**1,663,000,000**

6. Valuation Conclusion

6.1 Other assumptions

Notwithstanding the assumptions stated within other parts of this report and valuation, our valuation is also prepared on the following principal assumptions:-

(a) The Property has been granted with the proper legal title and may be transferred with the residual term of the land use rights at no extra land premium or other onerous payment payable to the government;

(b) All land premium, demolition and settlement and public utilities costs have been fully settled;

(c) The design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities; and

(d) The Property may be disposed of freely to third parties.

6.2 Conclusion

Based on on the above parameters, we are of the opinion that the Market Value of Phase 1 of the Property comprising a total gross floor area of 46,207.25 sq.m., assuming that it sales with the benefit of vacant possession , as at 30 September 2012, was in the sum of **RMB258,000,000(RENMINBI TWO HUNDRED AND FIFTY EIGHT MILLION ONLY).**

Based on the above parameters, we are of the opinion that the Market Value of Phase 2 and Phases 3D-3E of the Property in its existing state, assuming that it sales with the benefit of vacant possession, as at 30 September 2012, was in the sum of **RMB1,038,000,000(RENMINBI ONE THOUSAND AND THIRTY EIGHT MILLION ONLY)**.

Based on the above parameters, we are of the opinion that the Market Value of Phases 3A-3C of the Property in its existing state, assuming that it sales with the benefit of vacant possession, as at 30 September 2012, was in the sum of **RMB625,000,000(RENMINBI SIX HUNDRED AND TWENTY FIVE MILLION ONLY)**.

DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd.

Nuo Xu

Nuo Xu
Member of the Royal Institute of Chartered Surveyors

7. Limiting Conditions

7.1 Source of Information

We have relied to a very considerable extent on the information provided by the Company or the related parties in respect of the Property in the PRC and have accepted advice given to us on such matters as planning approvals or statutory notices, tenure, identification of land, site and floor areas, development scheme and all other relevant matters. Dimension, measurements and areas included in this valuation report are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

7.2 Valuation Methodology

In forming our opinion of the Market Value of unsold portions of Phase 1 in existing state, we have valued it by Direct Comparison Approach by making reference to comparable sales and rental evidence as available in the relevant market.

Furthermore, in forming our opinion of the Market Value of Phases 2 & Phases 3D-3E and Phases 3A-3C of the Property, we have valued it by Residual Approach by deducting the estimated development costs including construction cost, professional fee, interest required to complete the development and due allowances for the developer's profit, marketing cost and acquisition cost from the Gross Development Value assuming it would have been completed as at the Date of Valuation in accordance with the development scheme provided to us.

In forming our opinion of the "Gross Development Value" of the Property, we have valued it by Comparison Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

For Phases 3A-3C of the Property, we have also we have valued it by Direct Comparison Approach by making reference to comparable sales and rental evidence as available in the relevant market.

7.3 Title Investigation

We have been provided by the Company with copies of documents in relation to the title to the Property. We have not been able to carry out searches to verify the ownership of the Property or to ascertain any amendment, which may not appear on the copies handed to us.

7.4 Site Inspection

We have inspected the Property. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services, etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We have not been able to carry out on-site measurements to verify the site and gross floor areas of the Property and we have assumed that the areas shown on the copies of the information handed to us are correct.

7.5 Non-Publication and Caveats

Neither the whole nor any part of this report nor for any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

A Valuation Report prepared for

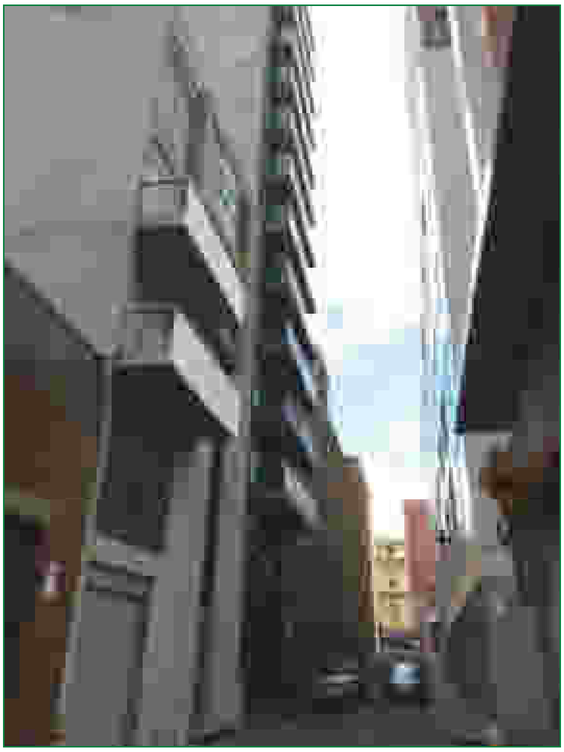
FRASER PLACE MELBOURNE

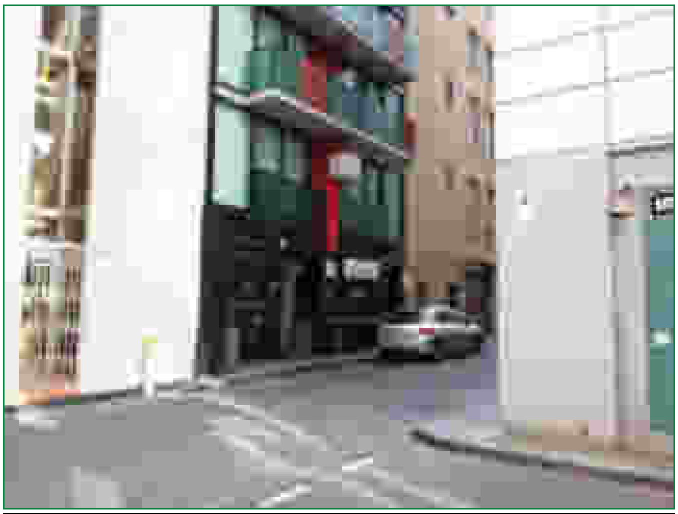
Of

Fraser Place
19 Exploration Lane
Melbourne Vic 3000

30 August 2012

CBRE Hotels





Contents

APPENDICES

Valuation Summary

Property:	Fraser Place 19 Exploration Lane Melbourne Vic 3000 Australia
Prepared for:	Fraser Place Melbourne.
Instructions:	To assess the current market value of the unencumbered freehold interest in the subject property, on a going concern basis, subject to vacant possession, for financial reporting purposes.
Interest Valued:	Unencumbered freehold going concern, subject to vacant possession, inclusive of all plant, equipment, furniture and fittings, (excluding stock).
Registered Owner:	Frasers Melbourne Management Pty Ltd.
Land Area:	377 square metres.
Town Planning:	Zoned "Capital City 1", under the Melbourne Planning Scheme.
Location:	Dual frontages to Exploration and Bennetts Lanes, approximately 50 metres south of La Trobe Street at the northern end of the Melbourne CBD.
Brief Description:	Fraser Place comprises a 112 room, 4 star serviced apartments complex which opened in part (the Bennetts Lane section) in June 2009 and fully opened in June 2010 with the completion of the Exploration Lane section. Facilities include wireless internet connectivity throughout, café and gymnasium.
Occupancy Profile:	The property is owner occupied.
Last Sale:	None within the last 3 years.
Valuation Approach:	Stabilised (Forecast 3 Year) EBITDA, 5 Year Discounted Cash flow and Direct Comparison.
Date of Inspection:	30 August 2012
Date of Valuation:	30 August 2012
Assumptions, Disclaimers, Limitations & Qualifications Summary:	*This valuation report is provided subject to the assumptions, disclaimers, limitations and qualifications detailed both throughout this report and within the Assumptions, Disclaimers, Limitations & Qualifications section of this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.*

Valuation: A$31,000,000 (Thirty One Million Dollars)
This valuation is net of GST of the unencumbered freehold going concern interest.

Adopted Value Analysis:

Initial Yield (Forecast Year 1 EBITDA):		7.31%
Stabilised Year (Forecast Year 3 EBITDA):		7.79%
Price per Room		$276,786
Five Year DCF	IRR	10.04%
	Terminal Yield	8.00%

Prepared By: CBRE Valuations Pty Limited

Valuer
Peter Grieve AAPI, CPV
Certified Practising Valuer
Senior Director - CBRE Hotels Valuation & Advisory Services

Property Inspection: *Yes*
Job Involvement: *Principal Valuer*

SWOT Analysis, Risk Assessment, Investment Considerations

STRENGTHS

Asset Characteristics
- As new property with modern design and finishes;
- CBD location;
- No immediate or foreseen capital expenditure required.

Market & Marketability
- Able to be strata titled and sold down to the small investor market creates an additional realisation option;
- The investment market for hotels is currently good;
- Flexible venue from a use perspective.

Cash Flow Profile
- Current trading levels provide room for strong growth as the business matures;
- Serviced apartment product typically produces a strong gross profit margin.

Management Structure
- Available with Vacant Possession;
- Limited service product provides an efficient trading platform.

WEAKNESSES

Asset Characteristics
- Limited exposure and lack of public awareness of the product;
- No onsite car parking;
- Limited onsite leisure facilities;
- Multiple alternate food and beverage operations in the neighbourhood which limits the ability to attract business to the café facility.

Market & Marketability
- High levels of competition in the Melbourne market for this type of product.

Cash Flow Profile
- Business is currently in an immature period of its development;
- Current levels of profitability a low compared to industry benchmarks.

OPPORTUNITIES

Asset Characteristics
- Subdivide and sell individual apartments may assist liquidity of the asset;
- Increase public awareness using the various forms of social media and internet platforms.

Market & Marketability
- Able to be sold with vacant possession enhancing marketability;
- Able to be sold as two separate properties with minimal cost of separation, subject to approval.

Cash Flow Profile
- Lease the café to a third party.

THREATS/RISKS

Cash Flow Profile
- Business growth forecast may be slower to be achieved than anticipated.

MAJOR ISSUES

- The business conducted within the property is in its establishment phase. While indications are that it is performing reasonably well, it has achieved this by offering competitive room rates. Our assessment has been made based on potential trading levels in line with market parameters and comparable properties.

Note: Our observations within the SWOT Analysis/Risk Assessment and the body of this report provide our opinion of the property as at the date of valuation. This opinion has been based on many factors including our research data and knowledge of the property market and reflects the nature and standard of the property, inherent characteristics and current market conditions. While it is impossible to predict with any degree of accuracy future trends, we have endeavoured to provide the likely short to medium term performance prospects for the property on the basic assumption that future market and economic conditions do not vary from those that existed at the date of valuation. Due to the periodic volatility of the property market brought about by various factors including changing economic and market conditions, caution must be exercised when referring to envisaged future trends, as these cannot be guaranteed.

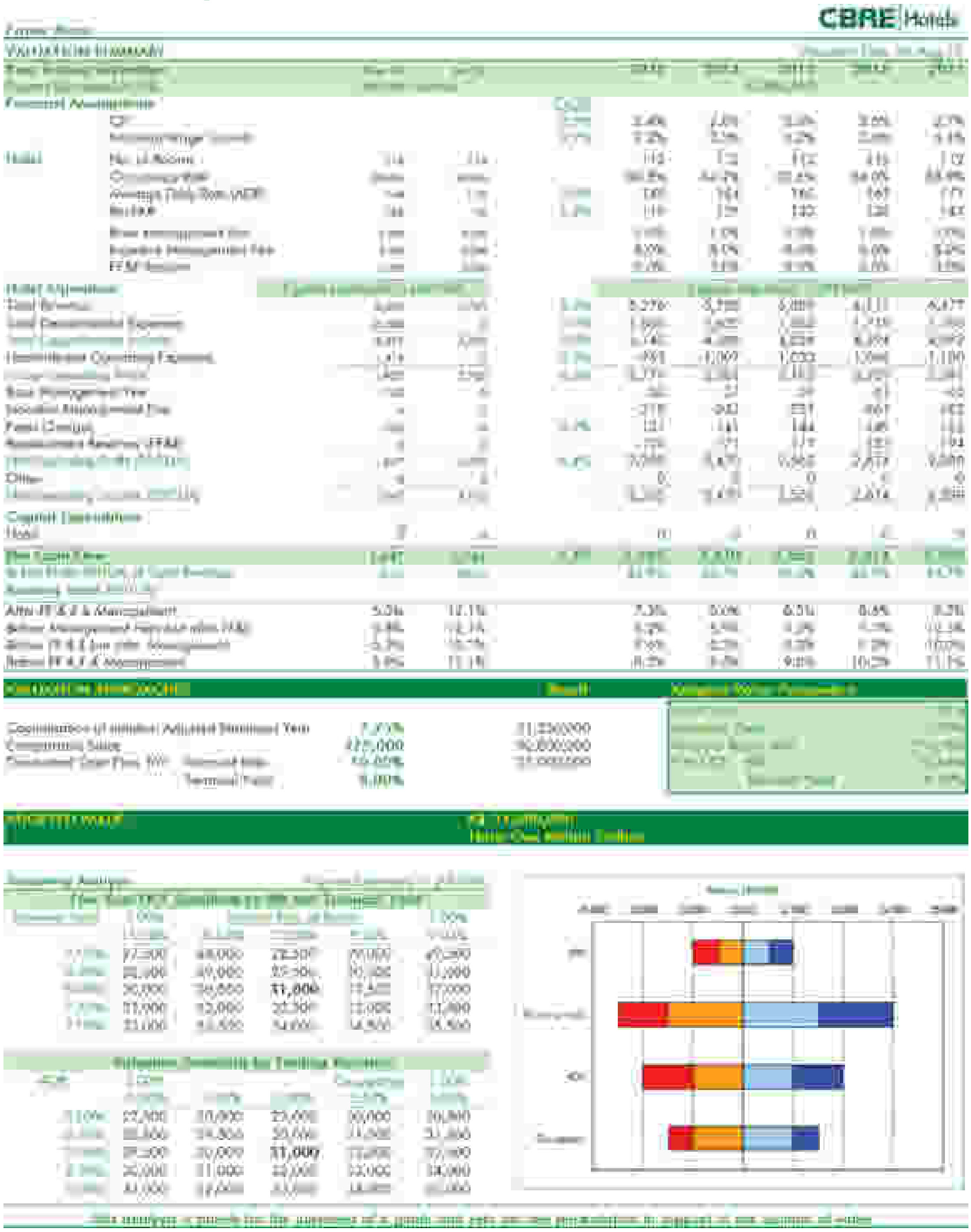
Critical Assumptions

- We have not undertaken nor have been provided with audited accounts for the period since the property commenced business, therefore, we have relied upon the fact that all information provided by management, including historic trading performance, is correct and provides an accurate representation of performance. Further, we have relied upon our own analysis of market expectations of trading performance which may or may not be matched by current management.

- All information provided by Hotel Management including historic trading performance is correct and provides an accurate representation of actual trading.

- The property will continue to be professionally managed and marketed.

Financial Analysis



Assumptions, Disclaimers, Limitations & Qualifications

Valuation Subject To Change:	Premise 1 - Real estate values vary from time to time in response to changing market circumstances and it should, therefore, be noted that this valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. It is, therefore, recommended that the valuation be reviewed periodically.
Our Investigations:	Premise 2 - The valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable you to instruct further investigations if you consider this appropriate or we recommend as necessary to allow us to complete the valuation. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Assumptions:	Premise 3 - Assumptions are a necessary part of undertaking valuations/the valuation. CBRE adopts assumptions for the purpose of providing its valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. The person or entity to whom the report is addressed acknowledges and accepts that the valuation contains certain specific assumptions and as such the person or entity to whom this report is addressed acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation.
Information Supplied By Others:	Premise 4 - The valuation contains information which is derived from other sources. Unless otherwise specifically instructed by you and/or stated in the valuation, we have not independently verified that information, nor adopted it as our own, or accepted its reliability. The person or entity to whom the report is addressed acknowledges and accepts the risk that if any of the unverified information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
Future Matters:	Premise 5 - To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.
GST:	Premise 6 - Issues concerning GST continue to arise which impact on market values. Where relevant, the valuation is based on the assumptions relating to GST set out in the Valuation Rationale section of this document. If any of the assumptions are found to be incorrect, or if the party on whose instructions this valuation is provided wishes our valuation to be based on different assumptions, this valuation should be referred back to CBRE for comment and, in appropriate cases, amendment.
Site Details:	Premise 7 - A current survey has not been provided. The valuation is made on the basis that there are no encroachments by or upon the property and the person or entity relying upon the valuation should confirm this by obtaining a current survey report and/or advice from a registered surveyor. If any encroachments are noted by the survey report, that person or entity must not rely upon the valuation, before first consulting CBRE to reassess any effect on the value stated in the valuation.
Property Title:	Premise 8 - We have conducted a brief title search only. We have not perused the original Crown Grant documentation. We have assumed that there are no further easements or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that a comprehensive title search is undertaken by the person or entity relying upon the valuation, which reveals further easements or encumbrances, that person or entity must not rely upon the valuation, before first consulting CBRE to reassess any effect on the valuation.
Environmental Conditions:	Premise 9 - In the absence of an environmental site assessment relating to the subject property, we have assumed that the site is free of elevated levels of contaminants. Our visual inspections of the subject property and immediately surrounding properties revealed no obvious signs of site contamination. Furthermore, we have made no allowance in our valuation for site remediation works. However, it is important to point out that our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the subject property. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, we reserve the right to review our valuation assessed herein, should we deem it to be necessary.
Town Planning:	Premise 10 - It is assumed that information provided to us by the relevant Local Authority Town Planning Department is accurate. In the event that a Town Planning Certificate or any other relevant Planning Certificate or document is obtained and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.
Inclusions & Exclusions:	Premise 11 - Where applicable, our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, including all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant) or are used in connection with the business(es) carried on within the property.
Floor Areas:	Premise 12 - Unless stated otherwise in the valuation, we have assumed that the floor areas have been calculated in accordance

	with the Property Council of Australia (PCA) Method of Measurement of Lettable Areas or as specifically instructed by the party who we have agreed to provide this valuation. We recommend that the person or entity relying upon this report should obtain a survey to determine whether the areas provided differ from PCA guidelines. In the event that the survey reveals a variance in areas, then the relevant person or entity should not rely upon the valuation and should provide all relevant survey details to CBRE for consideration and possible review of the valuation.
Disability Discrimination Act:	Premise 13 - The Disability Discrimination Act deals with discrimination against persons with disabilities in respect to access to premises as well as many other areas. CBRE are not experts in discrimination issues and the application of the Disability Discrimination Act to real property. Should the person or entity to whom the report is addressed have any concern as to whether the subject property may have any shortcomings in respect to this Act, we recommend that expert advice be sought from professionals qualified in this area. If any shortcomings of the property are revealed by the expert advice, then this advice should not be relied upon and should be provided to CBRE for consideration and possible review of the valuation.
Condition & Repair:	Premise 14 - We have inspected the building(s), however we have not carried out a structural survey nor tested any of the services or facilities and are therefore unable to state that the building is free from defect. We advise that we have not inspected unexposed or inaccessible portions of the building and are therefore unable to state that these are free from rot, infestation, asbestos or other hazardous and/or contaminated material. Unless otherwise stated in the valuation report, our valuation is based upon the assumption that the building(s) do not have any defects requiring any significant expenditure. Also unless otherwise stated in the valuation report, the valuation assumes that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations. If the person or entity relying on the report becomes aware of any information contrary to these assumptions, then they must not rely upon the valuation and that information should be referred to CBRE for consideration and possible review of the valuation, and no reliance should be placed on this valuation until such time as that review has been completed and provided to the person or entity to whom responsibility is accepted for this advice.
Valuation Methodology:	Premise 15 - Where CBRE is valuing going concern property, the primary valuation methodologies generally used are the Income Capitalisation Approach and/or Discounted Cash Flow Analysis with a check by the Direct Comparison Approach. These approaches are based upon an estimation of future trading results which are based on historic trading analysis and future trading expectations having regard to any forecast capital expenditure, supply and demand factors, and estimated changes in economic and local market conditions, and/or management/lease terms. The result is the best estimate of value CBRE can produce, but it is an estimate and not a guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions. These primary valuation methodologies use market derived assumptions, including income, yields and discount rates, obtained from analysed transactions. Where reliance has been placed upon external sources of information in applying the valuation methodologies, unless otherwise specifically instructed by you and/or stated in the valuation, CBRE has not independently verified that information and CBRE does not adopt that information and/or advice nor accept it as reliable. The person or entity to whom the report is addressed acknowledges and accepts the risk that if any of the unverified information in the valuation is incorrect, then this may have an effect on the valuation.
Not a Structural Survey:	Premise 16 - We state that this is a valuation report, and not a Structural Survey.
Director's Clause:	Premise 17 - Under required circumstances, this report may have been co-signed by a Director of CBRE. In accordance with our internal Quality Assurance procedures, the co-signing Director certifies that he has discussed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signing Director may or may not have inspected the subject property.

LAST UPDATED V1002

Valuation Definitions & Terminology

Uniform System of Accounts	The Uniform System Of Accounts for the Lodging Industry establishes standardised formats and account classifications to guide individuals in the preparation and presentation of financial statements. It is the internationally accepted format for the lodging industry. The latest version is the Tenth Revised Edition.
Room Nights Available (RNA)	This is the total number of guestrooms (keys) in a property which are available for rent multiplied by the number of nights in a period.
Room Nights Occupied (RNO)	Room Nights Occupied excluding complimentary guests in a period. Total Rooms Occupied includes Complimentary Guests and is more generally used.
Average Daily Rate (ADR)	The average charge paid by hotel guests on a per room per night basis. It is expressed net of GST and other direct taxes and is calculated by dividing the total rooms revenue by the rooms occupied over a given period.
Occupancy Percentage	This is the ratio of rooms occupied (excluding complimentary guests) to rooms available over a given period. The total occupancy percentage includes complimentary guests.
Rooms Revenue Per Available Room (RevPAR)	This measures the rooms revenue yield a property receives relative to the rooms available and is calculated by dividing the total rooms revenue by the rooms available for a given period.
Total Revenue	The total revenue for the hotel expressed net of GST and other direct taxes. This is usually separated into revenue from rooms, food and beverage, other operated departments and rents and other income.
Departmental Expenses	These are expenses which relate to the operated departmental revenue categories such as rooms and food and beverage. They comprise cost of sales, cost of other revenue, payroll and related expenses, and other expenses.
Departmental Income	This is calculated by deducting Total Departmental Expenses from Total Revenue.
Undistributed Operating Expenses	These are expenses that are applicable to the entire property where it is not considered appropriate to allocate these to specific departments.
Gross Operating Profit (GOP)	The income generated from the hotel business operation before deduction of fixed charges. It is therefore the earnings before interest, depreciation, tax, building insurance, statutory property ownership charges, land rent (if applicable) and the FF&E Reserve. It is calculated by subtracting Total Undistributed Operating Expenses from Total Departmental Income.
Management Fees	This represents the cost of management services performed by a management company to operate the property as a whole. It does not include those specific departmental services which are charged to that department. It usually comprises base and incentive elements.
Base Management Fee	A fee payable to the manager in excess of the actual cost of management for services provided. Either set as a fixed amount or as a % of total hotel revenue.
Incentive Management Fee	A fee payable to the manager based on the profit performance of business. Set as a % of the GOP Base Fee.
Stand Aside	Term used to express the situation where a hotel manager forgoes incentive fees due to under-performance to set GOP benchmarks. Most commonly accompanied by a Claw Back.
Claw Back	Term used to express the right of the manager to receive reimbursement of any fee they may have foregone (Stood Aside) in some earlier period. Usually only payable when performance (GOP) is above budget thresholds.
Fixed Charges	These include rent, property and other taxes, and insurance.
Net Operating Income (NOI)	This is determined by deducting Fixed Charges from the Income before Fixed Charges. It is calculated before the deduction of the FF&E Reserve.
Furniture Fittings & Equipment Reserve (FF&E Reserve)	An account held in the name of the owner into which the manager places funds before distribution to the owner on a monthly basis for the replacement of specific items used in the operation of the business. It is usually calculated as a % of the revenue generated. The manager budgets for its expenditure on an annual basis with the approval of the owner.
Adjusted Net Operating Income	This is calculated by deducting the FF&E Reserve from the NOI. This is the net income from the hotel on an EBITDA basis. Income from non hotel sources may be added to this to calculate the Total Net Income which is used to calculate the value of the property.
Initial Yield	The projected Total Net Income (as defined above) as a percentage of the assessed value before any capital allowances such as the value of any excess land and the required capital expenditure to achieve the assessed income .
Value Per Room	The adopted value (excluding the value of any balance land) divided by the number of rooms.

Terminal Yield	The capitalisation rate applied within our valuation to the Total Net Income forecast during the year after the end of our Discounted Cash Flow (DCF) analysis. From this capitalised amount capital adjustments are made to arrive at a selling price for the property at the end of the adopted investment period of the DCF.
Target Internal Rate of Return (IRR)	The discount rate applied to the annual net cash flows of the property and the hypothetical sale of the property at the end of Year 10 to arrive at the adopted value (excluding any balance land) using the Discounted Cash Flow approach.
IRR (Indicated)	The Internal Rate of Return which the property would achieve over a period given the forecast net cash flow and assessed value. This analysis excludes the value of any balance land.
EBITDA	Earnings before interest, taxes, depreciation and amortization (EBITDA) is calculated by deducting Operating Expenses and Other Revenue from the Operating Revenue. Operating Expenses do not include interest, taxes, or amortization. In hotels this is usually after the deduction of the FF&E Reserve.

LAST UPDATED V0808

1 Introduction

1.1 Instructions

We refer to emailed instructions received from Mr Ranjith Seshadri of Fraser Place Melbourne. We enclose a copy of the email (refer Appendices).

We have been requested to provide an assessment of the current market unencumbered freehold going concern interest in the property known as Fraser Place, 19 Exploration Lane, Melbourne subject to vacant possession, for financial reporting purposes.

We confirm that our report complies with the parameters of the instructions received subject to the Critical Assumptions detailed within this report. *(Refer Critical Assumptions section.)*

1.2 Extension of Liability & Confidentiality

This report may only be relied upon by Fraser Place Melbourne to whom the report is addressed for the specific purpose to which it refers.

No responsibility is accepted or assumed to any third party, nor should there be any reliance upon this report by any third party other than Fraser Place Melbourne to whom the report is addressed, without our express written agreement.

This report is confidential as between CBRE and the instructing party, and any other party to whom CBRE agrees in writing may rely upon the valuation report.

Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third parties, without the prior written approval of CBRE of the form and context in which it appears.

No responsibility is accepted or assumed to any third party, nor should there be any reliance upon this report by any third party other than entities listed above to whom the report is addressed, without our express written agreement.

1.3 Assignment

CBRE may, in its absolute discretion, agree that the report may be relied upon by other persons or entities (Assignee), but strictly only on the following bases:

(i) Any agreement to assign the valuation will be provided by CBRE in writing to the Assignee and on such terms as are agreed to by CBRE;

(ii) Any assignment of the valuation may only be for reliance upon the valuation for the specific agreed purpose and such reliance can only occur within 3 months after the date of valuation;

(iii) Any reliance by the Assignee upon the assigned valuation must only be for first mortgage finance purposes (or purpose other than mortgage security as agreed in writing between CBRE and the Assignee);

(iv) The Assignee understands and accepts that CBRE has not reinspected the property nor undertaken further investigation or analyses as to any changes since the initial valuation, and CBRE accepts no responsibility for reliance upon the assigned valuation other than as a valuation of the property as at the date of the initial valuation;

(v) Should the Assignee to whom the valuation is addressed or anyone acting upon the Assignee's behalf in respect to the valuation or transaction involving reliance upon the valuation with CBRE' prior written agreement become aware of matters which may affect either the valuation figure(s) or anything stated in the valuation report, then the Assignee must not rely upon the valuation without first advising CBRE of those matters and not rely until CBRE agrees in writing to any reliance upon the valuation or any amended valuation.

Unless the above requirements are agreed to and are strictly complied with by the Assignee, CBRE will not accept or assume responsibility to the Assignee, nor does CBRE agree to any reliance being placed upon this valuation and valuation report by the Assignee or any other party without CBRE' prior written agreement.

1.4 Market Movement

This valuation is current as at the date of valuation only. The value assessed herein may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. Nor should the valuation be relied upon if in the knowledge of Fraser Place Melbourne or anyone acting on behalf of the aforementioned parties become aware that a change in the value may have occurred because of those factors noted earlier in this paragraph or any other similar factors.

Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability, nor should reliance be placed upon the valuation, or anything contained within the valuation report where this valuation report is relied upon after the expiration of 3 months from the date of valuation, or such earlier date if you or someone acting on your behalf with CBRE' prior written agreement become aware or are aware of any factors that have any effect on the valuation.

1.5 Reliance upon Report (intended party only, original report only, sent from CBRE only)

Only an original CBRE Report and Valuation relating to the property addressed herein, received directly from CBRE to the lender without any third party intervention, can be relied upon by the intended party for the use stated within the report. Use by or reliance upon anything other than an original CBRE Report and Valuation is not permitted. No responsibility is accepted to the intended party or any third party who may use or rely upon the whole or any part of an electronic version or any other copy of a CBRE Report and Valuation.

1.6 GST Assumptions

Unless otherwise stated, all financial information and valuation calculations and assessments in this report exclude GST.

1.7 Valuer's Interest

We hereby certify that the principal valuer is suitably qualified and authorised to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property (including the parties with whom our client is dealing, including the lender or selling agent, if any); and accepts instructions to value the property only from the instructing party.

1.8 Market Value Definitions

(Note: The International Valuation Standard referred to herein is adopted by API 2008 and PINZ 2009.)

Market Value Definition

In accordance with the International Valuation Standard, the definition of market value is as follows:

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."

1.9 Qualifications

This valuation report is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this report and to those included within the Assumptions, Disclaimers, Limitations & Qualifications section of this report.

2 Site Details

All information in this section is as per the Title and Registered Plan documentation in our possession (refer Appendices) and as advised by the Local Authority.

2.1 Location

Suburb/City:	Melbourne.
Situation:	Western side of Exploration Lane through to the eastern side of Bennetts Lane between La Trobe and Little Lonsdale Streets.
Location:	Approximately 500 metres north of the Melbourne GPO, just west of Melbourne's China Town.
Surrounds:	A mixture of low rise older commercial premises and more modern office, residential and hotel property. The more recent developments include the redeveloped Australia Post House opposite to the east at 321 Exhibition Street, the recently completed Melbourne Star Apartments to the south on the corner of Little Lonsdale Street and Exploration Lane and the Melbourne Marriott and Mantra on The Park properties fronting Exhibition Street.
Access:	Access is provided via both Exploration and Bennetts Lanes off Little Lonsdale to the former and La Trobe to the latter.
Transport:	Public Transport is rail and tram is in close proximity. Melbourne Airport is readily accessible.
Negative Attributes of Location:	There is little public awareness of either Exploration or Bennetts Lane with little exposure offered to the property.

The following map indicates the position of the subject property within Melbourne:

2.2 Site & Services

Shape:	Irregular comprising two adjoining rectangular parcels fronting each street frontage.
Topography:	Level.
Site Area:	377 square metres.
Frontage:	Exploration Lane: 9.11 metres Bennetts Lane: 13.56 metres
Services:	Typical services appear to be connected.
Flooding:	Above known flood levels. Formal searches not undertaken.

A current survey has not been provided. *(Refer to Assumptions, Disclaimers, Limitations & Qualifications section – Premise 7.)*

2.3 Environmental

(Refer to Assumptions, Disclaimers, Limitations & Qualifications section – Premise 9.)

Site Contamination

Our visual inspection of the subject property and immediately surrounding properties revealed no obvious signs of site contamination. Past and Present uses are noted as follows:

- Past Use: The property would have previously been developed with older style commercial buildings and it is uncertain whether they may have been used for activity that would have caused contamination. As the site was recently developed, any contamination would likely have been dealt with in the reconstruction process.
- Present Use: As at the date of valuation, the property is used for commercial accommodation and would not likely cause contamination.

We assume that the site is free from elevated levels of contaminants and have therefore made no allowance in our valuation for site remediation works.

Asbestos

We understand that a Register of Asbestos Containing materials has not been prepared for this property. As the property was constructed after 1990, it is unlikely that asbestos containing materials would be present in the building as asbestos products were generally not used in buildings constructed after this date. Whilst we did not identify asbestos during our inspection, we are not experts in this area and can give no warranty in this regard. We have undertaken our assessment assuming no adverse effect on the property's market value or marketability. If a more definitive asbestos statement is required, a report from a suitably qualified expert should be commissioned and if asbestos materials are found to be present on-site this valuation must be referred back to the Valuer for further consideration and possible re-assessment.

We are not environmental experts, nor do we know the extent of contamination (if any). Our valuation therefore assumes that there are no contamination issues having an adverse effect on the market value or marketability of the property. Formal searches not undertaken.

2.4 Legal Details

(Refer to Assumptions, Disclaimers, Limitations & Qualifications section – Premise 8.)

Real Property Description (freehold)

- Lot 1 on Title Plan 819422U, Lot 1 on Title Plan 680617W and Lot 1 on Title Plan 943303J referenced as Volume 11079 Folio 959, Volume 6589 Folio 734 and Volume 11124 Folio 310 respectively.

We enclose a copy of the Certificates of Title (refer Appendices).

We were provided with two Plans of Subdivision for each of the two stages of the development. Copies of these plans are appended to the report. Registration of the plans would allow for the sale of individual lots if required.

Registered Owner

- Frasers Melbourne Management Pty Ltd.

Easements & Encumbrances

All Titles:

- Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section 24 Subdivision Act 1988 and any other encumbrances shown or entered on the plan.

Volume 11079 Folio 959

- Agreement Section 173 Planning and Environment Act 1987 W427333P 25/11/1999.
- Agreement Section 173 Planning and Environment Act 1987 AG245192W 12/12/2008.

Volume 6589 Folio 734

- Agreement Section 173 Planning and Environment Act 1987AG504062U 14/05/2009.

We have conducted a brief title search only. We have therefore not perused the original Crown Grant documentation. We have assumed that there are no further easements or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that a comprehensive title search is undertaken which reveals further easements or encumbrances, we should be consulted to reassess any effect on the value stated herein.

We enclose a copy of the Title search (refer Appendices).

2.5 Town Planning

Local Authority:	Melbourne City Council.
Classification:	Capital City Zone 1, Melbourne Planning Scheme.
Existing Use:	Appears to conform.

(Refer to Assumptions, Disclaimers, Limitations & Qualifications section – Premise 10.)

2.6 Statutory Assessment

Valuations are undertaken by the Melbourne City Council for the purpose of raising rates and taxes, the current valuation was prepared as at 1 January 2012, these are displayed on the 2012/13 Rates Notice as follows:

Site Value:	3,380,000
Capital Improved Value :	$25,160,000
Net Annual Value:	$1,132,200

Council Rates for the current year are $60,799.25 while State Land Tax is $33,525 on a single holding basis.

It is our understanding of the current Planning Scheme that should the existing premises be destroyed, there would be no planning impediments to the reconstruction and reuse of the property as a commercially operated accommodation hotel.

3 Improvements

(Refer to Assumptions, Disclaimers, Limitations & Qualifications section – Premise 11, Premise 12, Premise 13, Premise 14.)

3.1 Property Description

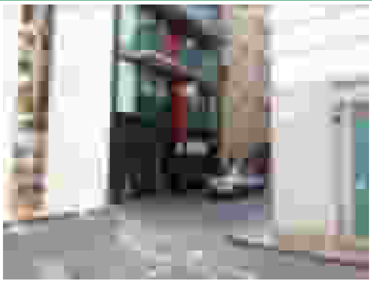
3.1.1 General

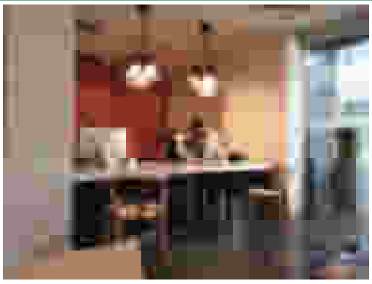
The subject property comprises a 112 room, 4 star high rise serviced apartments constructed over 11 levels, which fully opened in 2010.

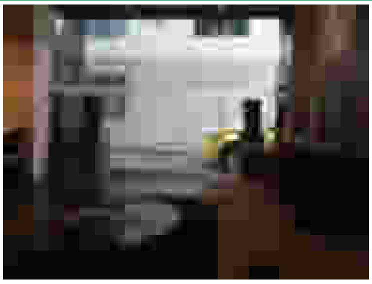
Facilities within the property include:

- Reception and foyer area;
- Lounge & computer kiosk;
- Café;
- Gymnasium.

The property is constructed in two adjoining towers with separate lift cars servicing each tower.


Exploration Lane Entrance


Reception Desk


Reception Foyer

3.1.2 Construction

Foundations:	Reinforced concrete footings and foundations.
Floors:	Reinforced concrete floor slabs.
Structure:	Reinforced concrete column and beam frame.
External Walls:	Structural and external walls of reinforced concrete with applied textured finish and aluminium framed windows and external doors.
Windows/Doors:	Powder coated, aluminium framed windows and doors throughout.
Roof:	Assumed waterproofed reinforced concrete, but not inspected.

3.1.3 Internal Finishes

Entry Foyer:	High quality, incorporating tiled floor and wall finishes and plasterboard lined ceilings with recessed lighting.
Floors:	Tiles to lobby, bear concrete to back of house and carpet to corridors
Internal Walls:	Mix of masonry and plasterboard, generally painted and papered.
Ceilings:	Painted plasterboard.

3.1.4 Services

Air Conditioning:	The guest rooms and public areas are serviced via ducted air conditioning, with

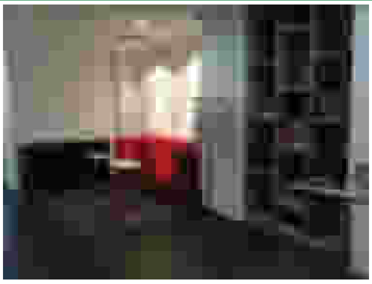
	individual controls to guest rooms.
Security:	The complex is extensively fitted with some 70 CCTV cameras that monitor the internal and external areas of the building.
Fire Prevention:	The complex is fully fitted with an automatic fire sprinkler system and smoke and thermal detectors to each level. An Emergency Warning and Intercommunication System (EWIS) is additionally installed within the complex.
Lifts:	Two lifts with a capacity for 17 people or 1250 kilograms lifts provide access to the accommodation towers.
Lighting:	A mix of fluorescent, incandescent and spot lighting is provided throughout.

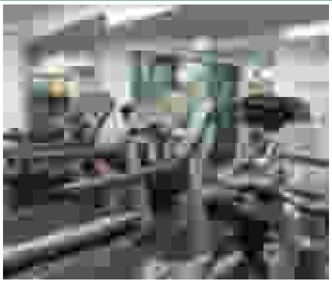
3.2 Room Configuration & Description

Room Configuration

All rooms are studio apartments with three different room types as follows:

Room Type	*Number of Rooms*	*Approx. Area (sqm)*
Exploration Lane Tower (Levels 1-13) Studios with 3.5 metre balconies (Studio Deluxe)	52	28 to 32
Bennetts Lane Tower (Levels 1-11) Studios (33) and 1 (22) bedrooms with either juliet or 2.5 to 3 metre balconies. (Studio Executives)	56	30 to 33
Bennetts Lane Tower (Levels 12-13) Studios (4) and 1 bedrooms (4) with either 6 metre or 10 metre balconies. (Studio Premier)	4	48
Total:	112	


Lounge Area

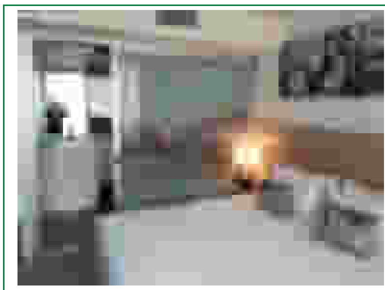

Gym

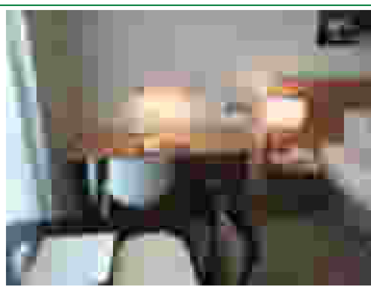

Cafe

3.3 Apartment Accommodation

Each of the apartments provides the following furnishings:

Bed area:	• Queen size beds; • Bedside tables and reading lamps; • Combination radio, alarm clock & iPod dock; • Wall print; • Feature bed head; • Wall mounted television with Movies on Demand.
Living Area:	• Dining table & chair setting (Executive & Premier rooms); • Desk & chair, telephone; • Sofa; • Safe; • Coffee table; • Wall prints; • Operable door to balcony.
Kitchenette:	• Open plan kitchen / living area; • Two burner gas cooktop with rangehood; • 'Nespresso Pod' coffee machine (Premier rooms only); • Stainless steel sink; • Bar fridge; • Microwave and dishwasher; • Built in cupboards; • Complimentary light beverages.
Bathroom:	• Shower with glazed screen; • Toilet pedestal & cistern; • Vanity basin with cupboard; • Electric exhaust fan; • European laundry with combination washing machine & dryer (all Premier rooms some Executive rooms); • Complimentary bathroom consumables.





Typical Studio Apartment	Studio Apartment Kitchenette	Typical Executive Apartment
		
Typical Premier Apartment	Premier Apartment Kitchenette	Typical Bathroom

3.4 Capital Expenditure

We have been informed by management of significant capital expenditure at the property in the early part of 2012. Areas of capital expenditure include:

Common Areas

- Relocation of reception to the property's Exploration Lane frontage;
- Refurbishment of Café;
- Conversion of old reception to guest lounge and computer kiosk area;
- Implementation of wireless network;
- Conversion of an executive apartment into the gymnasium;
- Purchase of new artwork for common areas.

Accommodation Rooms

The following items have been replaced with new in 2012:

- Feature bedheads;
- All furniture except beds;
- Bed side tables and lamps;
- Linen.

Other capital expenditure in 2012 includes the new 'Nespresso Pod' coffee machines to Premier rooms and combination washer/dryers to some 40% of rooms. We note that all rooms have been re-painted in 2012. We have been informed that an existing rooftop area atop the Bennetts Lane tower is planned to be upgraded as a common balcony area in the short term.

3.5 Food & Beverage Facilities

The food and beverage facilities are summarised as follows:

Café:	A casual restaurant with a seating capacity for 36. Currently open for breakfast 7 days per week only. Full kitchen facilities provided.

3.6 Condition & Repair

As the subject property is recently completed and 2012 refurbishments, it appears to be in excellent condition. The external elevations appear to be in sound repair, and the internal common areas are clean and well maintained.

Management have advised that all installations and operating equipment are in good working order and subject, where necessary, to appropriate maintenance and servicing contracts. We note however, that we are not appropriately qualified to provide advice in respect of the building structure and fabric.

Hotel and resort facilities by their very nature require continual expenditure to maintain the aesthetic appeal, structural integrity and hence, capital value of the asset. In this regard, we have incorporated a specific capital expenditure allowance throughout the term of our cash flow analysis in recognition of the requirement for an ongoing refurbishment program.

4 Occupancy Details

(Refer to Assumptions, Disclaimers, Limitations & Qualifications section – Premise 4.)

4.1 Owner/Management Profile

The property is currently owner occupied by Frasers Hospitality. Frasers Hospitality is an international operator of serviced residences and operates as part of The Fraser and Neave Group, a diversified international company with business lines covering property investment and development, breweries, dairy products, glass products, publishing and printing.

Frasers Hospitality currently operates over 4,000 apartments in 18 serviced residence hotels across the UK, Europe and Asia Pacific through its Fraser Suites, Fraser Place and Fraser Residence Brands (source: Frasers Hospitality website)..

For the purpose of valuation, we have assessed income as owner operated (before management fees and an FF&E reserve) as well as adopting assumed management terms should the property be sold/operated in this manner. The terms assumed for the latter scenario are as follows:

Assumed Management Terms		
Management Fees:	Basic Fee:	1.0% of Total Revenue
	Incentive Fee:	8.0% of GOP
FF&E Allowance:	1% of revenue year 1, 2% in year 2 and 3.0% thereafter	
Termination Provisions:	On sale with compensation.	

5 Tourism & Regional Market Overview

5.1 General Economic & Tourism Overview

(Source: Access Economics, July 2012)

5.1.1 The International Environment

The global environment remains at risk given the potential fall-out from ongoing sovereign debt problems in Europe and a downturn in China, where growth has relied on cheap credit and exceptionally strong property and construction sectors for too long. However, China's authorities have already acted to boost the ability of banks to lend and have also commissioned new construction projects. That should help limit the impact on global growth. Yet the risks are very real. Either Europe or China (or both) could create a global problem, dropping global growth significantly. However, so far these risks haven't yet really come home to roost, and economic growth among Australia's major trading partners is still projected to be a solid 4.1% in 2012, before then lifting to an above average 4.7% in 2013.

5.1.2 The Financial Environment

Anything seen as risky (such as some Eurozone government bonds as well as some corporate bonds) has to pay top dollar to get credit, while anything seen as safe (such as US, UK and German government bonds and even Australian bonds) has never had to pay less to raise cash. Yet that split in funding costs isn't permanent – it is crisis driven. Provided the outlook for Europe and China holds, there may be only one interest rate cut by Australia's Reserve Bank left in this cycle. Cash rates are already very low, and mortgage rates are lower than usual too.

5.1.3 Exchange Rate Developments

The AUD is still strong, although many of the factors that would usually point to a weakening in the AUD have been evident. Commodity prices have fallen, Australia's key trading partner – China – has seen both its growth and its demand for industrial commodities moderate, while the global economic environment is laden with risk. And yet the AUD has remained at parity with the USD despite the latter's rise against some other currencies of late. In part that is because although there are reasons for the AUD to fall, other currencies are experiencing similar or greater problems. Although the AUD hasn't shrugged off all the recent negatives, it has punched above its weight (and perhaps above its fundamentals) in recent months.

However, not only is the AUD already off its peaks, but it is hard to see it maintaining today's levels forever. Interest rates will increase by more in much of the rich world than here in coming years, and industrial commodity prices have further to fall. Besides, the latter won't be a permanent feature of the landscape. That said, with many other currencies around the world weakening, the AUD may continue to hold up through 2012 and 2013 even if commodity prices continue to ease in the short term. However, 2014 and beyond may see the AUD lose further altitude even if commodity prices aren't doing much at that stage.

5.1.4 Prices and Wages

'Two speed troubles' are keeping Australian inflation on a tight leash, aided by the related moderation in wage gains and the continuing strength of the AUD. Even productivity is beginning to rise and oil prices have dropped back, while carbon pricing is likely to be just a one off boost to prices. Yet the productivity improvement needs to continue if inflation is to remain subdued. And, even if productivity does lift, a steadier AUD threatens less benign import prices, while wages may resume their rise as jobs recover and boomers retire.

5.1.5 Conclusion

Overall property demand growth remains modest, held back by weakness in many key sectors. Yet recent cuts to interest rates are helping the flagging retail sector, while forward indicators for residential demand such as housing finance and building approvals have also shown some signs of life, albeit from a low level. Office demand is growing, but only modestly, held back by a low level of white collar employment growth and weak business confidence in light of global jitters. With the exception of the near term outlook for residential demand, markedly stronger prospects for property demand across offices, retail, and industrial property are expected in the resource States of Queensland and Western Australia – with the news elsewhere in Australia less good.

5.1.6 Hotel Demand Drivers - National Room Nights Occupied

It took little more than two years for average monthly tourist arrivals to go from 400,000 to 450,000. But we reached that level in 2005, and only in recent months have we breached the half a million mark for monthly short term tourist arrivals. It is not just the rise of the AUD – the slowdown in migrant numbers and in education inflows have also been negatives, while room nights occupied have also felt the impact on domestic tourism of cautious consumer sentiment. Yet tourist inflows are rising anyway, aided by record numbers of travellers from China, with growth from that market more than 30% in the past year. That said, the lift in the departure tax announced in the last Federal Budget doesn't help with the short term outlook for traveller numbers (though the initial Budget plan to index the tax to the CPI has been shelved). And with the strength of the AUD projected to remain evident for the next two years, Australia can expect to remain a 'net exporter' of tourists for a little while longer. International tourist arrivals and room nights occupied are expected to rise by 2.5% and 0.2% respectively in 2012, and by 3.2% and 4.0% respectively in 2013.

5.1.7 Victorian Room Nights Occupied

While international tourist arrivals to NSW and Queensland fell sharply through much of 2011, Victoria saw the State's share of all international tourist arrivals increase to 21%, an all-time high. For much of the last decade, tourism in Victoria grew strongly. Yet some of the factors that have underpinned strength in Victoria's economy – a housing boom, rapid growth in international education, a large manufacturing sector and a growing finance industry – are starting to subside. This is likely to have flow-on effects for business travel to Melbourne (and, to a lesser extent, leisure travel). And although international visitor numbers will provide a cushion, that is more likely to be evident in 2013 than in 2012. Room nights occupied are expected to ease by 0.7% in 2012, before a recovery commences with a gain of 4.0% in 2013.

5.2 Australian Tourism Overview

During the second half of 2008 and throughout 2009, the GFC impacted tourism in line with similar detrimental effects in almost every sector of the Australian economy. In addition to such general economic shocks, the tourism industry is also inherently linked to global, regional and local external shocks and forces. In order to gain a sense of where tourism in Australia is heading now, it is useful to look back on past events.

Unlike periods of weakened hotel demand earlier this decade such as those triggered by the 9/11 terror attacks and Severe Acute Respiratory Syndrome (SARS), softening hotel demand linked to the GFC has not been caused by a fear of travel. Such fear caused a sharp decline in tourism globally, however once that fear was overcome – and it was relatively quickly – normalcy returned to hotel markets. Current economic conditions will affect tourism in a very different way. Today consumers are concerned about affordability and are cautious about spending large amounts of money on discretionary goods and services. This sentiment and softening of demand is especially prominent in Australia. It has not been since the recession of the early 1990's that tourism in Australia has seen such a foe.

Despite some obvious similarities, the shape and nature of travel in Australia has changed since the days of the early 1990's. Far from the protective duopoly of uncompetitive airfares, proportionately high distribution costs and long distance car journeys, today the hotel sector is supported by a vast network of low cost, convenient and highly accessible air transportation; and highly efficient and cost effective distribution and yield management systems providing the infrastructure and tools required to prosper in a difficult environment. Additionally, the operating environment in major city markets in recent years – characterised by 'full house' occupancies exceeding 80%, strong room rate growth and limited new supply – provides a buffer from the worst effects of softening demand.

Other external forces that can impact Australian tourism include Australian Dollar (AUD) exchange rates, world oil prices, air transport access, infectious disease pandemics, Australian interest rates and the local economic conditions of major international inbound markets. Certainly the high value of the AUD has affected the inbound market, however, global uncertainty has tended to serve to promote domestic tourism within the country.

Discussions with industry participants within the marketplace are suggesting a more buoyant scenario with increasing demand in terms of corporate demand for rooms, functions and exhibitions, and a domestic market which remains strong in demand terms, albeit being price sensitive at present.

5.2.1 National Overview

(Source: Tourism Australia – Extract from the August 2012 Market Update)

According to the Australian Bureau of Statistics (ABS), there were 5.98 million short-term visitor arrivals to Australia in the 12 months to June 2012. It is anticipated that annual arrivals to Australia will exceed the 6 million milestone before the end of 2012.

The latest International Visitor Survey (IVS), shows total expenditure for the year-ending March 2012 grew by 2% to $26.5 billion.

International visitor growth continues to be driven out of Asia, with China leading the pack to grow 23% in quarter two. Japan is showing encouraging signs of recovery with arrivals growing 12% in quarter two, boosted by a strong Holiday segment. North America also saw positive growth in arrivals in the first half of 2012, suggesting the US market is in a recovery pattern.

There is still no sign of improvement out of Europe, with the region still faced with economic uncertainty. The combination of a high Australian dollar, increased passenger taxes, major events (2012 London Olympics and the Queen's Diamond Jubilee) and low consumer confidence are contributing to the negative long haul outbound trend from the UK. It is expected that arrivals will continue to be impacted out of the UK in the second half of 2012, while performance from Continental European markets is likely to remain patchy.

The impact of Asia on Australia's international arrivals continues to grow, representing 43% of total arrivals for the first six months of 2012, and 47% of total international expenditure (including airfares and pre-paid packages). With Europe still experiencing economic woes and North America still in recovery mode, growth is likely to be centred among Asian markets.

There has been strong growth in the Business Events segment with arrivals to Australia growing by 7% in the year ended June 2012 and 20% in the three months to June 2012 compared to the same period in 2011. Overall Business travel also increased 3% in the year ended 30 June 2012. Australia is seeing a strong revival in incentive business from the United States, with destination management companies reporting increased quotes and business won.

5.2.2 Domestic Travel Overview

(Source: Tourism Research Australia – September 2012)

For the year ending March 2012 the following observations are made:

Total trips:	There were 73.3 million overnight trips taken in Australia by Australian residents aged 15 years and over. This was 5.4% higher than the number of overnight trips for the equivalent period in 2011.
Visitor nights:	Australians spent 72.5 million nights away in a hotel, motel or guesthouse, this is a fall of 1.7% over the previous year.
Travel:	68% of visitors travelled within their state or territory of residence. The remaining 32% travelled interstate.
State/ territory visits:	New South Wales received the most visitors (33%), followed by Queensland (25%) and Victoria (24%).
State/ territory nights:	New South Wales received the most visitor nights (31%), followed by Queensland (26%) and Victoria (19%).
Purpose:	Overnight travellers who had holiday as their main purpose of visit contributed 43% of domestic visitor nights, followed by those visiting friends and relatives (34%) and business (19%).
Accommodation:	In terms of visitor nights, the most popular type of accommodation was a friend's or relative's property (40%), followed by a hotel, resort, motel or motor inn (36%).
Transport:	The most common forms of transport used on overnight trips were a private

	vehicle (71%) and air transport (24%).
Expenditure:	Expenditure by overnight visitors amounted to $49.96 billion, an increase of 10.4% compared with the same period in 2011.

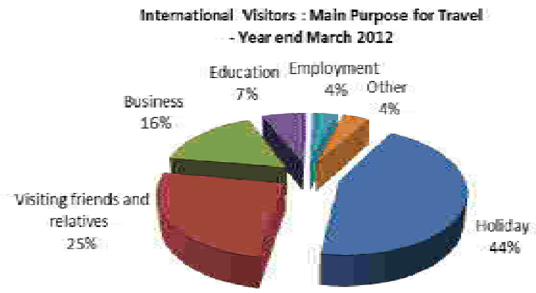
5.2.3 International Market Overview

(Source: Tourism Research Australia – September 2012)

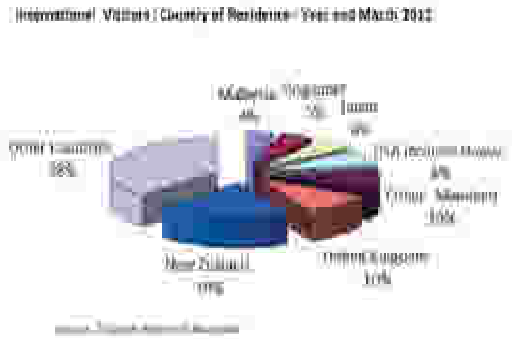
For the year ending March 2012 the following observations are made:

Total visitors: During the year ended 31 March 2012, there were 5,499,026 visitors to Australia aged 15 years and over. This was an increase of 1.1% from the year ended 31 March 2011.

Reason: The main reasons for visitors coming to Australia were:



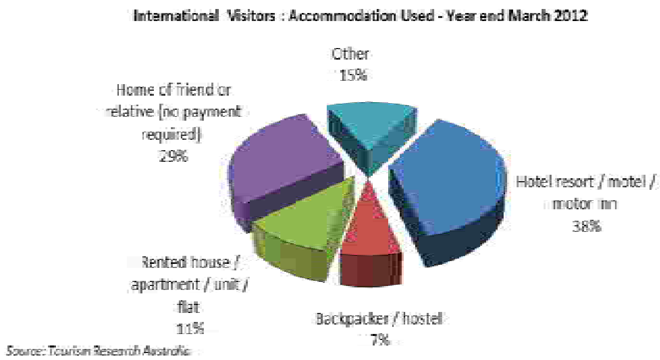
Source: New Zealand was the largest source of visitors during the period.



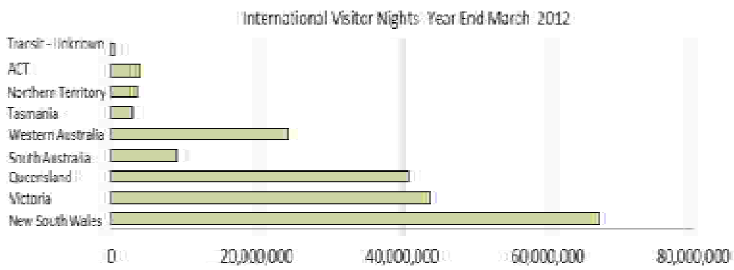
Nights: A total of 196.6 million visitor nights were spent in Australia, an increase of 5.5% compared with the year ended 31 March 2011.

Return visits: Of all international visitors to Australia, 63% had visited before.

Accommodation: Commercial tourism establishments remain the major type of accommodation used by international visitors:



Visitor Nights by State: New South Wales accommodated 34.2% of all international visitor nights, followed by Victoria at 22.4% and Queensland with 20.8%.



5.3 Visitation Forecasts

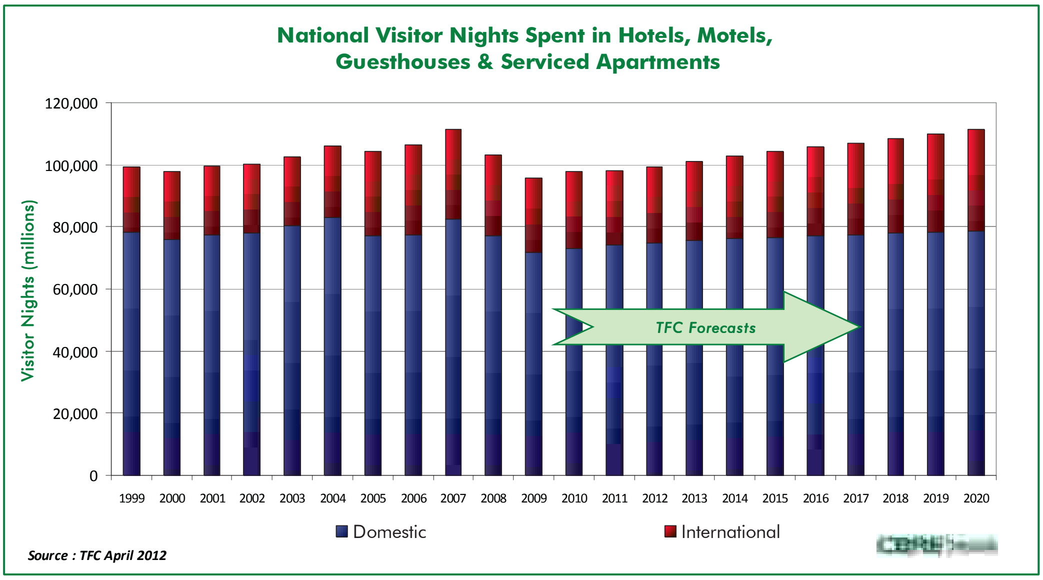
(Source: Tourism Forecasting Committee – Extract May 2012)

Domestic visitor nights

- Domestic visitor nights are forecast to increase by 1.5% to 264 million in 2011–12 and then by a further 0.7% to 266 million in 2012–13. This represents an upward revision from the 0.2% fall previously forecast for 2011–12, but similar growth to that expected in the last forecast round for 2012–13 (0.5%). The brighter short-term outlook is linked to stronger growth in travel to visit friends and relatives (VFR) than previously expected;
- Although remaining modest, the longer-term average annual rate of growth has also been revised upwards slightly from 0.3% to 0.5%. Domestic visitor nights are now forecast to reach 274 million by 2020–21;
- While overall the short-term and—to a lesser extent—long-term prospects for domestic visitor nights have improved, there is still expected to be variability in performance between different areas of Australia.

Inbound arrivals

- Inbound visitor arrivals are forecast to increase by 1.0% to reach 6.0 million in 2011–12 and then by a further 3.0% to 6.1 million in 2012–13 (down slightly from the 1.3% and 3.3% growth previously expected in each year). The downward revisions are attributable to the continued slow pace of economic growth in Europe, coupled with softer travel activity from New Zealand, Hong Kong and Malaysia leading into 2012 than previously anticipated;
- China (18.9% then 12.6%) and Indonesia (11.1% then 10.5%) are among the markets expected to experience strongest growth in 2011–12 and 2012–13. Meanwhile, on a purpose basis, business and 'other' travel (which includes the fast growing employment segment) are projected to contribute most to visitor arrival growth in 2011–12 and 2012– 13;
- The long-term outlook has improved slightly, with average annual growth expected to be 3.3% (rather than the 3.2% previously forecast to 2020), and inbound arrivals to reach 8.2 million by 2020–21. With the value of the Australian dollar expected to depreciate gradually over time, the current divergence in growth rates between inbound visitor arrivals (lower) and outbound resident departures (higher) is expected to level out from 2015–16 onwards;
- Strong growth from Asia is expected to be particularly important to the performance of the inbound tourism sector in the short and longer term. Inbound arrivals from Asia are expected to increase by 4.0% to 2.5 million in 2011–12 and by a further 5.6% to 2.6 million in 2012–13. In contrast, combined inbound arrivals from elsewhere in the world are expected to decline by 1.1% in 2011–12 and then grow by just 1.1% in 2012– 13 to stay around 3.5 million in each year. By 2020–21, Asia's share of inbound arrivals is expected to have increased from 41% to 45%.



5.4 Victorian Tourism Statistics

Visitation to Victoria has shown steady growth of the past several years, this is despite a peak in 2006 caused by the Commonwealth Games, room nights occupied continued to increase, albeit at slower rates, over the following two years. Underpinning these results are several factors including:

- Strong events calendar in Victoria;
- Substantial infrastructure improvements and additions at Melbourne Airport which has facilitated year on year growth in passenger numbers;
- Ongoing promotional activity by Tourism Victoria and implementation of State Government initiatives;
- Completion of several new and very good quality regional hotel/conference facilities;
- Increased Melbourne room supply capacity;
- Underlying strength of the corporate market segment and convention facilities in Melbourne / Victoria.

The following table provides an overview of the Victorian Tourism Market using tourism accommodation survey data issued by the Australian Bureau of Statistics (12 month period ending 31 December 2011) which reveals a five year average annual growth in revenue per available room (RevPAR) of 3.2%, it also reflects the affect of the Global Financial Crisis on the tourism industry and the apparent emergence of the market in the RevPAR growth of 5.6% between December 2009 and 2010 and 4.2% in the latest 12 months.

			Victoria > 14 Rooms - All - Tourist Accommodation Summary								
Year End	Properties	No. Rooms	RNA*	Growth	RNO*	Growth	Occupancy	ADR	Growth	Room Yield	Growth
December											
2003	746	35,468	12,624		7,318		58.0%	$115.66		$67.05	
2004	741	35,353	12,687	0.5%	7,578	3.5%	59.7%	$116.29	0.5%	$69.46	3.6%
2005	781	36,322	13,205	4.1%	8,233	8.6%	62.3%	$121.94	4.9%	$76.02	9.4%
2006	796	37,308	13,530	2.5%	8,608	4.6%	63.6%	$130.82	7.3%	$83.23	9.5%
2007	796	37,454	13,662	1.0%	8,878	3.1%	65.0%	$137.28	4.9%	$89.21	7.2%
2008	800	38,038	13,938	2.0%	9,007	1.5%	64.6%	$144.68	5.4%	$93.49	4.8%
2009	819	40,715	14,343	2.9%	8,926	-0.9%	62.2%	$141.59	-2.1%	$88.11	-5.8%
2010	810	40,431	14,816	3.3%	9,552	7.0%	64.5%	$144.34	1.9%	$93.06	5.6%
2011	802	41,249	15,101	1.9%	9,895	3.6%	65.5%	$148.70	3.0%	$97.43	4.7%
CAG											
2006-2011		2.0%	2.2%		2.8%			2.6%		3.2%	

Source : ABS Tourist Accommodation Survey Data

5.5 Melbourne Tourism

5.5.1 Overview

Tourism's value to the Victorian economy is estimated at $9.3 billion per annum, in Australia the contribution is $59 billion annually. Some other key statistics for Melbourne city include;

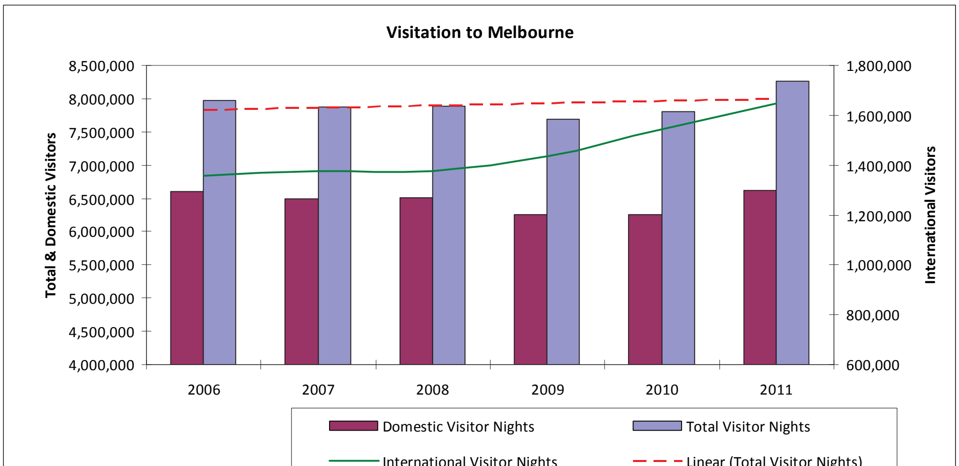
- Melbourne is the capital city of Victoria, it has a population of 4.150 million (extrapolation on the 2006 Census) and whilst it contains some 64.4% of tourist accommodation rooms in Victoria it accounted for 72.9% of room nights spent in the State (12 months ended December 2011 – per ABS survey data);
- In the 12 months to end December 2011 Melbourne city's tourism accommodation premises (15 rooms or greater in size) hosted some 5.26 million room nights up 6.3% on that achieved over the previous 12 months (per ABS survey data);
- Occupancy for the same period was 78.8%, up from the previous year of 78.5% which is a strong result considering the volume of new room supply which is recorded in the ABS Survey;

- The Average Room Rate for the 12 months to end December 2011 was $169.40 up 2.6% on the previous year's result of $165.15;
- RevPAR of $133.46, an increase of 3.0% on the previous year.

Melbourne boasts an array of international sporting, cultural and entertainment venues which compliment the major events held in this city, benefiting the local tourism industry, which includes:

- Australian Tennis Open
- International Air Show
- Formula 1 Grand Prix
- Motorcycle Grand Prix
- Test Cricket / AFL Football at MCG
- Food & Wine Festival
- International Comedy Festival
- Spring Racing Carnival
- Equitana Asia Pacific
- Melbourne Marathon

The following table provides an overview of visitation trends to Melbourne since 2006 which indicates growth over the past 12 months in respect to both Inbound and Domestic visitation compared with the previous two years.



Source: Tourism Research Australia

5.6 In Bound Tourism

We have reviewed the most current Visitor Arrivals data (January 2012), in particular we have referenced the statistics for short stay visitors to Australia and Victoria (refer following table) which clearly indicates that Victoria's share of visitation has increased and grown in quantum year on year for the past six years.

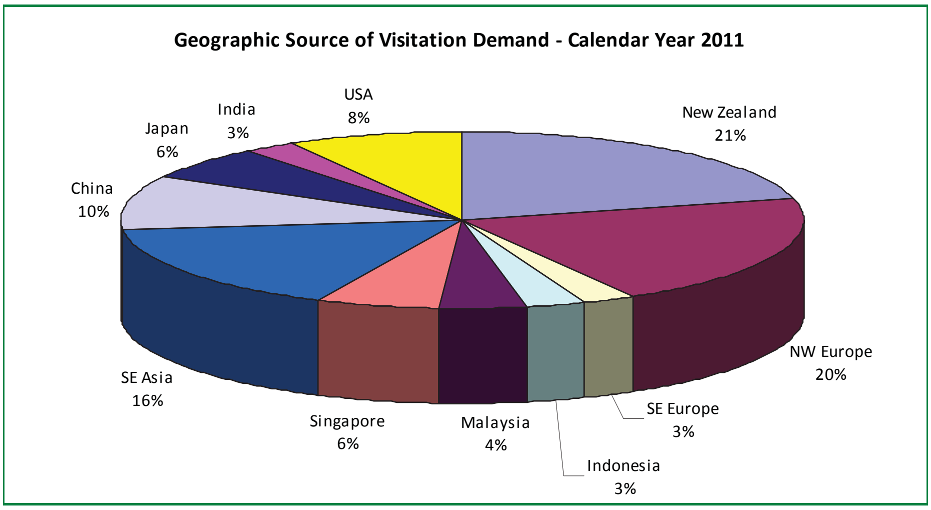
Short Term International Visitor Numbers			
Calendar Year	Australia	Victoria	% Victroria
2005	5,532,500	931,700	16.8%
2006	5,538,100	940,200	17.0%
2007	5,703,000	977,600	17.1%
2008	5,610,500	990,100	17.6%
2009	5,647,100	1,060,700	18.8%
2010	5,969,500	1,169,400	19.6%
2011	5,956,700	1,240,500	20.8%

Source: ABS Overseas Arrivals & Departures

The following chart provides an indication as to the seasonality of the inbound market on a monthly basis, the information source being the average visitor numbers in each month over the past two years. It suggests that the Spring shoulder, Summer and Autumn shoulder periods are the strongest, peaking in December / January for the Christmas / New Year period.

Interestingly, September is the lowest visitation month, largely because of the shortage of hotel rooms in Melbourne due to the AFL final series which attracts strong domestic leisure demand.

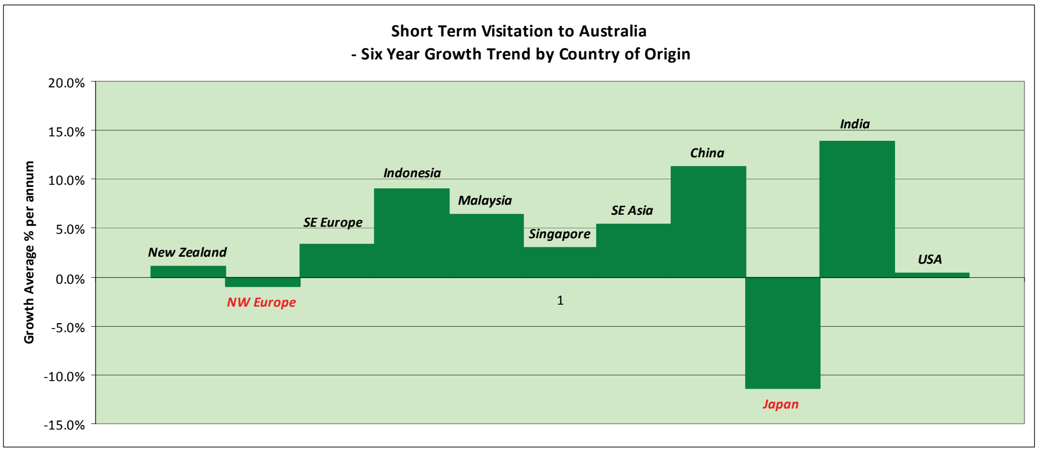
The country of origin from which visitation to Australia is sourced remains dominated by New Zealand and North West Europe (including the UK), in 2011 these two regions comprised some 41% of total visitation.



Actual visitation number by geographic origin over the past seven years are detailed in the following table:

	New Zealand	NW Europe	SE Europe	Indonesia	Malaysia	Singapore	SE Asia	China	Japan	India	USA
2005	1,098,800	1,187,400	121,400	83,400	166,000	265,900	654,100	285,000	685,200	68,000	446,200
2006	1,075,700	1,221,400	125,500	83,500	150,300	253,300	632,000	308,500	650,900	83,700	456,000
2007	1,138,000	1,194,800	139,600	89,100	159,500	263,800	682,500	357,400	572,900	95,100	459,700
2008	1,113,400	1,201,900	157,200	94,400	171,100	270,800	714,500	356,500	457,300	116,000	454,500
2009	1,110,300	1,196,100	145,200	109,000	211,500	285,400	790,100	366,400	355,300	124,800	479,800
2010	1,161,800	1,175,100	150,400	124,000	236,900	308,000	862,100	453,800	398,100	138,700	472,200
2011	1,172,700	1,122,700	148,300	140,400	241,200	318,500	896,900	542,000	332,700	148,200	456,200
Growth	1.1%	-0.9%	3.4%	9.1%	6.4%	3.1%	5.4%	11.3%	-11.3%	13.9%	0.4%

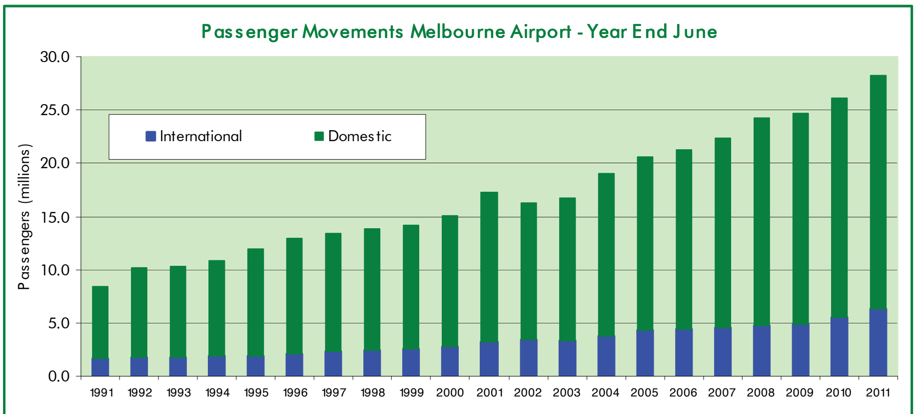
As indicated, the regions which provide the strongest demand are currently reflecting the least growth, India, China and Indonesia are showing the biggest growth:



5.6.1 Airport Passenger Movements

Melbourne maintains its position as the second busiest Australian airport accounting for 17.7% of international and 18.6% of domestic national arrivals and departures. Melbourne Airport has undergone a major 5,000m² terminal expansion and includes the recent completion of a dual aerobridge to accommodate the new Airbus A380 aircraft. This project extended the existing building by 20 metres, and added a new 2,000m² third level for use as premium airline lounges. A further expansion of the terminal is currently underway at a cost of $300 million.

Passenger movements through the Melbourne Airport are currently running at an all-time high as indicated in the following chart. This is largely due to the low price airfares which are available and which tend to spread the passenger load across a wider time frame during any particular day. The substantial increase of direct international flights into Melbourne is also a contributor to the growth in passenger numbers.



Source: Melbourne Airport Corporation

Melbourne Airport's continued strong international passenger growth has seen total passengers climb to 28,190,457 for financial year 2010/11, an increase of 2,021,751 or 7.7% compared to previous financial year.

There are currently 27 international airlines with direct flights to Melbourne Airport, the most recent addition being Royal Brunei with direct flights to Brunei.

For the calendar year 2011 the Melbourne Airport finished with strong international passenger growth of 11% compared to 2010. Domestic passengers declined by 2% in 2011 compared to 2010 largely due to industrial disputations and unusual weather events. In calendar year 2011, strongest growth was seen in passport holders from New Zealand, China, the Philippines, Indonesia, Singapore and Taiwan.

The strong international passenger growth contributed to more than 27.9 million passengers passing through Melbourne Airport in the 2011 calendar year, an increase of 1% compared to 2010. The curfew free operations, a single terminal precinct and low airline fees are viewed as the principal or underlying reasons for the continued growth.

Airport Upgrade

On the 21st March 2012 the Airport Operator announced the proposed Southern Precinct project which is part of a proposed program of investment by Melbourne Airport over the next five years budgeted in excess of $1 billion.

Melbourne Airport has published its Preliminary Draft Major Development Plan (MDP) for the Southern Precinct project for public consultation and comment as part of the planning process for on-airport developments under the Commonwealth Airports Act 1996.

Stage 1 of the Southern Precinct project has an estimated cost of $300 million and is focused on the area south of the existing T3 terminal and around the T4 terminal, and includes the phased development of:

- a new domestic terminal facility designed to cater for up to 20 million passengers per annum and an ultimate area of 35,000 square metres;
- 35 additional aircraft parking aprons and taxi lanes to accommodate future growth;

- two new multi-level structures for ground transport services, with additional car parking spaces, and access to other services such as taxis, shuttle buses and public transport;
- upgrading of the airport road network to provide access to the new terminal precinct and to support the future growth of Melbourne Airport over the next 30 to 40 years.

Subject to Board and planning approvals, it is proposed to commence construction in October 2012 and to have the new terminal facility open for operation by July 2014.

5.6.2 Accommodation Supply & Demand

5.7 Accommodation Supply

The new hotel developments generated by the strong market conditions experienced in 2006-2008 have been completed. Developers during that period were attracted to solid RevPAR (revenue per available room night) and ADR (average daily rate) growth against a backdrop of occupancy levels in the mid to high 70%'s.

Since December 1998 the number of rooms available has increased substantially at an average 3.7% per annum. Our monitoring of room supply suggests that this rate of supply is likely to slow substantially over the next three years at least. In part the changing focus of the Melbourne CBD and new entertainment / tourism infrastructure is creating opportunities on land not formally considered as appropriate for commercial accommodation development. Two such accommodation precincts, Southbank/South Wharf and Docklands, are anticipated to be the main focus for development in the future.

The following tables identify properties recently completed in the Melbourne City Region.

RECENTLY COMPLETED	Opened	Stars	Type	No. Rooms
Travelodge :717 Wurundjeri Way, Docklands	Mar-10	3	Hotel	290
The Olsen Hotel, South Yarra	Mar-10	4.5	Hotel	229
Crown Metropole Hotel	Apr-10	4	Hotel	658
10-14 Bennetts Lane (Cube S. Apmts)	May-10	4	Serv Apmts	64
Novotel on Collins - extensions	May-10	4.5	Hotel	58
131 -135 Bourke Street - Citadenes (Ascott)	Jul-10	4	Hotel	380
Middle Park Hotel, Middle Park	Jul-10	4.5	Hotel	25
Blackman 452 St Kilda Road - Art Series Hotel	Aug-10	4	Hotel	220
380 Russell Street - backpackers	May-11	2.5	Hostel	128
568 St Kilda Road (Mint Resorts & Apartments)	Sep-11	4.5	Serv Apmts	145
Total New Rooms during 2010 & 2011				2,197

Source: CBRE

5.7.1 Accommodation Demand

The Melbourne City market benefits from strong corporate demand and a growing leisure segment which is tied directly to the numerous cultural, social and sporting events which are hosted in Melbourne. The economic decline globally and more specifically in Australia has detrimentally affected all segments of the market and has accordingly seen occupancy rates decrease in the Melbourne City Region over the past 18 months.

5.7.2 Mooted New Supply

There are development applications or proposed developments with a combined capacity of over 5,000 new hotel rooms and serviced apartments within the Melbourne City region. However given current difficulties in obtaining finance for new hotel developments, a market which has recently had a substantial increase in room supply and other more profitable uses of land such as office or residential development we are of the opinion that fewer than 2,000 new rooms will come to fruition in the next five years. The status of these additions being somewhat fluid as permits are in the application process and feasibility reviews undertaken.

PROPOSED VENUES	Due	Stars	Type	No. Rooms
HOTELS				
South Melbourne	Sep-14	4	Hotel	180
Swanston Street	Nov-13	3	Hotel	235
Lonsdale Street	Jun-14	4.5	Hotel	120
Bourke Street	Mar-12	4.5	Hotel	24
Spring Street	Jul-16	5	Hotel	152
Docklands	Jun-15	5	Hotel	150
Little Collins Street	Jul-14	5	Hotel	171
Flemington Road	Aug-14	4	Hotel	90
Docklands	Sep-15	4.5	Hotel	172
Total Mooted Hotels				1,294
SERVICED APARTMENTS				
William Street	Aug-14	4	Serv Apmts	220
A'Beckett Street	Apr-14	4	Serv Apmts	128
A'Beckett Street	Apr-12	4	Serv Apmts	288
Kingsway	Sep-14	4	Serv Apmts	150
Total Mooted Serviced Apartments				566
Total Mooted				1,860

5.7.3 Melbourne Accommodation Market Overview

The following table provides a review of the Melbourne City Market over the past 20 years and provides a sense of the growth experienced in this market.

Melbourne City Region - Tourist Accommodation Summary											
Year End	Properties	No. Rooms	RNA	Growth	RNO	Growth	Occupancy	ADR	Growth	Room Yield	Growth
December											
1992	60	9,531	3,350,766	9.3%	1,923,518	9.5%	57.4%	$111.46	-4.1%	$63.98	-4.0%
1993	63	9,658	3,526,555	5.2%	2,031,520	5.6%	57.6%	$109.42	-1.8%	$63.03	-1.5%
1994	64	9,698	3,519,130	-0.2%	2,311,440	13.8%	65.7%	$108.33	-1.0%	$71.15	12.9%
1995	61	9,231	3,373,539	-4.1%	2,489,282	7.7%	73.8%	$117.33	8.3%	$86.58	21.7%
1996	60	9,175	3,360,744	-0.4%	2,559,037	2.8%	76.1%	$129.13	10.1%	$98.33	13.6%
1997	66	9,929	3,416,967	1.7%	2,584,955	1.0%	75.7%	$141.08	9.2%	$106.72	8.5%
1998	82	11,530	4,098,846	20.0%	2,893,438	11.9%	70.6%	$141.92	0.6%	$100.19	-6.1%
1999	90	12,530	4,436,992	8.2%	3,132,279	8.3%	70.6%	$140.30	-1.1%	$99.04	-1.1%
2000	92	12,365	4,559,396	2.8%	3,347,548	6.9%	73.4%	$139.49	-0.6%	$102.41	3.4%
2001	97	13,106	4,749,724	4.2%	3,427,456	2.4%	72.2%	$138.98	-0.4%	$100.29	-2.1%
2002	101	13,647	4,908,912	3.4%	3,386,901	-1.2%	69.0%	$135.22	-2.7%	$93.30	-7.0%
2003	116	15,143	5,246,612	6.9%	3,663,665	8.2%	69.8%	$134.01	-0.9%	$93.58	0.3%
2004	113	14,915	5,506,920	5.0%	3,991,100	8.9%	72.5%	$132.69	-1.0%	$96.16	2.8%
2005	117	15,549	5,599,323	1.7%	4,253,100	6.6%	76.0%	$138.72	4.5%	$105.37	9.6%
2006	124	16,182	5,818,594	3.9%	4,528,687	6.5%	77.8%	$151.24	9.0%	$117.71	11.7%
2007	123	15,778	5,833,853	0.3%	4,674,454	3.2%	80.1%	$159.08	5.2%	$127.47	8.3%
2008	125	16,147	5,862,488	0.5%	4,685,728	0.2%	79.9%	$168.98	6.2%	$135.06	6.0%
2009	127	17,163	6,027,417	2.8%	4,581,470	-2.2%	76.0%	$162.99	-3.5%	$123.89	-8.3%
2010	127	17,468	6,309,144	4.7%	4,949,856	8.0%	78.5%	$165.15	1.3%	$129.57	4.6%
2011	131	18,649	6,676,855	5.8%	5,260,304	6.3%	78.8%	$169.40	2.6%	$133.46	3.0%
CAG											
2006 - 2011			2.8%		3.0%			2.3%		2.5%	

Source : ABS Tourist Accommodation Survey Data

Until the impact of the GFC and economic downturn in Australia the previous 3 years in the Melbourne City Region market had been buoyant, no doubt assisted by Melbourne hosting the Commonwealth Games, while also benefiting from increased general demand as already discussed. The most recent ABS survey results confirm the overall market recovery since the low point in 2009.

5.8 Market Forecast – Melbourne Region

5.8.1 Medium term (next two years)

The main threat to the medium term outlook is that the perceived recovery of the economy, especially in the business travel markets will not be sustained to feed the substantial new room supply which has entered the market over the past 18 months. The Melbourne market has long been admired as one of the most stable of the Australian capital cities, primarily due to the strength of its corporate market and events. It has been viewed in the past that in an economic climate which calls for tighter budgeting corporate travel tends to be one of those somewhat discretional expenditure items and is one of the first budgetary items to be restricted. The current market is experiencing room demand back to pre-GFC levels with occupancy levels reaching over 80%, this is usually the trigger for new room supply development. As indicated earlier, there will be a lag to this supply entering the market which means Melbourne may return to a period of high room rate growth (such as occurred in the 2006 – 2008 period). Discussions with hotel managers suggests that whilst occupancy levels are high there remains a strong degree of price sensitivity, particularly in respect of the MICE & Leisure market segments. In view of this sentiment our view for the medium term is a maintenance of high occupancy rates and room rate growth pegged at 0.5 to 1 basis point above CPI.

5.8.2 Longer term (2015 and beyond)

We anticipate that the fundamentals of the Melbourne market will continue to provide growth opportunities in the hotels sector. For established premises this will typically mean a stabilised occupancy coupled with room rate growth, for newly developed premises it should provide a level of demand which will absorb the new supply without the need for overt rate discounting.

It is important to note the improvements and increases in capacities to Melbourne's infrastructure which is anticipated to place it in a sound position for future growth. Such works recently completed or pending completion in the short term include:

- Recital Centre & Sumner Theatre complex in Southbank;
- Crown Casino's dedicated Function and Conference Centre;
- Rectangular Arena for soccer and rugby on Swan Street;
- Expansion of the Melbourne Airport Terminal and capacity to handle the A380 aircraft;
- Plenary Centre and associated conference facilities;
- Upgrade to the State Theatre and National Gallery precinct;
- Expansion of the Melbourne Convention and Exhibition Centre to comprise a versatile exhibition space of 12,000 square metres which will be integrated with both the existing 30,000 square metre Melbourne Exhibition Centre and the 5,550+ Melbourne Convention Centre which opened in 2009.

ABS figures show that the number of foreign visitors who say they spent most of their time in Victoria has increased by some 60% in the past decade, rising from roughly 750,000 in 2001 to 1,200,000 in 2011, this accounts for almost half the entire growth in visitors to Australia over the past decade. Surveys by Tourism Victoria show that 80% of foreign visitors to Victoria never spend a night outside the capital.

Melbourne's share of international visitation to Australia is presently strong which is underpinned by the many international events held including the Grand Prix (Formula One & Motorcycle), Australian Tennis Open, Cricket – Boxing Day Test, International Film Festival, Melbourne Cup & Spring Racing Carnival etc.

Domestic tourism is also bolstered by these events and a plethora of more regional cultural, sporting and entertainment offerings. The above listed new infrastructure will bolster an already strong tourism fabric which is anticipated to produce additional visitor demand over the longer term and provide growth opportunities in the industry.

5.9 Population & Tourism Forecasts

The Melbourne hotel market is influenced by population and visitation numbers. The following forecasts are replicated as follows:

5.9.1 Population Forecasts

Information provided by the Australian Bureau of Statistics in respect to population growth is detailed as follows:

[illegible]

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

5.9.2 Interstate Visitation to Melbourne

Visitation numbers for 2011 derived from the Tourism Research Australia data series has been combined with the long term growth forecasts for visitation to Victoria obtained from Tourism Victoria.

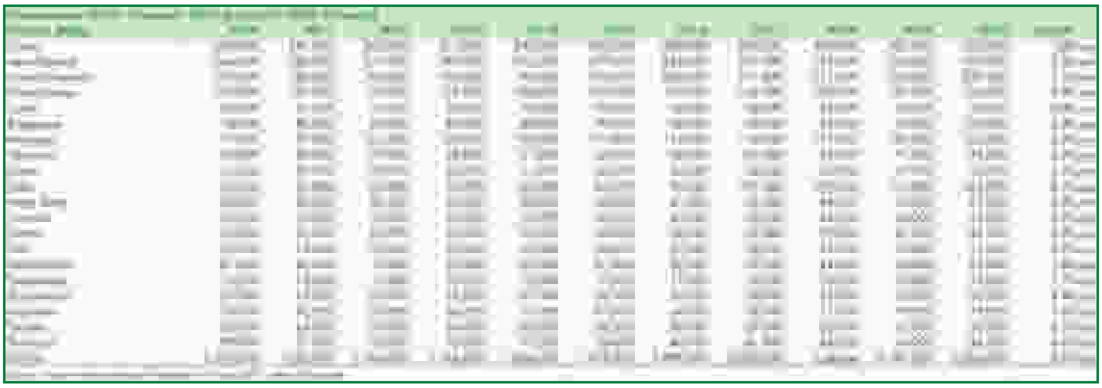
[illegible]

Year end December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
No. Visitors	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Year end December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
No. Visitors	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

5.9.3 International Visitation to Victoria

Forecasting undertaken by Tourism Victoria in respect of International Visitation is replicated as follows:



5.10 Serviced Apartment Market

The ABS provides data specific to the Serviced Apartment segment of the market which is displayed in the following table and incorporates the Melbourne & Metropolitan region:

Melbourne Tourism Region - Serviced Apartments - Tourist Accommodation Summary											
Year End	Properties	No. Rooms	RNA	Growth	RNO	Growth	Occupancy	ADR	Growth	Room Yield	Growth
December											
2000	63	3,687	1,358	7.0%	972	10.3%	71.6%	$134.82	2.1%	$96.53	5.2%
2001	68	4,186	1,518	11.7%	1,067	9.7%	70.3%	$132.23	-1.9%	$92.97	-3.7%
2002	73	4,596	1,611	6.2%	1,107	3.8%	68.7%	$130.34	-1.4%	$89.57	-3.7%
2003	87	5,116	1,816	12.7%	1,259	13.7%	69.3%	$127.79	-2.0%	$88.55	-1.1%
2004	85	5,063	1,840	1.3%	1,307	3.8%	71.0%	$129.60	1.4%	$92.07	4.0%
2005	89	5,657	2,001	8.8%	1,501	14.9%	75.0%	$134.60	3.9%	$100.96	9.7%
2006	97	6,308	2,203	10.1%	1,662	10.7%	75.4%	$144.00	7.0%	$108.59	7.6%
2007	97	6,292	2,302	4.5%	1,802	8.4%	78.3%	$150.49	4.5%	$117.83	8.5%
2008	101	6,537	2,380	3.4%	1,905	5.7%	80.0%	$158.15	5.1%	$126.59	7.4%
2009	103	6,811	2,410	1.2%	1,829	-4.0%	75.9%	$157.22	-0.6%	$119.34	-5.7%
2010	105	7,070	2,574	6.8%	1,997	9.2%	77.6%	$158.48	0.8%	$122.97	3.0%
2011	105	7,473	2,688	4.4%	2,074	3.8%	77.2%	$162.45	2.5%	$125.34	1.9%
CAG											
2006-2011		3.4%	4.1%		4.5%			2.4%		2.9%	

Source : ABS Tourist Accommodation Survey Data, Premises with greater than14 rooms.

The serviced apartment style of accommodation is now very much a part of the hospitality market and as view in the above statistics the demand for such has more than matched the increasing supply and in overall terms the market reflects RevPAR Compound Annual Growth for the last five years of 2.9% which is a little under the CPI average of 3.18%.

5.11 Competitive Properties

The following are trading properties which we consider compete with Fraser Place Apartments:

Fraser Place
Competitive Property Analysis

Property	Rooms	Star Rating	Standard Studio	Deluxe Studio	Comments
Mantra on the Park	144	5	179 - 189	224 - 234	Located approximatley 180 metres south west from subject property. Facilities include Indoor heated pool & sauna, "The
Oaks on Lonsdale	122	4.5	129 - 159	139 - 179	Located approximatley 450 metres south east from subject property. Facilities include 24hr Reception, On-site undercover
Quest on Lonsdale	54	4	154 - 178	160 - 185	Located approximatley 400 metres south east from subject property. Facilities include meeting facilities and laundry service
Punt Hill Cohen Place	71	4	165 - 170	175	Located approximatley 550 metres south east from subject property. Facilities include function room, gymnasium,
Citadines	380	4.5	185 - 195	190 - 210	Located approximatley 650 metres south from subject property. Facilities include fitness room, indoor pool, meeting facilities, on-
Subject Property	112	4	149 - 179	209-239	

Source: Wotif Website - 4/09/2012

6 Financial Trading Analysis & Forecast

6.1 Introduction

We have been provided trading information for the period that Fraser Place has been in occupation of the subject premises and covers the period June 2011 to end July 2012 together with the trading budget for the 12 month period 1 October 2012 to 30 September 2013 (the Fraser accounting year).

We have formulated our opinion of potential trading income based on the trading information provided and the following process:

- Had regard to historical occupancy and ADR in the market, the STR Global benchmarking data provided by venue Management.
- Established operating costs and expenses based on benchmark analysis of other serviced apartment properties.
- The actual statutory charges levied by the local authorities.
- Presumed management fees were the property managed under a management agreement to an independent management company.
- CPI and Wages growth expectations.

6.2 Competitive Set – STR Information

We are in receipt of STR Global competitive set data which has been provided by venue management. The data includes occupancy and average daily room rates on a monthly basis for several venues considered by management to represent the primary competitive set and includes Mantra On The Park, Rydges Melbourne, Mantra On Russell, Punthill Little Bourke, Oaks On Lonsdale and Citadines On Bourke Melbourne. This data is presented by CBRE Hotels as follows:

Occupancy	Current Year			Previous Year	
	Fraser	Comp Set		Fraser	Comp Set
Jul-11	79.1%	75.4%	Jul-10		75.8%
Aug-11	80.2%	73.6%	Aug-10		75.4%
Sep-11	80.4%	76.2%	Sep-10		73.9%
Oct-11	87.3%	83.2%	Oct-10		81.5%
Nov-11	88.6%	85.7%	Nov-10		83.9%
Dec-11	75.3%	71.3%	Dec-10		76.7%
Jan-12	69.3%	74.6%	Jan-11	68.7%	71.1%
Feb-12	62.9%	79.3%	Feb-11	81.6%	75.0%
Mar-12	45.7%	84.3%	Mar-11	81.6%	83.9%
Apr-12	43.4%	74.3%	Apr-11	75.1%	76.1%
May-12	44.8%	78.8%	May-11	73.0%	70.2%
Jun-12	59.3%	74.2%	Jun-11	61.1%	79.1%
Jul-12	62.4%	79.0%	Jul-11	79.1%	75.4%
Average	67.6%	77.7%		74.3%	76.8%
Average - 6 months	53.1%	78.3%		75.3%	76.6%

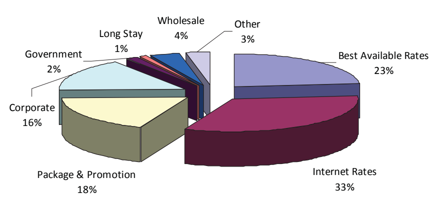
Average Room Rate	Current Year			Previous Year	
	Fraser	Comp Set		Fraser	Comp Set
Jul-11	$112.05	$159.03	Jul-10		$152.59
Aug-11	$116.00	$154.98	Aug-10		$152.16
Sep-11	$119.11	$158.85	Sep-10		$157.15
Oct-11	$130.23	$170.97	Oct-10		$166.10
Nov-11	$124.87	$170.42	Nov-10		$166.69
Dec-11	$122.90	$159.19	Dec-10		$166.39
Jan-12	$146.43	$184.89	Jan-11	$126.19	$176.83
Feb-12	$127.52	$151.68	Feb-11	$97.74	$153.07
Mar-12	$139.17	$169.60	Mar-11	$117.06	$167.57
Apr-12	$118.39	$153.44	Apr-11	$109.27	$156.70
May-12	$135.77	$162.21	May-11	$143.08	$151.89
Jun-12	$131.74	$156.20	Jun-11	$113.66	$151.79
Jul-12	$144.71	$158.88	Jul-11	$112.05	$159.03
Average	$128.38	$162.33		$117.01	$159.84
Average - 6 months	$132.89	$158.67		$115.48	$156.68

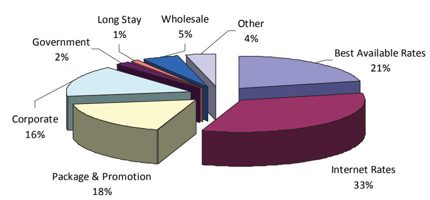
Revenue Per Available Room	Current Year				Previous Year	
	Fraser	Comp Set	RGI		Fraser	Comp Set
Jul-11	$88.67	$119.97	0.74	Jul-10		$115.71
Aug-11	$93.05	$114.08	0.82	Aug-10		$114.70
Sep-11	$95.75	$121.00	0.79	Sep-10		$116.16
Oct-11	$113.73	$142.21	0.80	Oct-10		$135.40
Nov-11	$110.60	$146.07	0.76	Nov-10		$139.88
Dec-11	$92.55	$113.47	0.82	Dec-10		$127.56
Jan-12	$101.46	$137.92	0.74	Jan-11	$86.73	$125.81
Feb-12	$80.20	$120.27	0.67	Feb-11	$79.79	$114.84
Mar-12	$63.57	$142.97	0.44	Mar-11	$95.54	$140.65
Apr-12	$51.41	$114.02	0.45	Apr-11	$82.06	$119.27
May-12	$60.89	$127.76	0.48	May-11	$104.47	$106.67
Jun-12	$78.11	$115.85	0.67	Jun-11	$69.43	$120.06
Jul-12	$90.36	$125.46	0.72	Jul-11	$88.67	$119.97
Average	$86.18	$126.23	0.68		$86.67	$122.82
Average - 6 months	$70.76	$124.39	0.57		$86.66	$120.24

The competitive set information suggests that the subject venue has underperformed over the past twelve months. It is relevant to note that the venue was the subject of a rooms refurbishment and the ground floor level was varied and upgraded via the movement of reception and the café over this period. Fraser Management has also spent this time preparing a business plan which is designed to effect a significant improvement over the past trading outcomes. In this respect we note the following aspects:

- The venue now trades with a fully refurbished room product;
- Fraser has activated a national sales & marketing team for the venue with a particular focus on the Corporate segment of the market;
- Several inbound markets have been targeted with the assistance of the Fraser Group's sales and marketing network;
- Limited new room supply is anticipated to enter the Melbourne market over the coming few years, the major new supply will be a serviced apartment project in the west end of A'Beckett Street comprising 288 apartments;
- Tourism visitation growth forecasts in respect of both International and Domestic segments of the market;
- Greater general public awareness of the venue as the Fraser Place business matures in this market.

The business plan is encapsulated in the forecast business mix for the venue, we display this information in the following charts:





In summary the trading forecasts reflect the following business mix:

Segment	Revenue	Nights	ADR
Best Available Rates	$1,210,791	7,520	$161.01
Internet Rates	$1,706,803	11,727	$145.55
Package & Promotion	$950,965	6,310	$150.70
Corporate	$840,094	5,434	$154.60
Government	$92,405	701	$131.79
Long Stay	$47,180	386	$122.34
Wholesale	$193,295	1,578	$122.52
Other	$161,039	1,402	$114.84
Total / Average	$5,202,571	35,058	$148.40

The Occupancy Rate indicated within the Business forecast is 83.3%.

The table following has been provided by Fraser Management, it provides detail in respect of the business mix forecast and an explanation regarding the achievement of these forecasts.

Having regard to the our discussions with Fraser Management, the business mix proposed and accompanying explanations, the trading levels of the venue's primary competitive set (as per the STR Global data) and the general conditions of the Melbourne hotel market we have adopted:

- The ADR forecast is considered achievable in the Fraser 2013 financial year;
- The Occupancy forecast is considered optimistic given that the venue and Fraser name is not currently well known in Victoria, it is anticipated that there will be a period of one to two years before the venue achieves its fair share and stable penetration into the Melbourne market.

6.3 Occupancy and ADR Fair Share Analysis

The table below compares the average room rates and occupancy levels of the subject property with the market average and outlines our forecast for each.

Fair Share Analysis for the Fraser Place
(ADR & Room Yield is Expressed in A$ Terms)

PERIOD	YEAR END	OCCUPANCY (%)				AVERAGE DAILY RATE (A$)					RevPAR		
	June	Market	Subject	Index		Market	% Change	Subject	Index		Market	Subject	Index
Historical													
	2012	79.6%	65.8%	0.83		173.57	2.50%	117.90	0.68		138.14	77.59	0.56
	AVE	78.6%	65.2%		CAAG	0.7%		-12.4%		CAAG	0.5%	-12.1%	
	September												
Forecast	(Hotel Forecast)		85.0%	1.04				148.40	0.83				
1	2013	82.1%	80.5%	0.98		179.65	3.50%	148.40	0.83		147.51	119.41	0.81
2	2014	80.2%	84.2%	1.05		185.93	3.50%	153.59	0.83		149.05	129.28	0.87
3	2015	79.6%	83.6%	1.05		193.37	4.00%	159.74	0.83		153.91	133.49	0.87
4	2016	80.0%	84.0%	1.05		199.17	3.00%	164.53	0.83		159.39	138.25	0.87
5	2017	81.8%	85.9%	1.05		207.14	4.00%	171.11	0.83		169.51	147.03	0.87
5Yr	AVE	80.7%	83.6%		CAAG	3.6%		7.7%		CAAG	4.2%	13.6%	

CAAG = Compound Average Annual Growth
Source: Historical data supplied by Hotel Management & Government Statistical Bureau
Forecast by CBRE Hotels

6.4 Operating Costs and Expenses

We have reviewed the actual trading information (and converted it to the Uniform Standard for Hotels) and benchmarked other serviced apartment operations and have adopted the following ratios as representative of market expectations. Our analysis is detailed as follows for the individual business departments.

We note that the operating expenses have been assessed on the basis of actual trading at this venue and having regard to trading outcomes for several CBD properties which are considered to be comparable to Fraser Place and reflect a mature trading pattern.

6.4.1 Rooms Department

The following costs and expenses have been applied in the adopted forecasts for the Rooms Department of the venue.

Fraser Place

Rooms Department Analysis and Adopted Forecast

A = Actual, B = Budget, YTD = Year to Date, F = Forecast			ADOPTED	ADOPTED	ADOPTED
MONTHS			YEAR 1	YEAR 2	YEAR 3
PERIOD ENDING			2013	2014	2015
INCOME					
		Occupancy	80.5%	84.2%	83.6%
		ADR (A$)	148.40	153.59	159.74
		RevPAR	119.41	129.28	133.49
COSTS					
	Payroll	A$ / Occ Rm	29.00	29.09	30.18
	Other	A$ / Occ Rm	11.00	11.30	11.60
Total Rooms Costs		A$ / Occ Rm	40.00	40.39	41.78
		A$ / Avail Rm	32.19	34.00	34.91
Rooms Profit		A$ / Occ Rm	108.40	113.20	117.96
		A$ / Avail Rm	87.23	95.28	98.58
		% Rev	73.0%	73.7%	73.8%

6.4.2 Food & Beverage

Food and beverage income is derived from guest use of breakfast availability within the ground level café area. Revenues and costs have been assessed on the following basis:

Fraser Place

Food & Beverage Department Analysis and Adopted Forecast

A = Actual, B = Budget, YTD = Year to Date, F = Forecast		ADOPTED	ADOPTED	ADOPTED
MONTHS		YEAR 1	YEAR 2	YEAR 3
PERIOD ENDING		2013	2014	2015
INCOME				
F & B TOTAL	A$ / Occ Rm	6.00	6.17	6.33
	A$ / Avail Rm	4.83	5.19	5.29
COSTS				
Total F & B Costs	% Rev	75.0%	73.7%	73.9%
	A$ / Occ Rm	4.50	4.55	4.68
Food & Beverage Profit	% Rev	25.0%	26.3%	26.1%
	A$ / Occ Rm	1.50	1.62	1.65

6.4.3 Minor Other Departments

Income from MOD includes guest use of telephones, internet, movie hire, valet services such as laundry and dry cleaning, car parking commissions, business services and sundry sales. The income and expense allocations adopted in this valuation are detailed as follows:

Fraser Place
Other Trading Department Analysis and Adopted Forecast

A = Actual, B = Budget, YTD = Year to Date, F = Forecast		ADOPTED	ADOPTED	ADOPTED
MONTHS		12	12	12
PERIOD ENDING		2013	2014	2015
INCOME				
M O D	A$ / Occ Rm	6.00	6.14	6.30
	A$ / Avail Rm	4.83	5.17	5.27
Total MOD Costs	% Rev	35.0%	35.0%	35.0%
	A$ / Occ Rm	0.00	0.00	0.00
MOD Profit	% Rev	65.0%	65.0%	65.0%
	A$ / Occ Rm	3.90	3.99	4.10

6.4.4 Undistributed Operating Expenses

These expenses relate to activities in the business which are not specific to any one revenue department. These expenses include the costs of managing and promoting the business, payroll expenses, IT, human resources, repairs & maintenance of the property and the cost of services consumed. Expenses adopted have been assessed on the following basis:

Fraser Place
Undistributed Expenses Analysis and Adopted Forecast

A = Actual, B = Budget, YTD = Year to Date, F = Forecast		ADOPTED	ADOPTED	ADOPTED
MONTHS		YEAR 1	YEAR 2	YEAR 3
PERIOD ENDING		2013	2014	2015
UNDISTRIBUTED EXPENSES				
Administration & General				
Payroll	A$ / Avail Rm	6.00	6.41	6.58
Other	A$ / Avail Rm	3.00	3.08	3.16
Total A&G Expenses	A$ / Avail Rm	9.00	9.49	9.75
	% Rev	7.0%	6.8%	6.8%
Sales & Marketing				
Payroll	A$ / Avail Rm	1.50	1.62	1.66
Other	A$ / Avail Rm	5.00	5.14	5.27
Total S&M Expenses	A$ / Avail Rm	6.50	6.75	6.93
	% Rev	5.0%	4.8%	4.8%
Property Operation & Maint.				
Payroll	A$ / Avail Rm	0.00	0.00	0.00
Other	A$ / Avail Rm	4.00	4.11	4.22
Total R&M Expenses	A$ / Avail Rm	4.00	4.11	4.22
	% Rev	3.1%	2.9%	2.9%
Utilities	A$ / Occ Rm	5.10	5.09	5.24
	A$ / Avail Rm	4.10	4.28	4.38
	% Rev	3.2%	3.1%	3.0%

6.5 Overhead Expenses

While the property is owner operated no management fees are payable. However for valuation purposes we have assumed that the property would be managed by a professional management company and have adopted fees at the rate of 1% of Revenue and 8% of Gross Operating Profit.

Current council rates are assessed on a combined NAV of $1,145,400, Site Value or $3,385,000 and Capital Improved Value of $21,565,000. Council rates on this value equate to $60,086 per annum.

Land tax for the current year is $33,638.

Insurance costs are allowed at $40,880.

An FF & E Reserve is not usually applied in owner operated properties however for valuation purposes we have adopted an allowance within our forecast to allow for adequate provision to maintain the standard of the property, and to achieve the forecast trading results. The capitalisation rate adopted in our valuation accommodates this allowance.

6.6 CPI & Wages Indices

As detailed earlier, revenues have been assessed on the basis of market opinion and not an indexation factor. Operational costs and expenses are varied in accordance with occupancy and inflationary affects, in this respect we have relied upon the following forecasts prepared by Deloitte Access Economics.

	Forecast Year Ending September				
	2013	2014	2015	2016	2017
Inflation (%)	2.39%	2.77%	2.60%	2.59%	2.69%
Labour Cost (%)	3.16%	3.48%	3.24%	2.96%	3.08%

6.7 Summary of Trading Forecast

A summary of our 5 year cash flow forecast for the property follows:

PERIOD	Year 1		Year 2		Year 3		Year 4		Year 5	
YEAR ENDING September	2013		2014		2015		2016		2017	
ROOMS	112		112		112		112		112	
OCCUPANCY	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]	
AVERAGE DAILY RATE (AR)	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]	
ADR GROWTH			[illegible]		[illegible]		[illegible]		[illegible]	
RevPAR	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
REVENUE										
ROOMS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FOOD & BEVERAGE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MINOR DEPARTMENTS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL REVENUE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEPARTMENTAL EXPENSES										
ROOMS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FOOD & BEVERAGE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MINOR DEPARTMENTS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL DEPARTMENTAL EXPENSES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEPARTMENTAL INCOME										
ROOMS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FOOD & BEVERAGE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MINOR DEPARTMENTS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL DEPARTMENTAL INCOME	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNDISTRIBUTED OPERATING EXPENSES										
ADMINISTRATION & GENERAL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SALES & MARKETING	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PROPERTY OPERATION & MAINT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UTILITIES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNDISTRIBUTED EXPENSES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GROSS OPERATING PROFIT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MANAGEMENT FEES										
BASE MANAGEMENT FEE	55,761	1.0%	57,002	1.0%	[illegible]	[illegible]	[illegible]	1.0%	[illegible]	1.0%
INCENTIVE MANAGEMENT FEE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL MANAGEMENT FEES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INCOME BEFORE FIXED CHARGES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FIXED CHARGES										
RATES & TAXES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INSURANCE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.7%	[illegible]	0.7%	[illegible]	0.7%
TOTAL FIXED CHARGES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NET OPERATING INCOME	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
REPLACEMENT RESERVE (FF&E)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL NET INCOME	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

7 Hotel Investment Market

7.1 Hotel Market Overview

A review of the major hotels market in Australia suggests that it responds to economic forces in much the same manner as the market in general. However unlike other forms of property investment, hotel property is generally assessed as a special purpose facility whereby anticipated business profit tends to determine value levels.

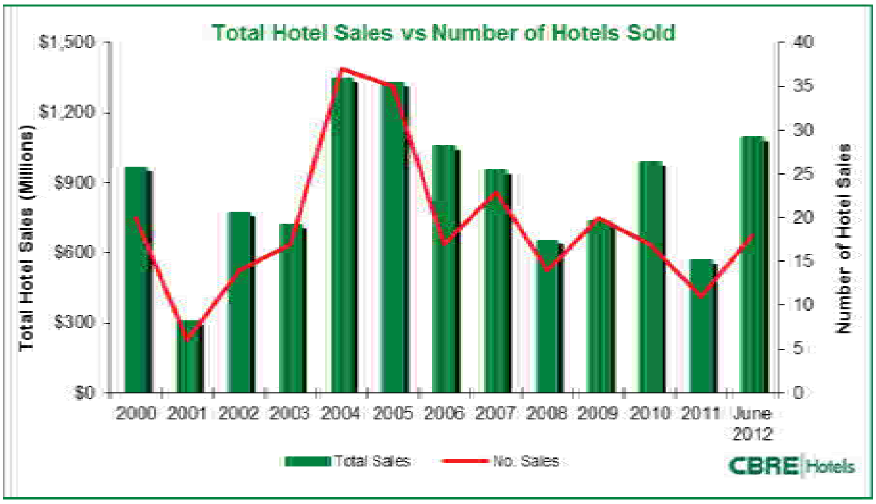
During the latter part of the period effected by the GFC, up until Q3 2009, a number of the hotels put to the market by institutions were withdrawn as buyer interest was subdued. Those investors that were active were "opportunistic" looking to secure hotels at discounted prices and high yields. However, with limited new supply in the foreseeable future, sturdier localised economic conditions and stronger corporate and consumer confidence, the strong investor interest in 2011 continued into the first half of 2012 which led to a number of major hotel transactions with significant interest from international investors.

7.1.1 Sales Analysis

CBRE Hotels has undertaken an investment analysis of hotel sales that have occurred since 2000 (refer to the following graphs). Using the CBRE Hotels database we have tracked sales that have occurred in the Australian marketplace that were valued at more than $10 million. From these sales, we have removed any transactions that have occurred where the hotel was purchased for alternative uses (e.g. residential conversion), leaving us with a true indication of the Australian Hotel Investment Market. To assess the total number of hotel sales, any portfolio transactions have been represented by the number of hotels in the transaction rather than one deal.

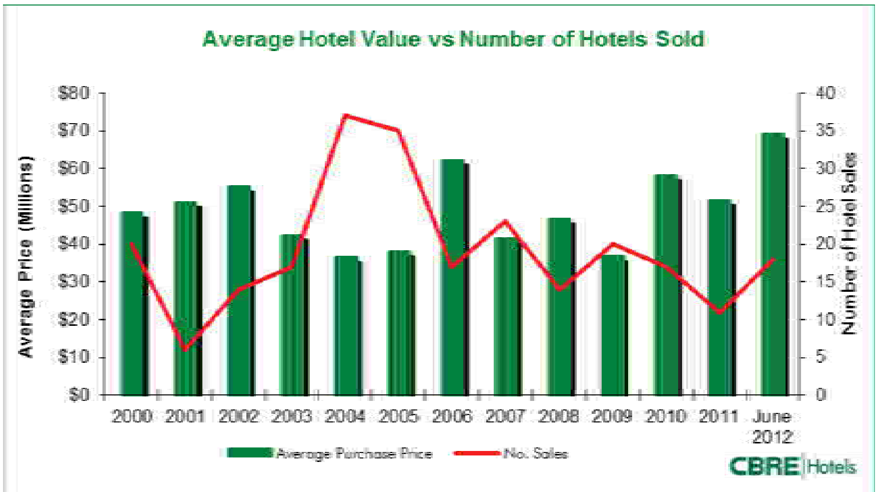
7.1.2 Sales Volume

As expected, the volume of sales during the GFC was lower than previous (mid decade) levels when purchasers were positioning for growth, however, the volume did not show as dramatic a reduction as other asset classes and hotels in other jurisdictions. Transactional activity to date has been marked by the sale of two mid to upper tier Hotel portfolios, accounting for close to 70% of total sale volume, with all but two of the assets located in CBDs across Australia. These transactions reflect the strong interest for hotels situated in corporate driven markets and the distinct lack of future supply for these locations



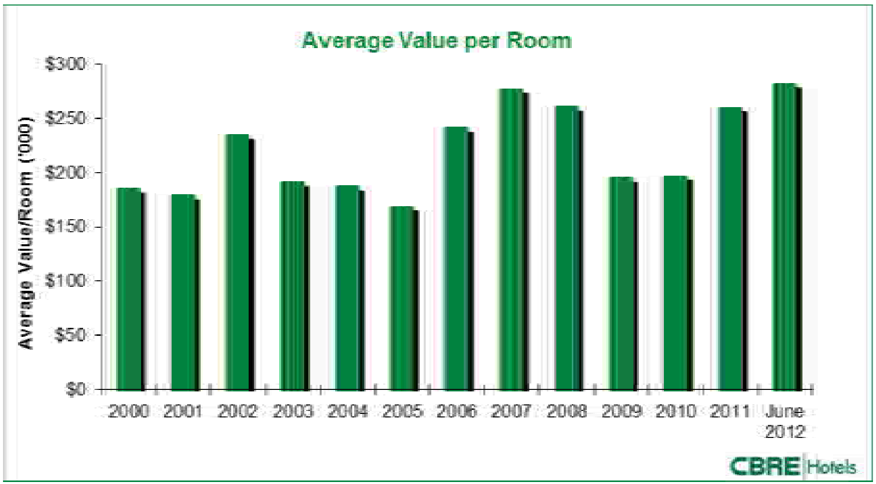
7.1.3 Sales Values

Further analysis of the investment market is represented in the graph below showing average transaction comparisons. By volume, the years 2004 and 2005 dominate the market, however, the average hotel value is the lowest. In contrast, the average price per transaction in 2006 and year to date 2012 have been at the highest levels which indicate a number of large transactions.



The quality of the hotels sold (i.e. the value per hotel room sold) as shown in the following graph does not reflect the value movement in the market. For example, the 2002 average was bolstered by a number of premium hotel transactions (Westin and Shangri-La Hotels in Sydney), whilst 2007 was bolstered by the sale of the Park Hyatt Sydney. The years leading up to the GFC showed value increases as a result of improved performance and investment competition. These years were also the most active in quality hotel sales with a number of upscale properties having sold.

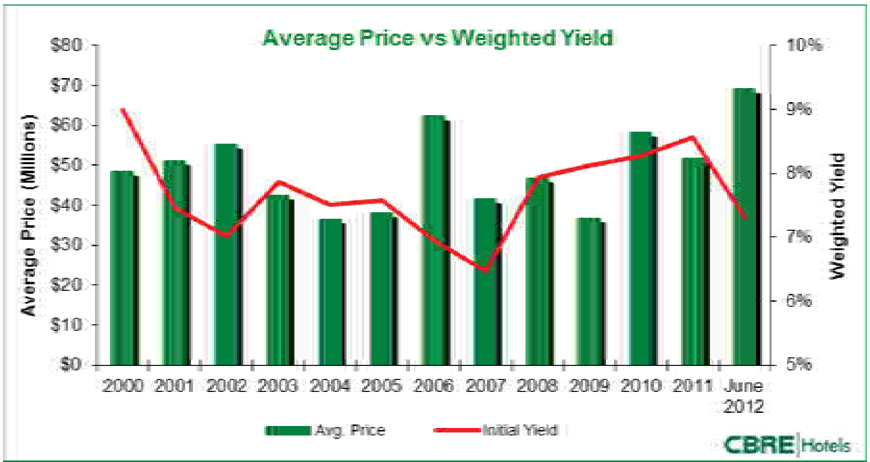
The year to date 2012 performance is currently at record levels following on from the sale of the leasehold interest in the Shangri-La at approximately $585,000 per room and the Marriott portfolio of hotel located in Sydney, Melbourne and Brisbane at an average of almost $400,000 per room.



7.1.4 Yield Profile

For most of the last decade until the time the GFC took hold, the weighted yield for hotel properties was in the sub 8% range. With investment contraction in the latter part of the decade and the high cost of funds, yields eased 150bp from the pre GFC level. For 2009 and 2010, hotel initial yields stabilised slightly above 8%, indicating investors acceptance towards acquisition based on future income growth potential.

Year to date 2012 has seen a number of key CBD hotel acquisitions by international investors, including owner occupiers, vying for a position within the major Australian corporate markets, with a number of the initial yields sub 7%.



Hotel yields in Australia are based on two levels of consideration:

I. Initial Yield	The rate of current income on price
II. Equivalent or Stabilised Yield	The rate reflected by considering changing market conditions, a recovery or declining business following an internal an external event or to reflect the effect of capital expenditure.

Initial and stabilised hotel yields in hotel sales over the past decade are shown in the following table.

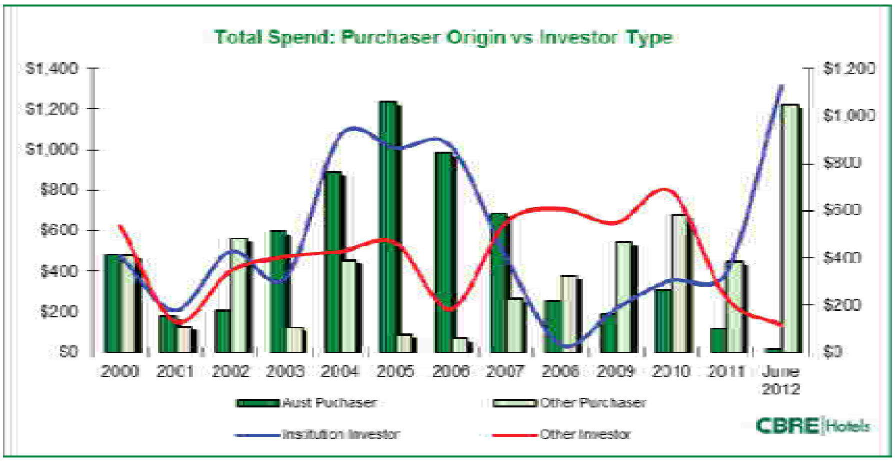
Selected Australian Hotels Yield Analysis

Year	Avg Transaction Size $M.	No. Transactions	Avg Value per Room	Weighted Initial Yield	Weighted Stabilised Yield
2000	57.78	15	166,639	9.02%	9.59%
2001	63.89	4	163,516	8.01%	9.20%
2002	64.72	11	215,955	7.10%	7.83%
2003	39.59	14	172,029	8.12%	9.25%
2004	41.15	18	148,958	7.60%	8.67%
2005	38.88	29	145,900	7.67%	8.80%
2006	76.94	12	231,900	6.95%	8.30%
2007	44.05	19	254,923	6.47%	7.92%
2008	46.39	12	234,445	7.94%	8.39%
2009	45.72	13	188,813	8.64%	9.29%
2010	61.82	15	181,738	8.27%	9.43%
2011	50.60	10	230,996	8.62%	9.22%
June 2012	69.04	18	236,470	7.31%	7.95%

Source: CBRE Hotels

7.1.5 Investor Type

Domestic institutional investors had been the dominant players in the mid period of the last decade leading up to the GFC due to the growing acceptance of this sector as a viable investment avenue under expert asset management. However, as the effect of the GFC took hold, these institutions withdrew from the market leaving major private and off-shore investors as the main market participants. Over the last two years there has been a re-emergence of international, predominantly Asian, institutional investors within the market, due the availability of funds and the current financing constraints for the Australia market.



Current Expectations

Given that new hotel developments are generally difficult to economically support and or fund, investment activity for established hotels will continue to intensify. Major markets are continually achieving strong occupancy profiles and with minimal expectations of supply in the medium term, purchasers are expecting continued room rate growth in the short to medium term, which in turn is being reflected in the initial yield profile. Recent transactions indicate that purchasers are willing to accept lower initial yields, with equivalent yields and IRRs reflecting long term trends.

7.2 Analysis of Market Evidence

In determining our valuation assessment, a wide range of sales have been considered, with each transaction having varying degrees of comparability.

The following table details those sales we consider best provide an indication of investment yield and value.

Property	Location	Contract Date	Sale Price	Rooms	Price per room	Projected Initial Yield	Internal Rate of Return
Travelodge Docklands	Melbourne, VIC	Jan 2011	A$53.80M	290	A$185,517	8.80%	11.75%
The hotel features indoor and outdoor dining area and two separate function rooms with operable walls and a combined area of 107sqm. The hotel shares a 405 car park with an adjoining building and is accessed by Aurora Lane and a footbridge connecting to Southern Cross Railway Station. The property is leased to Medina property services for 10 year with three successive terms each for a period of five years being at Lessee's option.							
Cube Melbourne	Melbourne, VIC	Jun 2011	A$28.00M	115	A$243,478	8.20%	10.50%
The Cube Apartments comprises a 4 star high rise serviced apartments which opened fully in June 2010. Facilities include breakfast room and coffee shop. This venue had been marketed for over 12 months, original asking price was $35.0 million. The venue can potentially be subdivided and a draft plan of subdivision has been prepared. The purchaser is based overseas and intends operating the venue at this stage.							
Somerset Gordon Heights	Melbourne, VIC	Jan 2012	A$11.73M	43	A$272,744	8.00%	9.00%
The venue is 4 star rated comprising a mix of studio, one and two bedroom self contained apartments. The property sold with vacant possession in respect of the apartments, a ground level restaurant is tenanted by a third party which expires in 2023.							
The Crossley Hotel	Melbourne, VIC	Aug 2010	A$15.75M	88	A$178,977	8.26%	10.80%
The property provides 88 rooms over seven levels, including four two level penthouse style apartments, plus two retail occupancies – Bamboo House (leased) and a Cafe which is currently utilised for breakfast only. There are an additional 2 guest rooms that are currently used for administration purposes The hotel has undergone extensive renovations over the past five years including refurbishment of all the accommodation including painting as well as renovations to the entry lobby and reception							

With respect to the above sales evidence, we make the following reference for interpretation of appropriate value parameters for the subject:

- The subject property (shown above as Cube Melbourne) sold in June 2011 at $28,000,000. The property had only recently been completed and the business was not mature.

- Travelodge Docklands is a much larger property than the subject and sold with a nonterminable management agreement in place and therefore not attractive to the owner operator market. It was purchased by a private Singaporean investor to add to his Australian portfolio of hotels in Sydney. At the time of sale the business was not yet mature.
- The Crossley Hotel is an older style hotel located at the eastern end of Melbourne's CBD in what may be described as a fringe location. The sale shows a quite firm initial yield with limited opportunity for short term improvement given Melbourne's supply situation. It was sold with vacant possession with a yield that shows the level an owner occupier is willing to accept in today's market. The quality of this property is inferior but the location is considered superior to the subject.
- The Somerset Gordon Heights is a small serviced apartment operation which was originally developed as an office building. The property was purchased on a going concern vacant possession basis with the exception of a ground floor restaurant leased to a third party. The quality of this property is inferior but the location is considered superior to the subject.

7.3 Market Conclusions

From our analysis of the preceding evidence, we are of the opinion the following parameters are supported for our assessment of the subject property:

Market Parameters		*Range*	
Stabilised Year	7.25%	to	8.25%
Five Year IRR	9.00%	to	11.00%
Rate per Room	A$225,000	to	A$275,000

Note, the yields adopted are on an after Management and FF&E basis.

8 Valuation Rationale

(Refer to Critical Assumptions section, Assumptions, Disclaimers, Limitations & Qualifications section – Premise 1, Premise 2, Premise 3, Premise 4, Premise 15.)

8.1 Introduction

Our assessment of market value of the subject property has been made on the basis of its highest and best use having regard for its location, and physical, economic and legal attributes.

As instructed, this assessment is of the freehold interest in the property on a going concern basis, with vacant possession as outlined previously in this report. The valuation assessment includes all improvements, plant and machinery, and business goodwill, however, excludes stock.

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated a broad range of market evidence and the trading performance of comparable properties. We have also reviewed historic trading levels and the future trading potential of the property.

Our assessment has been made based on the following valuation approaches:

- Capitalisation Analysis – Stabilised Year Three;
- Discounted Cash Flow Analysis;
- Direct Comparison.

The parameters within each approach have been selected after comparison to appropriate sales evidence and comparative risk in trading levels.

8.2 Capitalisation Analysis – Initial (Forecast Year 1) EBITDA

The Capitalisation Approach involves the application of a market derived yield to the assessed Net Operating Income from the property to indicate its current market value. We have not applied this methodology as the business is in growth phase and current trading is not considered reflective of a mature or established business.

8.3 Capitalisation Analysis – Stabilised (Forecast 3 Year) EBITDA

This analysis is used where the income stream is expected to vary greater than the rate of underlying inflation due to foreseeable changing market conditions, a recovering or declining business following an internal or external event, or to reflect the effect of capital expenditure.

This analysis takes into account the forecast income over the first three years of the cash flow, which allows adjustment in income from current levels to anticipated levels of trading, reflecting our forecast of market conditions. In this analysis we have capitalised the projected net income in perpetuity at an adopted investment yield of 7.75%.

The capitalisation of Stabilised Year 3 EBITDA analysis suggests a value of $31,250,000.

Our full valuation calculations follow, including sensitivity analyses based on variations to the adopted capitalisation rate, ADR and occupancy rate. A running yield analysis based on the adopted value is also provided.

Fraser Place

Capitalisation : Stabilised Year Approach

Figures Expressed in (A$) Valuation Date 30-Aug-12

Period	Net Operating Income (EBITDA)	Discounted For Inflation	Real Growth	Capitalised Value
Year 1	2,265,325	2,265,325		29,230,005
Year 2	2,469,965	2,403,431	138,106	1,653,837
Year 3	2,562,316	2,430,088	26,657	296,262
Capitalised in Perpetuity @		7.75%		31,180,104
Less Required Capital Expenditure			3 years	0
Other Adjustments				0
				31,180,104
Valuation Rounded To:				**31,250,000**
			A$ per Room	**279,018**

Running Yield Analysis

Year 1 EBITDA	2,265,325	7.2%
Year 2 EBITDA	2,469,965	7.9%
Year 3 EBITDA	2,562,316	8.2%

Capitalisation Rate Sensitivity

	8.25%	29,250,000
0.50%	7.75%	31,250,000
	7.25%	33,250,000

ADR & Occupancy Sensitivity

ADR 5.00% Occupancy 5.00%

ADR \ Occupancy	-5.00%	0.00%	5.00%
-5.00%	25,750,000	28,250,000	30,750,000
-2.50%	27,250,000	29,750,000	32,250,000
0.00%	28,500,000	**31,250,000**	33,750,000
2.50%	30,000,000	32,750,000	35,500,000
5.00%	31,250,000	34,000,000	37,000,000

8.4 Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the longer term return that is likely to be derived from a property with a combination of both income and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, income growth, sale price of the property at the end of the investment horizon, potential capital expenditure, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a five year investment horizon. We have assumed that the property is sold at the commencement of the sixth year of the cash flow. The cash flow analysis comprises annual income streams and we have discounted the income of each year of the cash flow on a midpoint basis, which assumes an income of six months in arrears and six months in advance.

The analysis proceeds on a before tax basis, and while we have not qualified any potential taxation benefits associated with the property, we are of the view that these are an issue which a prospective purchaser would reflect in its consideration.

The analysis is predicated on the assumption of a cash purchase. No allowance for interest and other funding costs have been made.

Our cash flow analysis is based on the future trading and capital expenditure estimates detailed previously, and the following specific assumptions:

DCF Assumptions	5 Year
Acquisition Costs	0.25%
Selling Costs	1.75%
Terminal Yield	8.00%
Discount Rate	10.00%

The five year discounted cash flow analysis suggests a value of $31,000,000.

Our detailed calculations follow over page; including sensitivity analyses based on variations to the discount rate and terminal yield, and ADR and occupancy rate. A running yield analysis over the cash flow horizon is also provided.

8.5 Direct Comparison

The market evidence detailed earlier has been compared with the subject property. It is difficult to directly compare properties on a value per room basis because of the differing levels of facilities offered at each and revenue potentials. In overall terms a value range of A$225,000 to A$275,000 per room is considered to be a fair reflection of the market value range.

8.6 Valuation Summary

We summarise our various approaches to value as follows:

Valuation Approaches

Stabilised Year (Forecast Year 3 EBITDA):		7.75%	A$31,250,000
Price per Room		A$275,000	A$30,800,000
Five Year DCF	Discount Rate	10.00%	A$31,000,000
	Terminal Yield	8.00%	

Having regard to these analyses and the available market evidence, we have adopted a value of A$31,000,000 (Thirty One Million Dollars) for the Fraser Place serviced apartments.

Our adopted value indicates the following parameters:

Adopted Valuation Analysis

Initial Yield (Forecast Year 1 EBITDA):		7.31%
Stabilised Year (Forecast Year 3 EBITDA):		7.79%
Price per Room		$276,786
Five Year DCF	IRR	10.04%
	Terminal Yield	8.00%

8.7 Previous Sale

The property sold in June 2011 at $28,000,000.

8.8 Effect of GST on Valuation Summary

The value as stated herein is expressed exclusive of GST. It is our interpretation of the tax provisions that the freehold going concern would be treated as such and consequently no liability for GST would exist.

We note that we have not been provided with legal advice regarding this matter, and have based our analysis upon our current understanding of the legislation; any user of this valuation should make appropriate enquiries in this respect. If any of the above assumptions prove to be incorrect, we reserve the right to revise our valuations as provided herein, should we deem it to be necessary.

9 Contact Details

Peter Grieve
T 61 3 8621 3451
M 61 412 275 362
E peter.grieve@cbre.com.au

CBRE Valuations Pty Limited
ABN 15 008 912 641
Level 32, Rialto North Tower
525 Collins Street
Melbourne VIC 3000
T 61 3 8621 3333
F 61 3 8621 3330
www.cbre.com.au

To :	Director	Our Ref.	:	RHP-Ct/1-P/VII/2012-92
	PT Frasers Hospitality Investment Indonesia	Date	:	5 October 2012
	Jl. Setiabudi Raya No.9	No. Report	:	110-Val-X/2012
	South Jakarta			

REVALUATION OF
FRASER RESIDENCE SUDIRMAN JAKARTA
Jalan Setiabudi Raya No.9,
Setiabudi Sub-district, Setiabudi District, South Jakarta,
DKI Jakarta Province, Indonesia
(PT FRASER HOSPITALITY INVESTMENTS INDONESIA)

Dear Sir,

Following instruction of PT Frasers Hospitality Investments Indonesia ("**the Company**") under contract No. RHP-Ct/1-P/VII/2012-092 dated 9 July 2012 to advise on the Market Value of Fraser Residence Sudirman Jakarta which consists of 108 Apartment units, a Restaurant and 2 Basement Back-of-House Areas (“**subject property**”) located at Jalan Setiabudi Raya No. 9, Setiabudi Sub-district, Setiabudi District, South Jakarta, DKI Jakarta Province, Indonesia, we hereby declare that we have completed our inspection and analysis, and submit the attached valuation report for your consideration.

We have been provided by the Company with copy of strata title certificates, copy of building permit letter and building layout, and profit and lost summary since 2011 to September 2012. We have assumed these are true and correct.

We understand that the purpose of this valuation is to give an independent opinion on Market Value of the subject property for financial reporting.

KJPP Rengganis, Hamid & Rekan

This valuation has been carried out according to the Indonesian Valuation Standard (SPI – Standar Penilaian Indonesia 2007) and International Valuation Standard (IVS 2007). Market Value in the Indonesian Valuation Standard is defined as:
"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion ". (SPI.1.3.1)

We understand that the market of the property is transacted in Rupiah currency; therefore, we have valued the property on Rupiah currency. We advise that the use of currency other than stated in this report is not applicable. However, for your information only, the exchange rate at the date of valuation is US $1= Rp9,588.00 (middle rate).

We advise that the market value opinion is without regard to costs of sale or purchase and without offset of any associated taxes.

Our valuation is subject to the following:

1. Value listed in this report for the subject property and any values in this report which are parts of the property valued apply only in terms of and for the purpose of this report. The value used in this valuation report should not be used in conjunction with any other valuation purposes as they may prove incorrect if so used.
2. The subject property is covered with good marketability title, free and clears from all liens and encumbrances, easements, restriction or limitation and unexpected expenses. We did not make any land measurements, and we assume that the land drawings contained in the land certificates and building drawings provided by the Company are true and accurate.
3. For the purpose of this valuation, we rely on the data provided by the Company and verbal data gathered during site inspection and assumed that those are true and accurate.
4. We have not conducted a full inspection of the 108 strata apartment units. We have only conducted a partial inspection for each unit type which is permitted by the management. In this valuation we assumed that the condition of all units is typical and fully furnished.

We declare that in performing this valuation we are an independent party, that has no direct or indirect interests to the subject property nor the result of our valuation.

KJPP Rengganis, Hamid & Rekan

Having considered all relevant information and prevailing market conditions and comments in this summary report, we are of the opinion that Market Value of Fraser Residence Sudirman Jakarta located at Jalan Setiabudi Raya No. 9, Setiabudi Sub-district, Setiabudi District, South Jakarta, DKI Jakarta Province, Indonesia, as at 30 September 2012 is:

Rp295,340,000,000.00
(TWO HUNDRED NINETY FIVE BILLION AND THREE HUNDRED FORTY MILLION RUPIAHS)

For your information only, and for the purpose of this valuation, the above Market Value in US Dollar denomination (using the exchange rate as of US $1= Rp9,588.00 (middle rate) is:

US$30,800,000.00
(THIRTY MILLION AND EIGHT HUNDRED THOUSANDS UNITED STATE DOLLARS)

Finally, in accordance with our normal practice we confirm that this report is confidential to the Company for the specific purpose to which it refers. No responsibility is accepted regarding any third party, and neither the whole of the report nor any part or reference there to may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,
KJPP Rengganis, Hamid & Rekan

KJPP Rengganis, Hamid & Rekan

Vivien Heriyanthi, MAPPI (Cert.)
Associate Partner
Licensed Valuer No. PB-1.09.00263
MAPPI No. 00-S-1256

TABLE OF CONTENT

COMPLIANCE STATEMENT

Within the limitations of our ability and belief, we the undersigned declare that:

1. The statement in this report, which are based on the analysis, opinions and conclusions described therein, are to the best of our knowledge true and correct.
2. The report explains the limiting conditions and disclaimer that may have influenced the aforementioned analysis, opinion and conclusions.
3. We have no present or contemplated future interest in the property that is subject of this appraisal, nor have personal interests or bias to respect of the subject matters of this valuation or the parties involved.
4. The professional fee is not related with the opinion of value as stated in this report.
5. The Valuers have already accomplished professional education requirements defined/implemented by MAPPI (Masyarakat Profesi Penilai Indonesia).
6. The Valuers possess adequate understanding regarding the location and/or the type of property under valuation.
7. The engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. The Valuers compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of the stipulated result, or the occurrence of a subsequent event directly related to the intended use of this valuation.
9. The Valuers have carried out the following scope of work:
    - Problem identification (identifying the limitation, property rights, purpose and objective, definition of value, date of valuation);
    - Data collection and property inspection;
    - Data analysis;
    - Value estimation using suitable approaches;
    - Report writing.
10. No one other than the undersigned Valuers have involved in the inspection, analysis, conclusion, and opinions concerning the property that are set forth in this valuation report.
11. The Valuer's analysis, opinions, and conclusions, together with the report have been prepared in conformity with the Indonesian Valuation Standards and Valuer Ethic Codes (SPI 2007).

Name	Qualification	Signatures
Job Captain:		
Vivien Heriyanthi, ST, MM, MAPPI (Cert.) Licensed Valuer No. PB-1.09.00263 MAPPI No. 00-S-1256	Property & Business Valuer Certified	....
Reviewer :		
Astrid Flora Pahliana, ST MAPPI No. 07-S-02133	Property Valuer Certified	....
Valuer:		
Ir. Wahid Haryadi, MAPPI (Cert.) Licensed Valuer No. P-1.12.00334 MAPPI No. 07-S-02091	Property Valuer Certified	....
Hayatun Nufus, S.IP MAPPI No. 12-P-03561	Property Valuer Member	....

1.0 Executive Summary

Client : PT Frasers Hospitality Investments Indonesia

Property : Fraser Residence Sudirman Jakarta which consists of 108 Apartment units, a Restaurant and 2 Basement Back-of-House Areas

Location : Jalan Setiabudi Raya No. 9, Setiabudi Sub-district, Setiabudi District, South Jakarta, DKI Jakarta Province, Indonesia

Phone : +62 21 2927 2888

Facsimile : +62 21 2927 2999

Email : reservations.jakarta@frasershospitality.com

Land Area : ± 15,895 square meters

Title Particular : 115 (one hundred fifteen) strata title certificates (Hak Milik atas Satuan Rumah Susun Certificate – "SHMSRS") registered under the name of PT. Graha Tunas Mekar

Town Planning :

Zoning	:	Commercial purpose
Site Coverage (KDB)	:	40%
Plot Ratio (KLB)	:	5
Height Limitation	:	40-storey

Unit Area :

Type	Total Units	SGA (sqm)	NLA (sqm)
A (3-BR)	27	3,213	2,606
B (3-BR)	27	4,266	3,551
C (2-BR)	27	3,267	2,671
D (1-BR)	27	2,214	1,772
Restaurant		480	417
Basement 1 and Storage		196	196
Basement 2 and Storage		176	176
	108	13,812	11,388

Highest and Best Use : Apartment

Date of Inspection : 20 July 2012

Date of Valuation : 30 September 2012

Exchange Rate : USD $1= Rp9,558.00 (middle rate) at the date of valuation

Purpose of Valuation : Financial Reporting

Special Assumption : Date of inspection is before date of valuation. Therefore, in this valuation we assumed that there are no any significant changes of the subject property and all comments presented in this report are based on observation as of date of inspection.

Basis of Valuation : Market Value

Valuation Methodology	:	Market Data Approach and Income Approach
Value Opinion	:	**Rp295,340,000,000.00** **(TWO HUNDRED NINETY FIVE BILLION AND THREE HUNDRED FORTY MILLION RUPIAHS)**

This executive summary is an integral part of the valuation report together with all stated assumptions; limiting conditions, disclaimer and can not be read separately.

2.0 Location

The subject property is Frasers Residence Sudirman Jakarta consisting of 108 serviced apartment units, a restaurant and 2 (two) basement back-of-house areas with a total semi gross area of about 13,812 square meters. The subject property is known as Regency Tower or Tower A and part of The Peak apartment complex. The Peak apartment complex consists of 4 towers. The two towers are 35-storey building facing to the south side (one of them is the subject property), and the other two are semi-detached 55-storey building facing to the north side.

The Peak apartment complex is located at Jalan Setiabudi Raya No. 9, Setiabudi Sub-district, Setiabudi District, South Jakarta, DKI Jakarta Province, Indonesia. It is on the north side of Jalan Setiabudi Raya and the west side of Jalan Setiabudi Barat. It is also located:

- about 300 meters to the east of the intersection between Jalan Setiabudi Raya and Jalan Jenderal Sudirman;
- about 1.2 kilometers to the south west of the intersection between Jalan Setiabudi Utara (extension of Jalan Setiabudi 3) and Jalan HR. Rasuna Said;
- about 1.9 kilometers to the north east of the Semanggi Interchange;
- about 3.5 kilometers to the south of National Monument at the center of Jakarta city.

Location Map

Source:
- Town Planning
- Jakarta.go.id

Source: Google Earth

Jalan Setiabudi Raya as the fronting road and main access to the subject property is about 15 meters wide and is used for two ways traffic. The road was in good condition but often flooded about 10-15 centimeters during the rainy season.

Jalan Jenderal Sudirman is used for two ways traffic and is provided with three fast lanes including a bus way lane and two slow lanes for each side. Jalan Setiabudi Raya is connected to Jalan Setiabudi Barat, which is linked to Jalan HR. Rasuna Said through Jalan Setiabudi 3 and Jalan Setiabudi Utara. Jalan HR. Rasuna Said is used for 2-way traffic and is provided with three fast lanes on each side including a busway lane and two slow lanes for each side. Thus, the subject property is accessible through two main roads, Jalan Jenderal Sudirman and Jalan HR. Rasuna Said. These roads are considered as Jakarta's prime CBD (Central Business District) road and are passed by public transportation such as buses and taxis. Along these roads there are many commercial buildings which are used as office buildings, shopping centers and hotels. Located in the vicinity of these main roads improves the accessibility of the subject property.

The subject property is surrounded by office buildings, allowing the apartment to cater expatriates that stay in Indonesia for medium and long term stay. Notable developments in the close vicinity of the subject property include Chase Plaza, Prudential Tower, Mid Plaza, Sudirman Plaza Marein Tower (Indofood Tower), Citywalk Sudirman, Grand Sahid Jaya, The Plaza Residence, Sudirman Residence, Hotel Intercontinental, and Hotel Le Meridien.

The followings are the positive and negative locational attributes:

Positive:

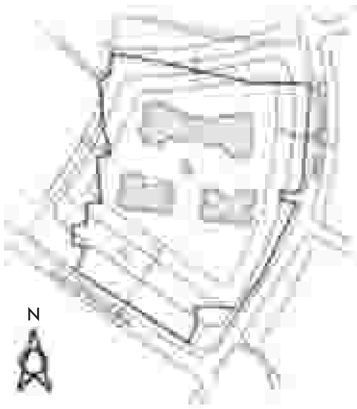
- The subject property is located within the CBD area.
- The subject property has high accessibility since it can be reached from two main road in CBD area (Jalan Jenderal Sudirman and Jalan HR. Rasuna Said).
- The subject property is located outside "3 passenger in 1" car road restriction area.

Negative:

- The traffic along Jalan Jenderal Sudirman and Jalan HR. Rasuna Said is very crowded, especially during business hours.
- The subject property has limited visibility from Jalan Jenderal Sudirman.
- The fronting road is often flooded during the rainy season (10-15 centimeters).

3.0 Site Details

Lot Map



The site of 'The Peak' apartment complex is almost rectangular in shape with land area of about 15,895 square meters. It is generally flat and is higher than the fronting road.

The site is bounded by Sudirman Residence to the north; Jalan Setiabudi Barat to the west; Jalan Setiabudi Raya to the south; and residential area to the east.

We advise that we have not made any measurement as to the area of the property. But based on observation on boundary poles indicated in the copy of the title document, we have assumed that the area adopted in this valuation is the same as the area stated in the copy of the title document.

4.0 Title Particulars

The subject property is covered by 115 (one hundred fifteen) strata title certificates for apartment units (Hak Milik atas Satuan Rumah Susun Certificate – "SHMSRS") registered under the name of PT. Graha Tunas Mekar. The SHMSRS list is attached in the appendices. There are 108 (one hundred eight) certificates for the 108 (one hundred eight) units on level 3-33, 2 (two) certificates for BII level (unit F1 and F2), 4 (four) certificates for BI level (unit E1, E2, E5 and E6), also 1 (one) certificate for the 2nd level (unit A,B,C,D).

The Peak Apartment Complex is erected on land which is covered by 1 (one) leasehold certificate (Hak Guna Bangunan Certificate – "SHGB") No. 718/2007 registered under the name of PT. Graha Tunas Mekar, issued on 2 June 2007 and will expire on 28 August 2023. The total land area is about 15,895 square meters as stated in Situation Map ("Gambar Situasi") No. 00417/2007 dated 22 June 2007.
We have not made any legal search of the land title certificate and we advise that an independent legal advisor should be referred to for this matter. For the purpose of this valuation, we have assumed that the subject property is covered by good marketable title, free and clear from all liens, encumbrances, easements and restrictions.

5.0 Town Planning

Based on our verbal inquiry to the Town Planning Office of DKI Jakarta, we understand that the subject property is located in an area currently zoned for commercial purpose with the following development parameters:

Site Coverage (KDB)	:	40%
Plot Ratio (KLB)	:	5
Height Limitation	:	40-storey

Town Planning Map

Source: Town Planning Office

Legality

The subject property is covered with the following permits:

- Building Permit (Surat Ijin Mendirikan Bangunan – "IMB") No. 08288/IMB/2005 dated on 25 July 2005 and registered under the name of PT. Graha Tunas Mekar;
- Building Permit No. 8809/IMB/2007 dated on 13 September 2007 and registered under the name of PT. Graha Tunas Mekar with a building area of 110,428 sqm.

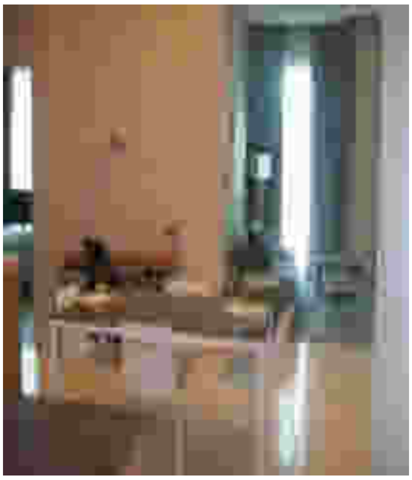
For the purpose of this valuation, we have assumed that the subject property is fully covered with all relevant permits related to the development and operation as a hospital building development.

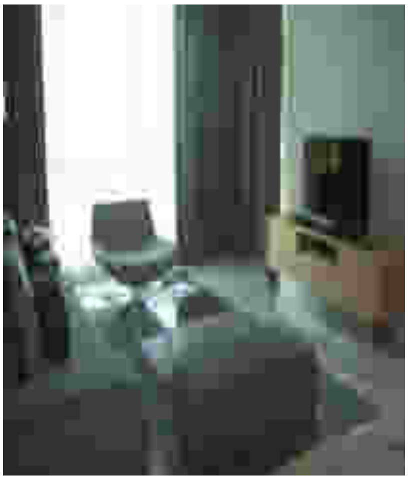
6.0 Description of Improvement

The subject property is improved with a 35-storey building of reinforced concrete structure with bored piles/raft foundation. The roof is made from concrete slab and the external wall is reinforced concrete. The main entrance door at the ground floor is made of glass panes, while the windows are glass on aluminum frames. The floor is of marble tiles, while ceiling is skimmed coat on and gypsum with emulsion paint to the ground floor.

Unit Material Specification

The ceiling for the living dining and bathroom is gypsum on concrete slab with emulsion paint, ceiling for the kitchen and all bedrooms is gypsum board with emulsion paint and the exterior area ceiling is plastered ceiling/calcium silicate/skimmed coat with emulsion paint. The internal partition is painted walls, the bathroom wall is covered by marble tiles and the wet kitchen is homogeneous ceramic tiles. The typical doors are timber doors, the balcony door is from glass on aluminum frames and the bathroom door is from PVC. The windows are glass on aluminum frames. The typical floor is of marble tiles, the bedroom is of parquet and the wet kitchen and service area is of ceramic tiles.





There are 4 types of units for the subject property:

Type	Bedrooms	SGA (sqm)	Total Units
A	2-BR	119	27
B	3-BR	158	27
C	2-BR	121	27
D	1-BR	82	27

The building area and accommodation on each floor is described as follow:

Floor	Type	Total Units	SGA (sqm)	NLA (sqm)
3,5,6,7,8,9,10,11,12,15,16,17,18,19,20,21,22,23, 25,26,27,28,29,30,31,32, 33	A (3-BR)	27	3,213	2,606
3,5,6,7,8,9,10,11,12,15,16,17,18,19,20,21,22,23, 25,26,27,28,29,30,31,32,33	B (3-BR)	27	4,266	3,551
3,5,6,7,8,9,10,11,12,15,16,17,18,19,20,21,22,23, 25,26,27,28,29,30,31,32,33	C (2-BR)	27	3,267	2,671
3,5,6,7,8,9,10,11,12,15,16,17,18,19,20,21,22,23, 25,26,27,28,29,30,31,32,33	D (1-BR)	27	2,214	1,772
2	Restaurant		480	417
Basement 1	Basement 1 and Storage		196	196
Basement 2	Basement 2 and Storage		176	176
Total		108	13,812	11,388

SGA: Semi Gross Area

NLA: Net Lettable Area

The facilities available in The Peak Apartment Complex are as follows:

- Olympic-size Swimming Pool
- Executive Center
- Aerobic Room
- Basket Ball Court
- Children Play Ground
- Fitness Center
- Front Desk
- Function Room
- Jacuzzi
- Jogging Track
- Laundry/Dry Cleaning
- Library & Reading Room
- Mini Market
- Sauna
- Squash Court
- Tennis Court
- Kids Room
- Sky Deck Lounge
- 24 Hrs CCTV Camera
- Mail Box
- Video Phone
- House Keeping
- Massage Room
- Coffee Shop

Condition

As of inspection, the units that we inspected were in good condition and fully furnished.

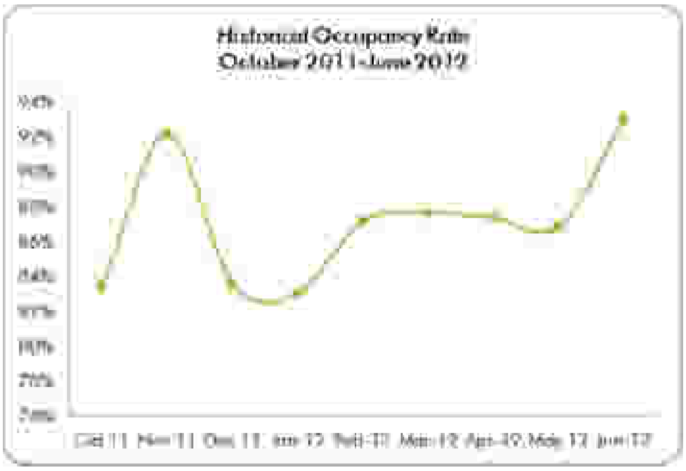
We have not conducted a full inspection of the 108 strata apartment units. We have only conducted an inspection for two units only (2 BR and 3 BR) which is permitted by the management. In this valuation we assumed that the conditions of all units are typical and fully furnished.

We understand that there are 3 (three) units which are still hold by previous owner. In this valuation we have assumed that the units are in good condition and unfurnished.

We have not been provided with a copy of the building plan map. We have not carried out a building survey, nor have we inspected those parts of the subject property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advice upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

Occupancy Status

We understand that the subject property's management was transferred from Agung Podomoro to PT Fraser Hospitality Investments Indonesia in February 2011. Based on historical data of operational performance of October 2011 to June 2012, the highest occupancy rate was reached in June 2012 of about 93% during the middle-east holiday. In average, the occupancy rate in the last 9 months was about 88,73%.



Source: PT Fraser Hospitality Investments Indonesia.

Operational Performance

The historical data of operational performance during October 2011 – September 2012 with detail as follows:

Description	February-July 2011	YTD September 2012
Room Statistic		
Room Available	88	93
Occupancy Rate	64.20%	88.73%
Average Room Rate (USD)	116.11	124.32
Revenue (USD)	902,135	4,299,879
Department Cost & Expenses (USD)	212,953	741,710
Undistributed Expenses (USD)	325,743	1,326,249
Managament Fee (USD)	39,849	285,230
Other Expenses	153,610	303,269
Net Operating Income (USD)	(299,380)	3,430,313
Net Operating Income Percentage	(33.19%)	79.8%

Source: PT Fraser Hospitality Investments Indonesia.

We understand that the total unit of Fraser Residence Jakarta is 108 units. Based on verbal information from the Company, currently there is 1 (one) unit which hold by Agung Podomoro since the lease term contract has not been expired yet. The Company will fully own the 108 units in December 2012.

Operator

The Fraser Residence Sudirman is managed by Frasers Hospitality. Fraser Hospitality is one of a world leader in serviced residences and started life offering both short term accommodation and extended stay apartments from two flagship Singapore properties in 1998. It has three brands - Fraser Suites, Fraser Place and Fraser Residence which spread in several countries.

7.0 Services

As of the inspection, the subject property is completed with the following facilities:

- Electricity is provided by PT PLN (State Owned Electricity Company) with a capacity of 3,300 KVA, 3 (three) Caterpillar generator set units with a capacity of 2,000 KVA each as back up electricity.
- Water is supplied by PDAM (Local Government Owned Water Supply Company), equipped with 2 (two) water tanks and electric pump.
- Telephone line connections provided by PT Telkom.
- The building is provided with 4 (four) Mitsubishi private lifts passenger elevators with a capacity of 1,000 kg each and 1 (one) Mitsubishi service lift with a capacity of 1,350 kg, serving 33 floors.
- The building is equipped with sprinkler system, hydrant system and smoke detector, also CCTV system.

Each unit is equipped with the following amenities:

- Wardrobe
- Water heater
- Air conditioning; type A with a capacity of 8 PK, type B with a capacity of 10 PK, type C with a capacity of 5 PK and type D with a capacity of 5 PK.
- Lightning, audio and video system
- LAN communication
- Security system
- Audio video intercom
- Card key system
- Panic button at Master Bedroom and Living Room
- Kitchen with a granite top kitchen cabinet, kitchen appliances with an exhaust hood and a stainless steel sink.
- Bathroom with tubs, toilet and lavatory, vanity cabinet with wood veener/marble and glass screen/frameless showers.
- Laundry room with washing machine, ironing board, and iron.

8.0 Market Commentary

8.1 Indonesia Economic Outlook

Gross Domestic Product (GDP)

- Economic growth in Indonesia in the second quarter of 2012 reached 6.4% (yoy). Domestic consumption and positive investment performance is still a major factor in economic growth, despite the declining trend of exports becomes prohibitive factor.

- Despite Indonesia's exports to the European region is relatively small, but the impact of the crisis in Europe has affected the economies of Asia such as China and India that indirectly impact on Indonesia's exports. According to BPS data export value of Indonesia in June 2012 reached U.S. $ 15.36 billion or a decline of 8.70% (mom), or 16.44% (yoy). The cumulative value of exports of Indonesia until the quarter was U.S. $ 96.88 billion, down 1.76% (yoy), while non-oil exports reached U.S. $ 76.83 billion, down 2.79% (yoy).

Outlook

Development of the domestic economy is expected to continue to improve. Bank Indonesia predicts economic growth in 2012 may reach 6.1% -6.5% range in 2013 and 6.3% -6.7% range. Economic growth was sustained by the performance predicted ever-increasing investment and domestic consumption is still strong.

Inflation, BI Rate and the Certificate of Bank Indonesia

- Compared with the same period of 2011, inflationary pressures showed a decrease. In annual terms, CPI inflation in the second quarter of 2012 stood at 4.53% (yoy) slightly decreased compared to the same period of last year at 5.54%.
- The decline in global commodity prices and relatively stable domestic demand helped to keep inflation stable.

- Monthly Inflation in April, May and June 2012 stood at 0.21%, 0.07% and 0.62%.
- Board of Governors (RDG) Bank Indonesia lowered the BI Rate at 5.75% since February 2012 and until the month of June is still at that level. This figure is considered still consistent with the inflation pressure is controlled according to the inflation target in 2012 and 2013.

Outlook

In 2012, the inflation forecast is still controlled by the rate below 5% in line with the correction in international commodity prices and weakening global economy. BI predicts inflation will be in the range 4.5% ± 1% in 2012 and 2013.

Exchange rate

- Exchange rate moves down along the second quarter of 2012. At the end of the period, the rupiah closed at Rp9,480 per U.S. dollar, down 300 bps (QoQ) compared with the previous quarter.

- The rupiah is quite depressed, especially in April and May. Pressure on the rupiah is affected by factors of increased risk due to concerns over global economic prospects of the world. In addition, the increasing demand for the dollar also had its share of imports of goods put pressure on rupiah. however, Bank Indonesia will continue to maintain the stability of the Rupiah to support macroeconomic stability.

Outlook

Strengthening JCI is expected to continue. Development of important macroeconomic indicators such as a relatively stable exchange rate, economic growth prospects, low inflation, relatively low interest rates and the achievement of investment grade, will create a composite index continued the positive trend.

JCI and Property Stock Index

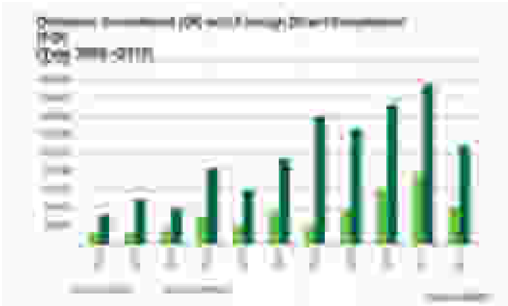
- Stock performance during the quarter-II of 2012 was under pressure due to the negative sentiment on the deteriorating crisis in Europe. At the end of second quarter 2012 composite

index closed lower by -4% (QoQ) on 3956 figures.

- Attenuation that occurs in the second quarter 2012 composite index also followed the weakening Property Stock Index. Although slightly declined but the annual Property Stock Index recorded the highest increase compared to the other sectoral indices by 33% (yoy), this property is supported by the issuer's performance is quite good along with rising property prices are quite high.

Investment

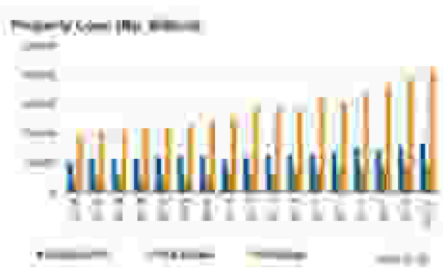
- Direct investment in second-quarter 2012 amounting to Rp76.9 trillion, which consists of the realization of domestic investment of Rp20.8 trillion and realization of foreign investment amounting to Rp56.1 trillion, compared to the same period in 2011 increased by 24%. The cumulative up to June is the realization of investments amounting to Rp148.1 trillion, which consists of the realization of domestic investment of Rp40.5 billion and realization of foreign investment amounting to Rp107.6 trillion.



- Actual domestic investment rose about 5.6% (QoQ) from Rp19.7 trillion to Rp20.8 trillion. Based on the location, the five largest sites Banten (Rp3.6 billion); Riau (Rp3.5 billion), East Java (Rp3 trillion), Jakarta (Rp2.6 billion) and East Kalimantan (RP0.9 trillion).
- Meanwhile, actual FDI increased 8.9% (QoQ), from Rp51.5 trillion to Rp56.1 trillion. Based on the location, the five largest sites of East Java (Rp8.1 trillion), West Java (Rp8.1 trillion), Banten (Rp7.2 trillion) Papua (Rp6.3 trillion) and East Kalimantan (Rp5.4 trillion).

Growth of Property Loans

- As of the end of May 2012 property lending by commercial banks has reached Rp377 trillion, or grew by 22% (yoy).



- The increase in growth occurred in all types of credit. The highest increase in mortgage credit / AIDS is growing by 33% (yoy), while construction loans and real estate loans recorded growth respectively by 22% (yoy) and 11% (yoy). Upward trend that occurred since the beginning of 2011 was the impact of policy cut the BI Rate to 5.75% which is then responded to some banks that lower mortgage rates at the level of 7.5% -10% (1 year fixed) so that the growing consumer interest to buy a house. Meanwhile, Bank Indonesia Circular Letter No.14/10/DPNP which sets the ratio of loan to value of property sales by 70% for housing or a house with a floor area of more than 70 m2, is expected to reduce the growth of mortgage credit. Circular was issued on March 15, 2012.

8.2 Jabodetabek Overview

Economic

Jakarta

By the end of fourth quarter of 2011, Jakarta economy growth was 6.7% (y-o-y). As the same as the previous quarter, positive improvement occurred in all components such as investment and consumption. Improvement was driven by strong investment demand and economic prospects in Jakarta. Strong consumption was driven by higher remuneration, private sector salary increase, public optimism on the economy, and under control inflation rate.

Greater Jakarta (Tangerang-Bekasi-Depok-Bogor)

Greater Jakarta Economic Indicators

Indicators	City					National
	Jakarta	Bogor	Depok	Tangerang	Bekasi	
Economic Growth (%)	6.70[1]	6.07*	6.36*	6.7*	5.84*	6.5[1]
Per Capita GRDP (Rp.000)	100,980[1]	14,806 *	9,286 *	31,672 *	15,398 *	27,000 *
Inflation (%) [1]	3.97	2.85	2.95	3.78	3.45	3.65
Population Growth (%) [2]	1.40	3.13	4.30	3.47	4.09	1.49

*) BPS Estimation 2010
(1) Bank Indonesia, Regional Economy Outlook Q4-2011
(2) BPS, Cencus 2010
(3) BPS, Economy Booklet 2010

Jakarta CPI inflation trend showed a tendency to decrease in the end of fourth quarter of 2011, it was recorded at 3.97% (y-o-y). Decreased price of good such as vegetables and stable administered price good caused inflation rate lower than previous quarter.

Bogor, Depok, Tangerang, Bekasi (Bodetabek)

As satellite town on the shores of Jakarta, the economic activities of Bogor, Depok, Tangerang and Bekasi cannot be detached from the influence of economic activity in Jakarta. Most workers in Jakarta have chosen to live in those cities due to several factors, including the high cost of housing in downtown Jakarta. Ease of access to the satellite cities, good air quality, and lower congestion levels than Jakarta are some encouraging factors for people to choose to be commuters. Improvement of infrastructure projects such as toll roads and rail transportation will positively affect the economic growth of satellite cities.

The average GDP growth in Bogor, Depok, Tangerang and Bekasi reached 6.24%. The lowest growth rate was Bekasi at 5.84% and the highest was Tangerang at 6.7%. The highest GDP per capita was achieved by Tangerang at Rp31.67 million, then followed by Bekasi at Rp15.4 million, Bogor at Rp14.8 million and Depok at Rp9.3 million.

By the end of fourth quarter of 2011, inflation rate showed a downturn trend for those cities. Tangerang's inflation rate recorded at 3.78% (y-o-y), while the lowest inflation occured in Bogor recorded at 2.85% (y-o-y). Depok and Bekasi had inflation rate of 2.95% and 3.45%.

Outlook

Jakarta's economy is predicted to grow at over 6% by 2012. From the demand side, consumption is expected to increase. The investment growth will remain high. Investment prospect in Indonesia has been improved after credit rating moved into BB+ by Fitch ratings and S & P, and Indonesia moved closer to attain it's investment grade rating or on par with India and Brazil.

Demography

Based on the Population Census 2010 results, Jakarta's population is 9,588,198 people consisting of 4,859,272 men and 4,728,926 women. The population cencus shows population scattered on the Jakarta outer ring, while the population who live in central Jakarta is relatively low. The population who live in Central Jakarta only about 9.37% and the rest spread in South Jakarta, East Jakarta, West Jakarta and North Jakarta. Meanwhile, population of the Kepulauan Seribu is just 0.22%.

With an area of Jakarta approximately 662.33 square kilometers and inhabited by 9,588,198 persons, the average population density of DKI Jakarta is 14,476 persons per square kilo meters. The most populous area is the Central Jakarta Municipality which is inhabited by 18 676 persons per square kilo meters, while the lowest is Kepulauan Seribu Regency which is inhabited by 2,422 peoples per square kilo meters.

Average Jakarta's population growth rate during the last 10 years is 1.40% per year, the growth rate is relatively lower compared to satellite towns such as Bogor, Bekasi, Tangerang, and Depok.

Greater Jakarta Population

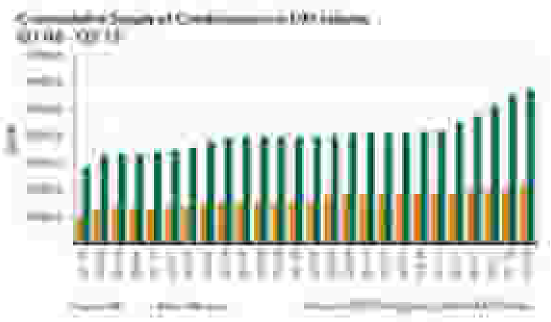
Indicators	City				
	Jakarta	Bogor	Depok	Tangerang	Bekasi
Population (1.000 People) (1)	9,588	5,712	1,737	4,636	2,319
Population Growth (%) (1)	1.39	3.13	4.30	3.47	3.48
Productive Age Group (%) (1)	69.54	68.99	68.92	68.51	71.76

(1) BPS, Population Census 2010

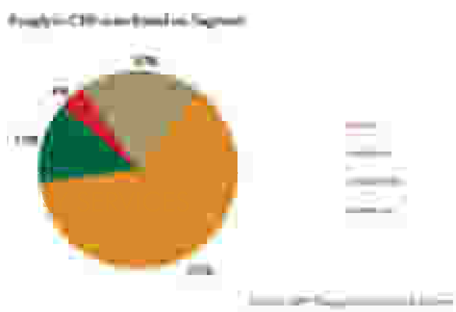
The population of Jakarta suburbs are dominated by Bogor and Tangerang, each of 5.7 million and 4.6 million people. Respectively Bekasi city population is 2.3 million people and Depok city of 1.7 million people. The average population growth of Bogor, Depok, Tangerang and Bekasi are 3.6%, with the majority population of productive age group of 69.55%.

8.3 Jakarta Property Market

- In the second quarter of 2012, Jakarta's condominium supply increased 10.76% (q-o-q). New supply came from Ambassade Residences, Denpasar Residence Tower Kintamani and Ubud, and Tamansari Semanggi (Tower A) in the CBD area and Essence (The South), Regatta (Rio de Janeiro), Niffaro (Tower Mahoni), Cervino Village in the Non-CBD area. These apartments increased 3,688 units to the cumulative supply.



- In the second quarter of 2012, total cumulative supply was about

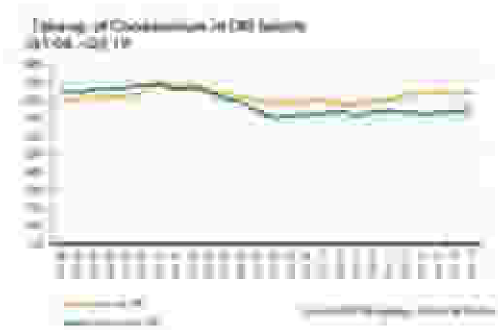


76,866 units. It was divided into some markets area; CBD, Non-CBD, and several market segments from low to luxury segments.

- Middle-middle class was still dominated by condominium supply in CBD area based on its classification. Furthermore there was an increase of 2,127 units in the Middle-Upper sector from the completion of Ambassade Residences, Denpasar Residence Tower Kintamani and Ubud, The Wave and Tamansari Semanggi.

- In Non-CBD area, Niffaro (Tower Mahoni) with 288 units and Cervino Village with 449 units added the market supply on middle-middle segment. These additional supplies have made the total cumulative supply rose into 60,027 units, increased by 2.67% (q-o-q).

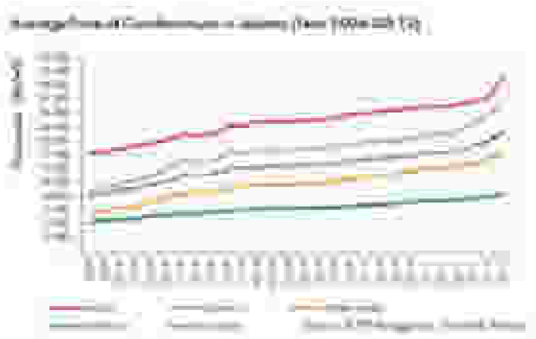
Take-up



- The take-up rate in CBD area slightly increased by 2.20% from 83.26% to 85.09% this quarter. This growth comes from the demand within projects such as Verde Signature, The Grove, Tamansari Semanggi.

- With the number of new supply in this quarter, take up rate for Non-CBD area grew significantly compared to the previous quarter, from 73.55% to 74.87% or increased by 1.80%. The notable growth of Non-CBD area was related to high demand within projects, such as Essence Darmawangsa (tower east), Kemang Village (The Tiffany, The Infinity, The Intercon), St. Moritz Penthouse, Residence 8 Senopati, 1 Park Residence, and Pakubuwono Residence.

Selling Price



- The increase of new condominium projects has led to a relatively moderate price rise.
- Selling price of condominum had rose by 9.6% (q-o-q) or 21.57% (y-o-y) and reached Rp21.7 million per square meter.

Outlook

In 2012, the Greater Jakarta market is estimated to complete 15,784 new units. The new supplies are predicted to come from middle-up and Middle-Middle segment apartments. With the big amount of new supplies in the market, developers will need to offer compelling product advantages and be competitive in promoting their projects in order to boost transaction activities during 2012. The high demand is expected to increase the selling prices, particularly apartments that are still under construction.

Market Prediction

Progress on rental and serviced apartment is slower compared to condominium market since the demand for rental and serviced apartments is dominated by foreigners who works in Jakarta. There has been a slight decrease of foreigners who works or who travels to Indonesia, thus results in a decline for demand of rental and serviced apartments.

8.4 Existing Competitors

The subject property is targeted to capture the market of expatriates who works in offices and embassy buildings near the area, which are staying in Indonesian for medium or long term period. The existing competitors for the subject property are the following serviced apartments located in the surrounding area:

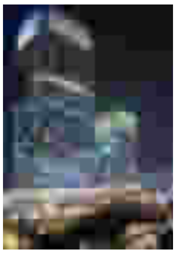
a. Oakwood Premier Cozmo

The Oakwood Premier Cozmo is located at Jalan Lingkar Mega Kuningan Blok E4.2 No. 1 Jakarta, within the Mega Kuningan Business District. The apartment was developed by PT Cozmo International and completed in 2007 with a total of 204 units, targeting the middle upper market segment. The apartment offers temporary housing for expatriates with options of one, two or three-bedroom apartments with unit size ranging between 70 sqm-160 sqm. The apartment occupancy rate reached 84%. The rental price offering is in the range of USD3,800-USD5,400 per month.

b. The Ritz-Carlton Jakarta at Pacific Place

The Ritz-Carlton Jakarta is located at Jalan Jl. Jenderal Sudirman Kav. 52-53, Jakarta, within the Sudirman Central Business District. The apartment was developed by Tan Kian Properties and completed in 2007 with a total of 270 units, targeting the middle upper market segment. The apartment offers a variety of one, two or three-bedroom apartments with unit size that is larger than its competitors, ranging between 80 sqm-169 sqm. The apartment occupancy rate reached 85%. The rental price offering is between USD2,090-USD6,060 per month.

c. The Mayflower Jakarta – Marriott Executive Apartments



The Mayflower Jakarta, or also known as the Marriott Executive Apartments is located at Jalan Jenderal Sudirman Kav 76 - 78, Jakarta. The apartment is within the same mix-used building complex with the Sudirman Plaza and Indofood Tower. The apartment was developed by Tan Kian Properties and completed in 2007 with a total of 96 units, targeting the middle upper market segment. The apartment consists of one, two or three-bedroom with unit size ranging from 150 sqm to 250 sqm. The apartment occupancy rate reached 87%. The rental price offering is between USD3,500-USD5,800 per month.

d. Plaza Residence

The Plaza Residences is located above the InterContinental Mid Plaza Hotel Jakarta and the first integrated hotel and apartment development. The Plaza Residence is located at Jalan Jenderal Sudirman, Lot 10-11 Jakarta. The apartment was developed by PT Prima Adhitama International Development and completed in 1998 with 259 units, targeting the middle upper market segment. There is a range of one, two or three-bedroom apartments and a two-storey penthouse with unit size ranging between 80 sqm to 308 sqm, offered with a choice of furnished, unfurnished and fully-serviced apartments. The apartment occupancy rate reached 99%. The rental price is offered at the range of USD2,500-USD3,700 per month. The Plaza Residences is a part of the MidPlaza complex, situated in the Jakarta CBD and has convenient access from Jalan Jenderal Sudirman and Jalan KH. Mas Mansyur.

e. Ascott Jakarta

Ascott Jakarta is located in Jakarta's Golden Triangle, at Jalan Kebon Kacang Raya No.2 Jakarta. The apartment was developed by PT Bumi Perkasa Andika and completed in 2008 with 198 units, pampered with modern Balinese style decor. There is a range of studio, one, two, and three-bedroom residences and grand split level penthouses with unit size ranging between 50 sqm to 490 sqm, each designed with a fully-equiped kitchen, home entertainment system, IDD telephone, and an option for a maid's room. The apartment occupancy rate reached 85%. The rental price is offered at the range of USD2,600-USD3,600 per month.

Market Positioning

Based on the market positioning analysis, the subject property is positioned below The Ritz-Carlton, Oakwood Premier Cozmo, Ascott Jakarta, and The Mayflower, but upper than The Plaza Residences. The subject property is competing directly with Plaza Residence which is also located near the location. However, the subject property offers a more affordable price than the Plaza Residence. The market positioning is based on several criteria, such as location and accessibility, operator, development concept and building condition.

9.0 Highest and Best Use

Highest and Best Use according to the Indonesian Valuation Standard *(SPI – Standar Penilaian Indonesia)* as well as is defined in The Appraisal of Real Estate, as:
"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest land value."

The above definition of Highest and Best Use applies to the use of a site as though vacant, as well as the existing property, as improved. When a site contains improvement, the Highest and Best Use may be determined to be different from the existing use. The existing use will continue unless and until the land value in its Highest and Best Use exceed the sum of the value of the entire property in its existing use plus the cost to remove the improvements.

Four criteria must be examined to determine whether a use represents a property's Highest and Best Use. These requirements are the use which is physically possible, legally permissible, financially feasible, and maximally productive.

Highest and Best Use As Improved

The subject property is designed as an apartment building which is physically possible and functionally adequate. The subject property location is zoned for commercial use, however we understand that the use as residential is allowed and there is no charge imposed to convert commercial use into residential. Based upon the preceding market analysis and the forthcoming valuation, the subject property will produce income that is sufficient for financial feasibility. Considering the location, market condition and surrounding development, the current development as an apartment building will give maximally productive use and thus the highest and best use of the subject property.

10.0 Valuation Methodology

Generally, there are three basic approaches to value that should be considered;

1. Income approach
2. Cost approach
3. Market data approach

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. The final step in the appraisal process is reconciliation – a process by which we analyze alternative conclusions and selects a final value estimate from among the indications of value.

In this valuation, we have considered that the **Market Data Approach** and the **Income Approach** analysis are most applicable in valuing the subject property.

Market Data Approach

Generally, Market Value valuation is best approached by analysis of open market transactions of similar properties. The Market Data Approach is a process by which a market value estimate is derived by analyzing the market activity of similar properties and comparing these properties to the subject property being appraised.

The subject property is 108 apartment units, a restaurant and 6 units offices/storage at the basement areas. To derive the Market Value of en-block sale, we would made adjustment to Market Data Approach by taking into account the time required to dispose the whole amount of the subject property with the following procedure:

- The cash flow projection is using Rupiah currency since the revenue stream is in Rupiah.
- Taking into account the amount of properties and projected market condition, we have estimated a selling period of 2 (two) years.
- The projection on number of property sold per year is arrived at by referring to sales performance of similar comparable properties and assumed at 64 units in 1st year and 51 units in 2nd year.
- The selling price of each property is predicted based on analysis of market activity of similar comparable properties. An increase of 10% in year 1 and 7.5% in year 2 is adopted during the above selling period.

Type	Selling Price/sqm (Rp)
1 BR	24,557,000
2 BR	24,076,000
3 BR	21,668,000
Restaurant - 2nd Floor	18,418,000
Basement	9,209,000

- The gross sales per annum are arrived at by multiplying the number of properties sold with the projected price of each property.
- The present value of net operating income is analyzed with discounted cash flow by using a discount rate at 11.65% throughout the period.
  The assumption used in calculating the discount rate (IDR base) is as follows:

Description	Assumption	Explanation	Source
Cost of Equity			
R_f	5.62%	Rate of return of Short Term Government Bond	Bank Indonesia
β	0.7017	Average Levered Beta of Property Companies	Bloomberg
RP_m	9.00%	Market Risk Premium	Damodaran
k_e	**11.94%**		
Cost of Debt			
k_d	11.46%	Investment Loan Interest Rate	Bank Indonesia
k_d	**11.46%**		

Description	Assumption	Explanation	Source
W_e	40%	Average ratio of equity to capital markets	Market
W_d	60%		
Discount Rate	**11,65%**		

- Then deducted with unreceived revenue of about Rp69 million and cost to furnish of about Rp227 million.

Income Approach using Discounted Cash Flow Method (DCF Method)

Generally, this approach is applicable for income producing properties. This method takes into consideration the income of the property derived from the various revenue sources and the operational, administrative and other expenses to be incurred in obtaining that income. The resulting profit, before interest charges and tax, is then capitalized at a rate considered as appropriate in reflecting the level of risk and return of the investment.

This approach considers the income and expenses related with subject property and estimated value with capitalization process. Capitalization correlates the income (usually the net income) with the definition of value through the conversion of income into value estimation. This process possibly use the direct capitalization (known as the capitalization rate), yield or discount rate (describing the return on investment), or both. In general, substitution principles implies that the revenue streams that generate the highest return rate is comparable with the level of risk taken and will generate the most possible value. (KPUP 9.2.1.3)

DCF method is most suitable for valuing income-producing properties. In this method, the anticipated series of annual net operating income of the property is processed to produce an indication of value. Net operating income is the income generated before payment on any debt service and tax. The series of net operating income is discounted into present value by using a discount rate that reflecting the level risk and return of similar properties.

We have used Discounted Cash Flow method with the following procedures:

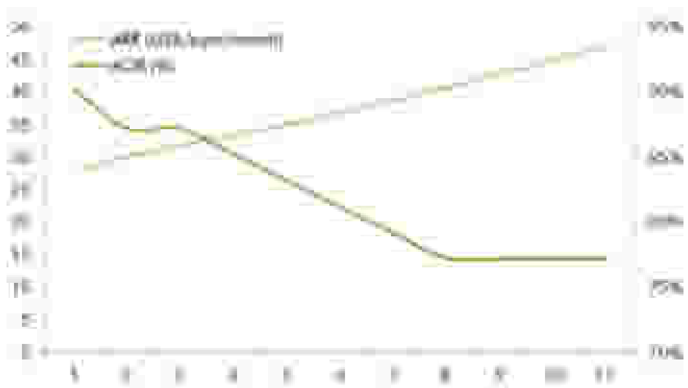
- The cash flow projection is using US Dollar currency since the revenue stream is in US Dollar;
- The cash flow projection is within a duration of 11 years;
- The number of unit used in this valuation is 107 in September 2012 to November 2012, and 108 in December 2012 and the remaining years.
- The operational day for this projection is 93 days in 1st year (September-December 2012) and 365 days for remaining years (January to December);
- This valuation accounts for unit composition as follows:

No. of Bedrooms	Unit Size (sqm)	Total Units	
		30 September 2012	October-December 2012
1-BR	82	27	27
2-BR	119	27	27
2-BR	121	27	27
3-BR	158	26	27
	Total	107	108

- The average occupancy rate (AOR) and average room rate (ARR) projection is arrived by making analysis market condition and its competitors. The ARR in 1st year is assumed at US$28.1 per square meter with occupancy rate of about 90.2%. The ARR is projected to increase with an increment of 7.5% in year 2 and 6% in year 3, and 5% for the remaining years. The occupancy rate is calculated based on market assumptions. The ARR and AOR assumptions based on unit type for 1st year are as follows:

Type	ARR/month (US$)	AOR (%)
A (1-BR)	2,925	96.02
A (2-BR)	3,414	86.10
A1 (2-BR)	3,471	
B1 (3-BR)	3,637	93.60

- The AOR and ARR projection are described as follows:



- The other revenue is generated from unit/room rental, telephone, laundry and other operating department with the following assumption:

Department Revenue	Assumption
Room	Rental rate x room occupied
Food & Beverage	2.50% from room revenue
Minor & Other Operating Department	1.19% from room revenue

- The income of each operating department is deducted with its related department cost to arrive at the departmental profit. This figure is then deducted with general cost (undistributed expenses) to derive the house profit, then deducted with fee and owner's cost to derive the net operating income. The details assumption are as follows:

Cost	Assumption
Department Cost & Expenses	
Rooms	7.50% from room revenue
Housekeeping	6.00% from room revenue
Food & Beverage	94.27% from F&B revenue
Other Operating Department	65.00% from OOD revenue
Undistributed Expenses	
Administrative and General	2.28% from total revenue
Sales & Marketing	5.55% from total revenue
Property Operation Maintenance	1.18% from total revenue
Human Resource	0.66% from total revenue
Utilities	4.54% from total revenue
Fees	
Basic Management Fee	2.00% from total revenue
Incentive Fee	6.00% from GOP
Marketing Fee	1.00% from room revenue
Owner's Cost	
Property Tax	Increase 5% per annum
Service Charge	US$ 2 /sqm/month
Property Insurance	Increase 5% per annum
Provision for Real Estate and M & E	2.00% from total revenue
Provision for FF&E	2.50% from total revenue

- This series of net operating income of subject property is discounted into present value by using a discount rate of 7.42%;
  The assumption used in calculating the discount rate (USD base) is as follows:

Description	Assumption	Explanation	Source
Cost of Equity			
R_f	4.64%	Rate of return of Long Term Government Bond	Bank Indonesia
β	0.702		
RP_m	9.00%	Market Risk Premium	Damodaran
k_e	**10.95%**		
Cost of Debt			
k_d	5.07%	Investment Loan Interest Rate	Bank Indonesia
k_d	**5.07%**		
W_e	40%	Average ratio of equity to capital markets	Market
W_d	60%		
Discount Rate	7,42%		

- The present value is deducted with cost to furnish which is assumed at US$23,700.00

Valuation Summary

The final step in the valuation process is reconciliation – a process by which we analyzed value indications from each method and derive the final value estimate from among indicative values. To derive the Market Value, we have made a weighted average of each indicative value as follows:

Approach	Indicative Market Value (Rp)	Weight	Market Value (Rp)
Market Data – Sales Staging	309,736,000,000	70%	216,815,200,000
Income - DCF	261,737,000,000	30%	78,521,100,000
Total			295,340,000,000

11.0 Valuation

We understand that the market of the property is transacted in Rupiah currency; therefore, we have valued the property on Rupiah currency. We advise that the use of currency other than stated in this report is not applicable. However, for your information only, the exchange rate at the date of valuation is US $1= Rp9,588.00 (middle rate).

Our valuation is subject to the following:

1. Value listed in this report for the subject property and any values in this report which are parts of the property valued apply only in terms of and for the purpose of this report. The Value used in this valuation report should not be used in conjunction with any other valuation purposes as they may prove incorrect if so used.
2. The subject property is covered with good marketability title, free and clear from all liens and encumbrances, easements, restriction or limitation and unexpected expenses. We do not make any land measurements, and we assume that the land drawings contained in the land certificates and building drawings provided by the Company are true and accurate.
3. For the purpose of this valuation, we rely on the data provided by the Company and verbal data gathered during site inspection and assume that those are true and accurate.
4. We have not conducted a full inspection of the 108 strata apartment units. We have only conducted a partial inspection for each unit type which is permitted by the management. In this valuation we assume that the conditions of all units are typical and fully furnished.

We declare that in performing this valuation we are an independent party, that has no direct or indirect interests to the subject property nor the result of our valuation.

We advise that the market value opinion is without regard to costs of sale or purchase and without offset of any associated taxes.

Having considered all relevant information and prevailing market conditions and comments in this summary report, we are of the opinion that Market Value for the subject property located at Jalan Setiabudi Raya No. 9, Setiabudi Sub-district, Setiabudi District, South Jakarta, DKI Jakarta Province, Indonesia, as at 30 September 2012 is:

Rp295,340,000,000.00
(TWO HUNDRED NINETY FIVE BILLION AND THREE HUNDRED FORTY MILLION RUPIAHS)

For your information only, and for the purpose of this valuation, the above Market Value in US Dollar denomination (using the exchange rate as of US $1= Rp9,588.00 (middle rate) is:

US$30,800,000.00
(THIRTY MILLION AND EIGHT HUNDRED THOUSANDS UNITED STATE DOLLARS)

12.0 Limiting Condition

Attached on the appendices

Yours faithfully,
KJPP Rengganis, Hamid & Rekan

Vivien Heriyanthi, MAPPI (Cert.)
Associate Partner
Licensed Valuer No. PB-1.09.00263
MAPPI No. 00-S-1256

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Beijing Fraser Suites Real Estate Management Co., Ltd.
No. 12 Jin Tong Xi Road
Chaoyang District
Beijing 100020
The People's Republic of China

Attn: Mr. James Ong

3 October 2012
Our Ref.: BJ/2012/VPS/8560/CC/AL/MW/JW/YL/ck

Dear Sirs,

RE: FRASER SUITES CBD, BEIJING, NO. 12 JIN TONG XI ROAD, CHAOYANG DISTRICT, BEIJING, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

We refer to the instructions from Beijing Fraser Suites Real Estate Management Co., Ltd. (the "Company") for us to prepare a report on the market value of the Property located in the People's Republic of China (the "PRC"), we confirmed that we have carried out an inspection of the Property and made relevant enquiries and investigations as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 September 2012 (the "date of valuation") for accounting purpose.

In assessing the market value of the Property, we have adopted the Discounted Cash Flow Approach ("DCF"). DCF involves discounting future net cash flow of the Property to its present value by using an approximate discount rate that reflects the rate of return required by an investor for an investment of this type.

We have relied to a considerable extent on the information given by the Company and accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. All dimensions, measurements and areas included in our valuation are based on information contained in the documents provided to us and are therefore approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material facts have been omitted from the information provided.

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Neither the whole or any part of this letter nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this letter and valuation certificate is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Unless otherwise stated, all money amounts are stated in RENMINBI ("RMB").

We enclose herewith our valuation certificate. This letter and valuation certificate are subject to the attached limiting conditions.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Charles C.K. Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Managing Director

Encl.

Our Ref.: BJ/2012/VPS/8560/CC/AL/MW/JW/YL/ck

Page 2

VALUATION CERTIFICATE

Address of the Property : No. 12 Jin Tong Xi Road, Chaoyang District, Beijing, PRC

Tenure : As per information provided by the Company, we understand that the land use rights of the Property are as follows:

- 70 years commencing on 3 August 2003 and expiring on 2 August 2073 for residential use
- 40 years commencing from 3 August 2003 to 2 August 2043 for commercial use
- 50 years commencing from 3 August 2003 to 2 August 2053 for commercial (car park lots) use

Location & Situation : The Property is located at Jin Tong Xi Road and close to the East Third Ring Road, east of Dong Da Qiao Road and north of Guanghua Road, Chaoyang District, Beijing.

The Property is situated in the central business district of Beijing. The neighbourhood developments are dominated by modern high-rise office buildings. Comprehensive shopping and public facilities are located within a short driving distance. Public transport facilities such as buses, taxies, railways and subways are readily available in the vicinity.

Brief Description : The Property, namely Fraser Suites CBD, Beijing, is a 23-storey serviced apartment building over-mounting a 3-level Basement and was completed in 2008.

As per survey report provided by the Company, the Property has a total gross floor area ("GFA") of approximately 40,201.34 sq.m. Breakdown GFA and usage of the Property are shown as follows:

Floor Level	Usage	GFA (sq.m.)
Basement 3	Car park	400.90
Basement 1 to Basement 3	Commercial	1,877.16
2F	Commercial	1,694.37
3F to 23F	Serviced apartment	36,228.91

As per information provided by the Company, the Property accommodates 357 units of serviced apartments. Types of serviced apartment are shown below.

Type	No. of Units
Studio Deluxe	42
Studio Premier	42
1-Bedroom Deluxe	42
1-Bedroom Premier	63
1-Bedroom Executive	84
1-Bedroom Grand	42
2-Bedroom Premier	42

At the date of inspection, the interior of each unit of the Property was lavishly decorated with fine art on the walls, wooden floors and a flat-screen television.

The Property provides a 24-hour reception counter, a business centre, an aerobics room, a workout gym, an indoor swimming pool and a children's playroom. Housekeeping service is provided to all units.

Occupancy Details : As per information provided by the Company, the occupancy rate of the Property from October 2011 to September 2012 was 89% with a total revenue of RMB89,000,000

Market Value as at 30 September 2012 : RMB1,122,300,000 (RENMINBI ONE BILLION ONE HUNDRED TWENTY TWO MILLION AND THREE HUNDRED THOUSAND ONLY)

Appendix I

Assumptions

and

Control

for

Discounted Cash Flow ("DCF") Approach

Our Ref.: BJ/2012/VPS/8560/CC/AL/MW/JW/YL/ck

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Fraser Suites CBD, Beijing

Assumptions:					
Date of Valuation	30-Sep-2012		Opened on 15/8/2008		
Unit	RMB				
Number of rooms	357				
GFA	38,324.18				
Category	Serviced Apartments				
General Assumptions	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Average Occupancy Rate	89.0%	89.0%	90.0%	90.0%	91.0%
		4.0%	4.0%	3.0%	3.0%
Average Daily Revenue Per Room	￥780.00	￥811.00	￥843.00	￥868.00	￥894.00
	Initial (Year 1-3)	**Stablised (from Year 4)**			
Growth Rate	4.0%	3.0%			
Stabilized Occupancy Rate	89.0%	89.0%			
F&B Revenues	0%	0%	on Room Revenue		
Other Revenues	2%	2%	on Room Revenue		
Operating Expenses					
Operations	9.0%	8.6%	on Room Revenue		
Housekeeping	4.0%	3.8%	on Room Revenue		
Administrative & General	5.0%	4.8%	on GOR		
Sales & Marketing	3.0%	2.3%	on GOR		
Maintenance	9.0%	7.6%	on GOR		
Security	1.5%	1.4%	on GOR		
Human Resource	1.0%	1.0%	on GOR		
Cost of Sales - Other Operating Revenue	40.0%	40.0%	on Other Revenues		
Non Operating Expenses					
Management Fee	1.0%	1.0%	on GOR		
Marketing Fee	1.0%	1.0%	on GOR		
Incentive Fee	8.0%	8.0%	on GOP		
Trademark fee	2.0%	2.0%	on GOR & GOP		
Property Insurance	0.5%	0.5%	on GOP		
Property Management Fee	¥3,425,316	¥3,425,316	per year		
Other Non-Operating Revenue/Expenses	0.0%	0.0%	on GOR		
Tax					
Business Tax	5.6%	5.6%	on GOR		
Property Tax	¥7,847,631	¥7,847,631	per year		
Land Use Tax	¥100,366	¥100,366	per year		
Withholdding Tax	3.0%	3.0%	on GOR		
Factor					
Discount Rate	6.6%				
Capitalization Rate (Net)	2.6%				

Our Ref.: BJ/2012/VPS/8560/CC/AL/MW/JW/YL/ck

Appendix II

DCF Worksheet

Our Ref.: BJ/2012/VPS/8560/CC/AL/MW/JW/YL/ck

Cashflow Projection - Forecast Year 1 - 5

Land Use Term Expiry Date	2-Aug-2073
Date of Valuation	30-Sep-2012

	Year 1		Year 2		Year 3		Year 4		Year 5	
From	01/10/2012		01/10/2013		01/10/2014		01/10/2015		01/10/2016	
To	30/09/2013		30/09/2014		30/09/2015		30/09/2016		30/09/2017	
DCF										
(RMB)										
HOTEL										
Number of rooms	357		357		357		357		357	
Gross sales of rooms per year	115,971		115,971		117,275		117,596		118,578	
Gross available rooms per year	130,305		130,305		130,305		130,662		130,305	
Average occupancy rate	89.0%		89.0%		90.0%		90.0%		91.0%	
Average Daily Rent (when fully occupied)	780		811		843		868		894	
Departmental Revenues	RMB		RMB	%Gross	RMB	%Gross	RMB	%Gross	RMB	%Gross
Room	90,457,731	98.3%	94,052,846	98.3%	98,862,404	98.3%	102,073,154	98.3%	106,008,330	98.3%
Others	1,576,305	1.7%	1,638,953	1.7%	1,722,763	1.7%	1,778,713	1.7%	1,847,287	1.7%
Gross Operating Revenue (GOR)	92,034,036	100.0%	95,691,798	100.0%	100,585,167	100.0%	103,851,868	100.0%	107,855,617	100.0%
Operating Expenses										
Operations	8,141,196	9.0%	8,464,756	9.0%	8,897,616	9.0%	8,778,291	8.6%	9,116,716	8.6%
Housekeeping	3,618,309	4.0%	3,762,114	4.0%	3,954,496	4.0%	3,878,780	3.8%	4,028,317	3.8%
Administrative & General	4,601,702	5.0%	4,784,590	5.0%	5,029,258	5.0%	4,984,890	4.8%	5,177,070	4.8%
Sales & Marketing	2,761,021	3.0%	2,870,754	3.0%	3,017,555	3.0%	2,388,593	2.3%	2,480,679	2.3%
Maintenance	8,283,063	9.0%	8,612,262	9.0%	9,052,665	9.0%	7,892,742	7.6%	8,197,027	7.6%
Security	1,380,511	1.5%	1,435,377	1.5%	1,508,778	1.5%	1,453,926	1.4%	1,509,979	1.4%
Human Resource	920,340	1.0%	956,918	1.0%	1,005,852	1.0%	1,038,519	1.0%	1,078,556	1.0%
Business Tax	5,153,906	5.6%	5,358,741	5.6%	5,632,769	5.6%	5,815,705	5.6%	6,039,915	5.6%
Cost of Sales - Other Operating Revenue	630,522	40.0%	655,581	40.0%	689,105	40.0%	711,485	40.0%	738,915	40.0%
Sub-total	35,490,570	38.6%	36,901,092	38.6%	38,788,095	38.6%	36,942,930	35.6%	38,367,173	35.6%
Gross Operating Profit (GOP)	56,543,466	61.4%	58,790,706	61.4%	61,797,072	61.4%	66,908,937	64.4%	69,488,444	64.4%
Non Operational Expenses										
Management Fee	920,340	1.0%	956,918	1.0%	1,005,852	1.0%	1,038,519	1.0%	1,078,556	1.0%
Marketing Fee	920,340	1.0%	956,918	1.0%	1,005,852	1.0%	1,038,519	1.0%	1,078,556	1.0%
Incentive Fee	4,523,477	8.0%	4,703,256	8.0%	4,943,766	8.0%	5,352,715	8.0%	5,559,076	8.0%
Trademark fee	2,971,550	2.0%	3,089,650	2.0%	3,247,645	2.0%	3,415,216	2.0%	3,546,881	2.0%
Property Tax	7,847,631	8.5%	7,847,631	8.2%	7,847,631	7.8%	7,847,631	7.6%	7,847,631	7.3%
Land Use Tax	100,366		100,366		100,366		100,366		100,366	
Property Insurance	282,717	0.5%	293,954	0.5%	308,985	0.5%	334,545	0.5%	347,442	0.5%
Property Management Fee	3,425,316		3,425,316		3,425,316		3,425,316		3,425,316	
Withholdding Tax	2,761,021	3.0%	2,870,754	3.0%	3,017,555	3.0%	3,115,556	3.0%	3,235,669	3.0%
Other Non-Operating Revenue/Expenses	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Sub-total	23,752,759	25.8%	24,244,763	25.3%	24,902,967	24.8%	25,668,382	24.7%	26,219,493	24.3%
Net Profit	32,790,706	35.6%	34,545,943	36.1%	36,894,105	36.7%	41,240,555	39.7%	43,268,951	40.1%
CAPITALISATION for remaining .0 years									1,331,648,016	
NET CASH FLOW	32,790,706		34,545,943		36,894,105		41,240,555		1,374,916,967	
PV FACTOR @ 6.6%	0.9381		0.8800		0.8255		0.7744		0.7265	
NET PRESENT VALUE OF NET CASH FLOW	30,760,513		30,400,634		30,456,877		31,937,115		998,827,401	

Market Value as at 30 September 2012	¥1,122,382,540
Say:	¥1,122,300,000

Unit Rate (per sq.m.)	¥29,287	These analyses are for quick reference and the market value of
Average market value of each room	¥3,143,929	the property is calculated by the room revenue and other

Our Ref.: BJ/2012/VPS/8560/CC/AL/MW/JW/YL/ck