

# KNIGHT FRANK VALUATIONS

**Hotels & Resorts Market Update  
Summer 2016**





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Alistair is a Director of Knight Frank Valuations and undertakes hotel valuations in Australia, New Zealand and select offshore markets within the South Pacific.

Alistair has some 38 years' property consulting and valuation experience in the hospitality industry and given the global nature of the hospitality industry, his geographic experience also extends to the United Kingdom, Continental Europe, Africa and United States of America.

Alistair has undertaken valuations encompassing such hotels in Australia and New Zealand as the Four Seasons Hotel Sydney, Four Points by Sheraton Sydney, Swissotel Sydney, Park Hyatt Melbourne, Grand Hyatt Melbourne, InterContinental the Rialto Melbourne, Hilton Melbourne South Wharf, Hyatt Regency Perth, Holiday Inn City Centre Perth, Pullman Cairns International, Sheraton Mirage Port Douglas, Hilton Auckland, InterContinental Hotels Group and Travelodge portfolios.



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Samantha is a Director of Knight Frank Valuations, a Fellow of the Australian Property Institute and a Member of the Royal Institution of Chartered Surveyors. She specialises in hotel and leisure asset valuations.

Samantha's experience is founded in mainstream commercial and development valuation, and since 2000 has specialised in hotel and leisure industry valuations for going concerns, fractional interests, expert witness reporting, mortgage, construction funding valuation and rental determinations.

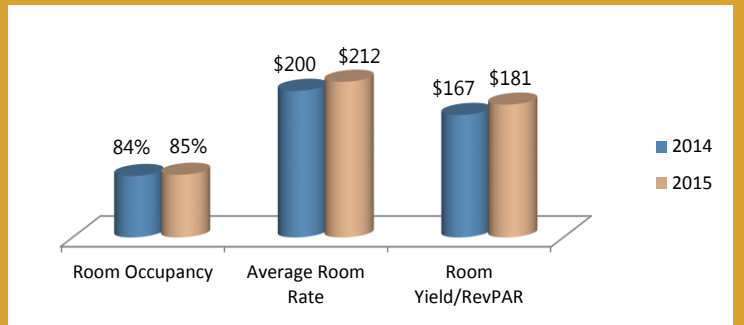
Samantha's expertise and experience extends to casinos, major 4 and 5 star hotels and serviced apartments, specialised tourism assets, leisure parks, and resorts, including construction funding valuations for significant hotel developments.



# SYDNEY

## KEY TRADING STATISTICS OVERVIEW

- Room Occupancy circa 85% in the year ended December 2015, up about 1.5%.
- Average Room Rate circa \$212.00 in the year ended December 2015, up about 6.0%.
- Room Yield/RevPAR grew circa 8.5% in the year ended December 2015.



## FORECAST

- Sydney's hotels are nearing capacity several nights a week.
- We anticipate Room Yield/RevPAR growth in 2016 to be mainly through Average Room Rate that should show above inflationary growth as a result of the City's high Room Occupancy, which was circa 85% in the year ended December 2015.
- New rooms supply under construction/planned/mooted are not considered likely to impact market before 2017/2018.

## SALES ANALYSIS

The five notable sales in Sydney in the year ended December 2015 are as follows:

### Hilton Sydney, 488 George Street, Sydney, New South Wales



<b>Sale Price</b>	\$442,000,000
<b>Sale Date</b>	April 2015
<b>Tenure</b>	Freehold strata
<b>Vendor</b>	Admiral I Pty Ltd, Admiral II Pty Ltd & Admiral III Pty Ltd (Hilton Worldwide)
<b>Purchaser</b>	Bright Ruby Resources Pte Limited
<b>Price per Room</b>	\$763,385
<b>Initial Yield</b>	6.25%
<b>Internal Rate of Return</b>	8.5%
<b>Opened</b>	1975/July 2005
<b>Star Rating</b>	5
<b>Rooms</b>	579
<b>Gross Floor Area</b>	49,000 square metres
<b>Average Room Rate</b>	\$278.00 (Budget Dec 2015)
<b>Room Occupancy</b>	93.0% (Budget Dec 2015)
<b>Room Yield</b>	\$260.00 (Budget Dec 2015)

#### Public Facilities

Restaurant, cafe, 2 bars, 19 function rooms for 40-1,200 people theatre style, 2 boardrooms, executive lounge, LivingWell Health Club, day spa and 5 retail units leased to third parties.

#### Comment

The sale of the property was subject to a long term management by Hilton Worldwide under the 'Hilton' brand.

### Adina Apartment Hotel, 17 Bourke Road, Mascot, New South Wales



<b>Sale Price</b>	\$37,000,000
<b>Sale Date</b>	May 2015
<b>Vendor</b>	Mascot Properties Pty Limited
<b>Purchaser</b>	JZO Pty Ltd
<b>Price per Room</b>	\$300,813
<b>Initial Yield</b>	6.2%
<b>Internal Rate of Return</b>	8.25%
<b>Opened</b>	March 2015
<b>Star Rating</b>	4.5
<b>Rooms</b>	123
<b>Site Area</b>	2,440 square metres
<b>Average Room Rate</b>	\$160.00 (Estimate 2015)
<b>Room Occupancy</b>	75.0% (Estimate 2015)
<b>Room Yield</b>	\$120.00 (Estimate 2015)

#### Public Facilities

2 meeting rooms capable of accommodating 100 people theatre style, 278sqm café space leased to a third party that is slated to open in June 2015, gymnasium and car parking for approximately 54 vehicles.

#### Comment

The sale of the property was subject to leases of the Serviced Apartments to Medina Property Services Pty Limited and the Cafe to Trisara Australia Pty Limited. The Adina lease is for a term of 12 years with two further options periods of five years each. The rent under the Adina lease provides for annual Turnover Rent at 43.3% Year 1, 42% Year 2 and 40% thereafter that exceeds the Base Rent payable in each year starting at \$1,900,000 with 2.5% annual increases from Year 4 and market reviews at the 10<sup>th</sup>, 15<sup>th</sup> and 20<sup>th</sup> anniversaries. The Cafe lease is for a term of 10 years with one further option period of five years. The rent under the Restaurant lease starts at \$120,000 with an 8 month rent free period and 3.5% annual increases and a market review on commencement of the option term. The Lessor is responsible for the Asset Replacement and Structural and Services Repairs.

### The Westin, 1 Martin Place, Sydney, New South Wales



<b>Sale Price</b>	\$445,333,000
<b>Sale Date</b>	May 2015
<b>Tenure</b>	Leasehold & Freehold stratum
<b>Vendor</b>	Ausco Martin Pty Ltd
<b>Purchaser</b>	Far East Martin Pty Ltd (Joint Venture between Sino Land Company Limited & Far East Land and Housing Development Company Pte Ltd)
<b>Price per Room</b>	\$1,070,512
<b>Initial Yield</b>	4.5%
<b>Internal Rate of Return</b>	8.0%
<b>Opened</b>	1866/ October 1999
<b>Star Rating</b>	5
<b>Rooms</b>	416
<b>Site Area</b>	6,203 square metres
<b>Average Room Rate</b>	\$306.00 (Budget Dec 2015)
<b>Room Occupancy</b>	91.0% (Budget Dec 2015)
<b>Room Yield</b>	\$279.00 (Budget Dec 2015)

#### Public Facilities

Restaurant, bar, 8 function rooms for 30-1,400 theatre style, boardroom, executive lounge, 14 retail units, day spa and Health Club leased to third parties. There is no hotel controlled onsite car parking, however No1 Martin Place car park is located in the basement of the property.

#### Comment

The sale of the property was subject to a management agreement with Starwood Hotels & Resorts Worldwide, Inc. under the 'Westin' brand that has approximately 4.5 years unexpired.

**Rendezvous Hotel Sydney Central, 803-813 George Street, Sydney, New South Wales**


<b>Sale Price</b>	\$38,000,000
<b>Sale Date</b>	July 2015
<b>Vendor</b>	BLM (M) Sydney Pty Ltd
<b>Purchaser</b>	Prime Sydney Investments Pty Limited
<b>Price per Room</b>	\$327,586
<b>Initial Yield</b>	5.7%
<b>Internal Rate of Return</b>	9.25%
<b>Opened</b>	1983
<b>Star Rating</b>	4
<b>Rooms</b>	116
<b>Site Area</b>	965 square metres
<b>Average Room Rate</b>	\$150.00 (July 2015)
<b>Room Occupancy</b>	87.0% (July 2015)
<b>Room Yield</b>	\$131.50 (July 2015)

**Public Facilities**

Restaurant, bar, 5 function rooms for 10-80 people theatre style, retail space leased to Flight Centre, rooftop swimming pool, sauna and car parking for 35.

**Comment**

The sale of the property was subject to a lease under the 'Rendezvous' brand that expires on 30 November 2016.

**Pullman Sydney Airport, 191 O'Riordan Street, Mascot, New South Wales**


<b>Reputed Sale Price</b>	\$84,000,000
<b>Vendor</b>	Goodman Group
<b>Purchaser</b>	Nanshan Group
<b>Price per Room</b>	\$366,812
<b>Initial Yield</b>	5.5%
<b>Internal Rate of Return</b>	10.0%
<b>Slated Opening</b>	June 2016
<b>Star Rating</b>	5
<b>Rooms</b>	229
<b>Site Area</b>	5,842 square metres
<b>Average Room Rate</b>	\$205.00 (Projected June 2017)
<b>Room Occupancy</b>	61.0% (Projected June 2017)
<b>Room Yield</b>	\$126.00 (Projected June 2017)

**Public Facilities**

Restaurant and bar, leased café within the adjoining commercial office building, 3 function rooms capable of accommodating between 65 and 200 people theatre style, 2 boardrooms each capable of accommodating 12 people, executive lounge, gymnasium and car parking for approximately 70 cars.

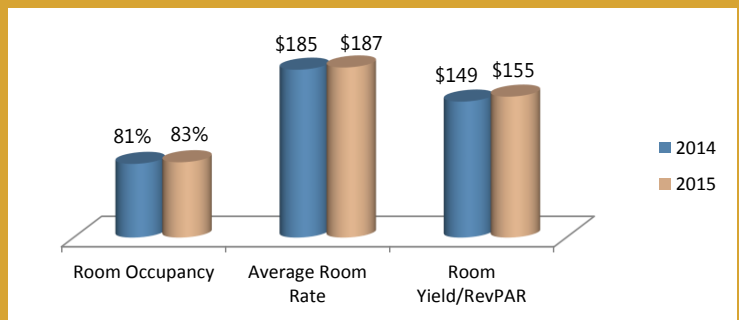
**Comment**

The sale of the hotel is on a turnkey basis and subject to a management agreement with Accor Asia Pacific under the 'Pullman' brand.

# MELBOURNE

## KEY TRADING STATISTICS OVERVIEW

- Room Occupancy circa 83% in the year ended December 2015, up about 2.0%.
- Average Room Rate circa \$187.00 in the year ended December 2015, up about 1.5%.
- Room Yield/RevPAR grew circa 3.5% in the year ended December 2015.



## FORECAST

- Melbourne’s hotels are nearing capacity several nights a week.
- We anticipate Room Yield/RevPAR growth in 2016 to be mainly through Average Room Rate that should show at or above inflationary growth as a result of the City’s improving Room Occupancy, which was circa 83% in the year ended December 2015.
- New rooms supply under construction/planned is anticipated to again test Melbourne’s capacity to absorb increased supply from 2017.

## SALES ANALYSIS

The six notable sales in Melbourne in the year ended December 2015 are as follows.

### The Chen, 836-850 Whitehorse Road, Box Hill



<b>Sale Price</b>	\$27,000,000
<b>Sale Date</b>	April 2015
<b>Title</b>	Strata freehold
<b>Vendor</b>	Entity associated with Asia Pacific Group
<b>Purchaser</b>	Chinese investor
<b>Price per Room</b>	\$270,000
<b>Initial Yield</b>	7.0%
<b>Internal Rate of Return</b>	6.3%
<b>Opened</b>	Sold off the plan
<b>Star Rating</b>	4
<b>Rooms</b>	100
<b>Site Area</b>	Strata
<b>Commencing Rent</b>	\$1,850,000
<b>Average Room Rate</b>	Confidential
<b>Room Occupancy</b>	Confidential
<b>Room Yield</b>	Confidential

#### Public Facilities

Comprises 100 hotel rooms with ground floor reception and administration, together with basement car parking, held in strata title forming part of a larger residential and retail mixed use complex. To be developed and completed circa 2018, in the eastern suburban medical, transport, retail and commercial hub of Box Hill.

#### Comment

Sold subject to a 10+5+5+5 year lease back. Commencing rent fixed for three years with annual fixed increases thereafter, punctuated by five yearly unfettered market reviews. Lessee owns all FF&E. Commencing rent considered significantly higher than market rent of \$1,500,000 with reversion anticipated upon market review. Market yield analysed at 6%.



**Pensione Hotel, 16 Spencer Street, Melbourne, Victoria**


<b>Sale Price</b>	\$26,000,000
<b>Sale Date</b>	September 2015
<b>Vendor</b>	Spencer Street Nominees Pty Ltd
<b>Purchaser</b>	Third Fan Pty Ltd
<b>Price per Room</b>	\$228,070
<b>Initial Yield</b>	5.0%
<b>Opened</b>	1880/2008
<b>Star Rating</b>	3.5
<b>Rooms</b>	114
<b>Site Area</b>	1,081 square metres
<b>Average Room Rate</b>	\$111.00 (June 2014)
<b>Room Occupancy</b>	85.0% (June 2014)
<b>Room Yield</b>	\$94.00 (June 2014)

**Public Facilities**

Café and bar that are leased to a third party and a guest laundry.

**Comment**

The sale of the hotel was subject to a leaseback for a term of 2 years to the Vendor/hotel operator with a commencing rent of \$1,300,000.

**Clarion Hotel on Canterbury, Forest Hill, Victoria**


<b>Sale Price</b>	\$14,000,000
<b>Sale Date</b>	September 2015
<b>Vendor</b>	Maksymiw Holdings Pty Ltd
<b>Purchaser</b>	Jiawang Group
<b>Price per Room</b>	\$194,444
<b>Initial Yield</b>	4.1%
<b>Opened</b>	2000
<b>Star Rating</b>	4
<b>Rooms</b>	72
<b>Site Area</b>	5,964 sq.m.
<b>Average Room Rate</b>	\$153.00 (FYE 2015)
<b>Room Occupancy</b>	38.2% (FYE 2015)
<b>Room Yield</b>	\$59.00 (FYE 2015)

**Public Facilities**

Six conference rooms, a restaurant with two dining rooms and outdoor terrace, gym and swimming pool, and a day spa, leased to a third party and operating under the Endota Spa brand, together with extensive at grade sealed parking.

**Comment**

Established eastern suburban hotel, well maintained, but under performing. Market yield analysed at 6.7%.

**Alto Hotel on Bourke, 636 Bourke Street, Melbourne, Victoria**


<b>Sale Price</b>	\$19,200,000
<b>Sale Date</b>	September 2015
<b>Vendor</b>	Krauskopf Investments Pty Ltd
<b>Purchaser</b>	Chinese investor
<b>Price per Room</b>	\$384,000
<b>Initial Yield</b>	4.2%
<b>Opened</b>	1916/February 2006
<b>Star Rating</b>	4
<b>Rooms</b>	50
<b>Site Area</b>	488 square metres
<b>Average Room Rate</b>	\$220.00 (2015)
<b>Room Occupancy</b>	94% (2015)
<b>Room Yield</b>	\$207.00 (2015)

**Public Facilities**

A-lounge that serves as breakfast room/bar/restaurant/lounge/library, relaxation room with automated massage chairs, guest laundry and car parking for 9 cars.

**Comment**

The sale of the hotel was subject to a lease with options until 2042 with a rent of approximately \$813,000 with fixed 3.5% annual increases.

**The Olsen, 637-641 Chapel Street, South Yarra, Victoria &**
**The Cullen, 164 Commercial Road, Prahran, Victoria**


<b>Sale Price</b>	\$146,200,000
<b>Sale Date</b>	December 2015
<b>Vendor</b>	Asian Pacific Group
<b>Purchaser</b>	M&G Real Estate
<b>Price per Room</b>	\$426,239 overall, inc retail.
<b>Initial Yield</b>	7.4%
<b>Internal Rate of Return</b>	9.1%
<b>Opened</b>	2009 (The Olsen) 2009 (The Cullen)
<b>Star Rating</b>	5
<b>Rooms</b>	343 (Olsen – 224 & Cullen – 119)
<b>Average Room Rate</b>	Confidential
<b>Room Occupancy</b>	Confidential
<b>Room Yield</b>	Confidential

**Public Facilities**

The Olsen incorporates four retail tenancies, with a total lettable area of 903sqm, conference and event facilities across ground and first floors, from 20sqm to 180sqm. Comprising a combination of traditional hotel rooms across 202 keys, together with hotel and long term hotel 'residence' accommodation in the 22 larger suites and penthouses. Basement car parking onsite.

The Cullen incorporates four retail tenancies, with a total lettable area of 662sqm, and utilises two penthouses and a rooftop area for conferencing and events catering to up to 100 guests. Comprises generously sized hotel rooms and suites. Basement car parking onsite.

**Comment**

Two established inner urban Art Series hotels, sold subject to a 10+5+5+5+5 year leaseback. with an aggregate base rent of approximately \$10,800,000 with fixed annual increases, and reviewed to market at option with a capped and collared market review at Year 5 of the initial term. Lessee pays all outgoings.



**Aurora Melbourne Central Serviced Apartments, 224-250 La Trobe Street, Melbourne, Victoria**



<b>Sale Price</b>	\$120,000,000
<b>Sale Date</b>	December 2015
<b>Vendor</b>	UEM Sunrise Berhad
<b>Purchaser</b>	Ascendas Hospitality Trust
<b>Price per Room</b>	\$476,190
<b>Initial Yield</b>	4.0% freehold going concern, adjusted for fitout cost, pre-launch budget and income support. 6.25% on freehold investment, subject to non-arm's length lease.
<b>Opening</b>	Anticipated 2018
<b>Star Rating</b>	4-4.5 serviced apartments
<b>Rooms</b>	252
<b>Projected Average Room Rate</b>	\$198 Yr 1, \$228 Yr 3 stabilised
<b>Projected Room Occupancy</b>	71.5% Yr 1, 84.3% Yr 3 stabilised
<b>Projected Room Yield</b>	\$141.6 Yr 1, \$192.5 Yr 3 stabilised

**Public Facilities**

Comprising restaurant and café at ground level, with direct street frontage to LaTrobe Street, adjacent reception lobby and lounge, ten basement car parking bays, recreation area with lounge, three meeting rooms, amenities and kitchenette, outdoor lounge, spa, swimming pool with sun deck and gymnasium.

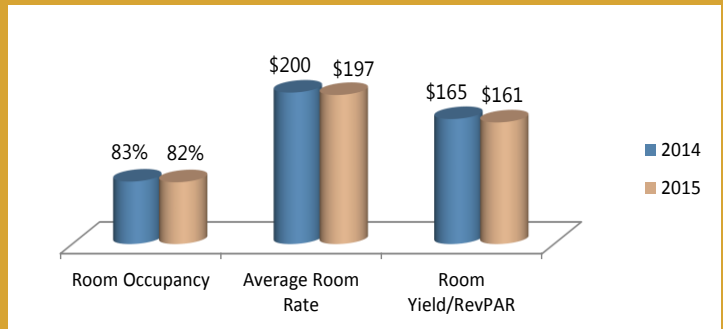
**Comment**

Complex transaction, with one Ascendas entity taking a Lease over the hotel and undertaking fitout, and the freehold sold to another Ascendas entity. Five year lease, with rent above market, and exceeding projected EBITDAR in the first two years of operation. Vendor committed to providing tenant income support for Years 1 and 2.

# PERTH

## KEY TRADING STATISTICS OVERVIEW

- Room Occupancy circa 82% in the year ended December 2015, down about 1.0%.
- Average Room Rate circa \$197.00 in the year ended December 2015, down about 1.5%.
- Room Yield/RevPAR declined circa 2.5% in the year ended December 2015.



## FORECAST

- Despite the downturn in the resources mining sector Room Occupancy has remained high with the Average Room Rate declining, albeit moderately, with the passing of the 'boom' room nights demand conditions.
- We anticipate Room Yield/RevPAR growth in 2016 to be mainly through Average Room Rate that should show moderate growth as a result of the City's continued high Room Occupancy, which was circa 82% in the year ended December 2015.
- The Western Australian State government's promotion of new rooms supply of circa 2,500 rooms has the potential to adversely impact the market when allied to a decline in resources mining sector room nights demand.

## SALES ANALYSIS

The one notable sale in Perth in the year ended December 2015 is as follows:

### Four Points by Sheraton, 707-713 Wellington Street, Perth, Western Australia



<b>Sale Price</b>	\$91,500,000
<b>Sale Date</b>	June 2015
<b>Vendor</b>	Pacifica Partners Private Ltd
<b>Purchaser</b>	Henrick (Singapore) Pte Ltd
<b>Price per Room</b>	\$329,137
<b>Initial Yield</b>	7.5%
<b>Internal Rate of Return</b>	10.5%
<b>Opened</b>	1985
<b>Star Rating</b>	4.5
<b>Rooms</b>	278
<b>Site Area</b>	2,742 square metres
<b>Average Room Rate</b>	\$195.00 (Fct December 2015)
<b>Room Occupancy</b>	88.0% (Fct December 2015)
<b>Room Yield</b>	\$172.00 (Fct December 2015)

#### Public Facilities

Restaurant, bar, 4 function rooms capable of accommodating between 40 and 160 people theatre style and gymnasium.

#### Comment

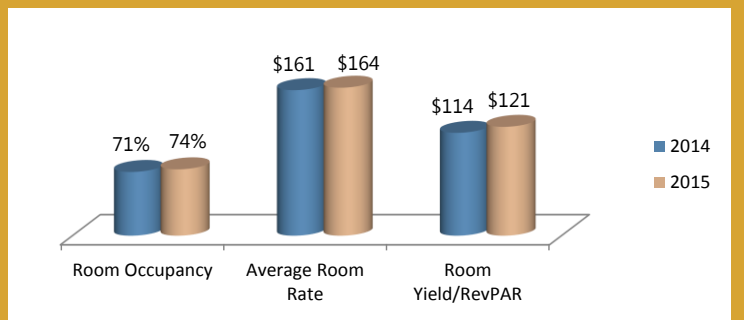
The hotel had recently undergone a substantial refurbishment to the 'Four Points by Sheraton' brand standard at a reported cost of approximately \$21.8 million.

The sale of the hotel was subject to a management agreement with Starwood Hotels & Resorts Worldwide Inc under the 'Four Points by Sheraton' brand.

## CANBERRA

### KEY TRADING STATISTICS OVERVIEW

- Room Occupancy circa 74% in the year ended December 2015, up about 3.0%.
- Average Room Rate circa \$164.00 in the year ended December 2015, up about 1.5%.
- Room Yield/RevPAR grew circa 6.0% in the year ended December 2015.



### FORECAST

- Canberra's hotels are anticipated to continue to operate in an environment where scope for room rate growth will be limited by the modest outlook for demand, prevailing capacity and Government bookings being controlled by a single third party procurement manager.
- We anticipate Room Yield/RevPAR growth in 2016 to be through a combination of Room Occupancy and Average Room Rate that should show moderate inflationary growth.
- Limited new rooms supply under construction but mooted further supply is proposed.

### SALES ANALYSIS

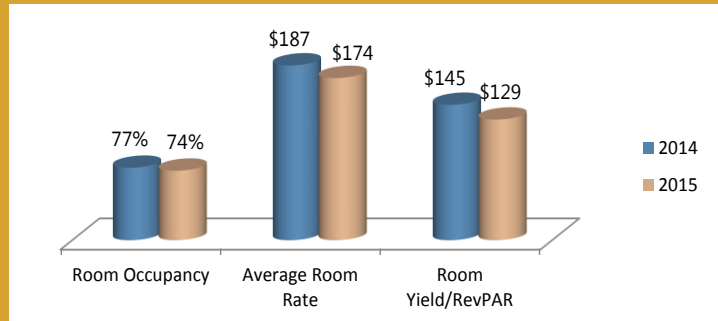
There have been no notable sales in Canberra in the year ended December 2015.



## BRISBANE

### KEY TRADING STATISTICS OVERVIEW

- Room Occupancy circa 74% in the year ended December 2015, down about 3.0%.
- Average Room Rate circa \$174.00 in the year ended December 2015, down about 7.0%.
- Room Yield/RevPAR declined circa 11.0% in the year ended December 2015.



### FORECAST

- Brisbane's Room Yield/RevPAR decline of circa 11.0% in the year ended December 2015 was in part adversely impacted by the Group of Twenty (G20) Leaders' Summit in November 2014 that resulted in the month's year on year growth of some 35%, principally through Average Room Rate.
- Brisbane's hotels are anticipated to continue to operate in an environment where scope for room rate growth will be limited by the prevailing demand and new rooms supply with anticipated moderate inflationary Room Yield/RevPAR growth in 2016.
- New rooms supply under construction/planned likely to have a moderate adverse impact market in the short to medium term.

### SALES ANALYSIS

The two notable sales in Brisbane in the year ended December 2015 are as follows:

#### Adina Apartment Hotel, 15 Ivory Lane, Brisbane, Queensland



<b>Sale Price</b>	\$48,000,000
<b>Sale Date</b>	February 2015
<b>Vendor</b>	Toga Hotel Property Investments Pty Limited
<b>Purchaser</b>	The Trust Company Limited (Singaporean investor)
<b>Price per Room</b>	\$296,296
<b>Initial Yield</b>	5.9%
<b>Internal Rate of Return</b>	9.0%
<b>Opened</b>	September 1998
<b>Star Rating</b>	4.5
<b>Rooms</b>	162
<b>Site Area</b>	2,966 square metres
<b>Average Room Rate</b>	\$150.00 (June 2014)
<b>Room Occupancy</b>	82% (June 2015)
<b>Room Yield</b>	\$124.00 (June 2015)

#### Public Facilities

Restaurant, bar/lounge, 3 function rooms capable of accommodating between approximately 20 and 220 people theatre style, Boardroom capable of accommodating approximately 10 people, guest laundry, fitness centre, sauna, outdoor swimming pool and car parking for approximately 74 cars.

#### Comment

The sale of the hotel was reputedly subject to a 12 month lease with TFE Hotels under the 'Adina' brand following which vacant possession was available. The rent was \$3,360,000 or 7% of the purchase price. The property is considered to have further development/redevelopment potential being zoned PC1 Principle Centre (City Centre) under the Brisbane City Plan. The Principle Centre zone provides for a diverse mix of uses and a designated building height of up to 25 levels for the property.

**Rendezvous Hotel, 103 George Street, Brisbane, Queensland**



<b>Sale Price</b>	\$29,500,000
<b>Sale Date</b>	June 2015
<b>Vendor</b>	BLM (M) Brisbane Pty Ltd
<b>Purchaser</b>	GMT Brisbane Property Holdings Pty Ltd
<b>Price per Room</b>	\$297,980
<b>Initial Yield</b>	6.2%
<b>Internal Rate of Return</b>	10.0%
<b>Refurbished</b>	2008
<b>Star Rating</b>	4.5
<b>Rooms</b>	99
<b>Site Area</b>	911 square metres

**Public Facilities**

Restaurant, 3 function rooms capable of accommodating between approximately 50 and 150 people theatre style, Boardroom capable of accommodating approximately 10 people, gymnasium and car park for approximately 75 cars.

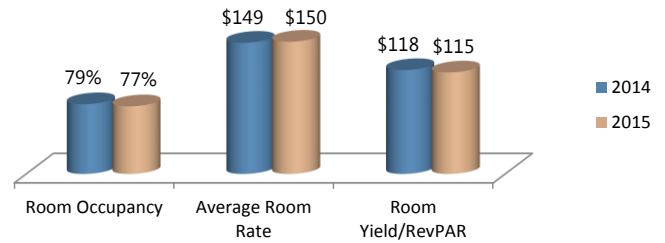
**Comment**

The sale of the hotel was subject to a lease that expires mid-2016 with TFE Hotels under the 'Rendezvous' brand on a passing rent of approximately \$1,827,600 per annum.

## ADELAIDE

### KEY TRADING STATISTICS OVERVIEW

- Room Occupancy at circa 77% in the year ended December 2015, down about 2.0%.
- Average Room Rate circa \$150.00 in the year ended December 2015, up about 1.0%.
- Room Yield/RevPAR declined circa 1.5% in the year ended December 2015.



### FORECAST

- Adelaide's hotels are anticipated to continue to operate in an environment where scope for room rate growth will continue to be limited by the prevailing demand and new rooms supply.
- We anticipate Room Yield/RevPAR to decline in 2016 mainly through Room Occupancy as result of new rooms supply exceeding growth in room nights demand.
- New rooms supply is likely to adversely impact the market in short term.

### SALES ANALYSIS

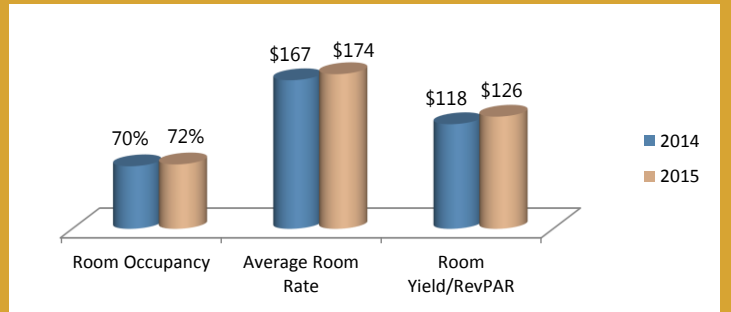
There have been no notable sales in Adelaide in the year ended December 2015.



## GOLD COAST

### KEY TRADING STATISTICS OVERVIEW

- Room Occupancy circa 72% in the year ended December 2015, up about 2.0%.
- Average Room Rate circa \$174.00 in the year ended December 2015, up about 4.0%.
- Room Yield/RevPAR grew circa 7.0% in the year ended December 2015.



### FORECAST

- Gold Coast's hotels are benefitting from a relatively stable rooms supply over the last five years, increased tourism room nights demand, the completion of the Gold Coast Light Rail G:link and the impending 2018 Commonwealth Games.
- We anticipate Room Yield/RevPAR growth in 2016 to be through a combination of Room Occupancy and Average Room Rate that should show above inflationary growth.
- Limited new rooms supply is anticipated but mooted further supply is proposed.

### SALES ANALYSIS

The three notable sales in the Gold Coast in the year ended December 2015 are as follows:

#### Marriott Resort & Spa, 158 Ferney Avenue, Surfers Paradise, Gold Coast, Queensland



<b>Sale Price</b>	\$84,500,000
<b>Sale Date</b>	April 2015
<b>Vendor</b>	Rajawali Group
<b>Purchaser</b>	Marriott Vacations Worldwide Corporation
<b>Price per Room</b>	\$256,839
<b>Initial Yield</b>	5.1%
<b>Internal Rate of Return</b>	10.0%
<b>Opened</b>	1992
<b>Star Rating</b>	5
<b>Rooms</b>	329
<b>Site Area</b>	1.74 hectares
<b>Average Room Rate</b>	\$235.00 (Budget Dec 2015)
<b>Room Occupancy</b>	72.0% (Budget Dec 2015)
<b>Room Yield</b>	\$169.00 (Budget Dec 2015)

#### Public Facilities

2 restaurants, 3 bars, Elandra Retreat Club, 8 function rooms for 30-800 theatre style, heated salt water swimming pool, chlorinated pool with waterslide, seven berth marina, day spa & hair salon leased to a third party, gymnasium, sauna/spa, 2 floodlit tennis courts, lobby shop, guest laundry and basement car parking for 348 cars. Potential for 27,000 square metres extension on tennis courts site and extension of the seabed lease to construct a 64 berth marina.

#### Comment

The hotel is operated by Marriott International under the 'Marriott' brand on a long term management agreement expiring 2024 with an option of a further 10 years. Reported Marriott Vacation Club intend converting eight floors into 88 studio and one bedroom timeshare vacation.

**Crowne Plaza, 2807 Gold Coast Highway, Surfers Paradise, Gold Coast, Queensland**



<b>Sale Price</b>	\$56,500,000 (Estimated allocation of the purchase price of \$70,000,000 excluding house, penthouse and development approval)
<b>Sale Date</b>	June 2015
<b>Vendor</b>	Cockpit Hotels
<b>Purchaser</b>	Private Singapore-based multi family office
<b>Price per Room</b>	\$210,037
<b>Initial Yield</b>	5.0%
<b>Star Rating</b>	4.5
<b>Rooms</b>	269

**Public Facilities**

2 restaurants, bar, 13 function rooms for 30-550 theatre style, 2 boardrooms for 6 and 14 people, swimming pool, gymnasium, tennis court and car parking. Development approval for a 47-storey tower.

**Comment**

The hotel is operated by InterContinental Hotels Group under the 'Crowne Plaza'.

**Hilton, 6 Orchid Avenue, Surfers Paradise, Gold Coast, Queensland**



<b>Sale Price</b>	\$51,000,000
<b>Sale Date</b>	June 2015
<b>Tenure</b>	Stratum freehold
<b>Vendor</b>	Brookfield Multiplex HSP Hotel Owner Pty Ltd & Brookfield Multiplex HSP Operator Pty Ltd
<b>Purchaser</b>	Ji Feng Investment Holding Pty Ltd as trustee for the Ji Feng Trust & CLP Hotel Pty Ltd as trustee for the CLP Trust
<b>Price per Room</b>	\$301,775
<b>Initial Yield</b>	6.0%
<b>Internal Rate of Return</b>	11.0%
<b>Opened</b>	December 2010
<b>Star Rating</b>	5
<b>Rooms*</b>	169
<b>Average Room Rate</b>	\$285.00 (Forecast Dec 2015)
<b>Room Occupancy</b>	63.0% (Forecast Dec 2015)
<b>Room Yield</b>	\$180.00 (Forecast Dec 2015)

**Public Facilities**

3 restaurants, 2 bars, 4 function rooms for approximately 12 to 320 people theatre style, a boardroom for 14 people, executive lounge, 3 outdoor swimming pools and an indoor heated pool, 2 gymnasiums, day spa, barbecue areas and 89 exclusive use car parking bays.

\* Rooms count excludes the apartments in the Residences in both the Orchid and Boulevard Towers held under Management Rights, together with 2 letting agent lots, with letting and caretaking agreements on 25 year terms.

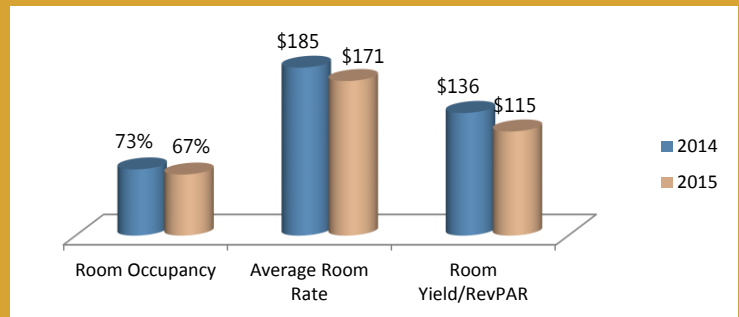
**Comment**

The hotel is operated by Hilton Worldwide under the 'Hilton' brand by a management agreement. The sale price includes the aforementioned Management Rights of the apartments in the Residences in both the Orchid and Boulevard Towers.

## DARWIN

### KEY TRADING STATISTICS OVERVIEW

- Room Occupancy circa 72% in the year ended December 2015, down about 6.0%.
- Average Room Rate circa \$171.00 in the year ended December 2015, down about 8.0%.
- Room Yield/RevPAR declined circa 15.0% in the year ended December 2015.



### FORECAST

- Recent statistics and market research indicate the market is returning to being seasonal with a reduction in Room Occupancy in the 'Wet' season.
- We anticipate Room Yield/RevPAR to decline in 2016 mainly through Room Occupancy as result of new rooms supply exceeding growth in room nights demand partly due to the 'Wet' season.
- Significant new rooms supply is anticipated based upon mooted development projects, however major resources projects and the Northern Territory's Tourism Vision 2020 strategy for growth are being implemented.

### SALES ANALYSIS

The one notable sale in Darwin in the year ended December 2015 is as follows.

#### Elan Soho Suites, 31-33 Woods Street, Darwin, Northern Territory



<b>Sale Price</b>	\$50,000,000 (Estimated allocation of the purchase price of \$55,000,000 excluding management letting rights)
<b>Sale Date</b>	July 2015
<b>Vendor</b>	Gwelo Investments Pty Limited
<b>Purchaser</b>	Minor International Pcl & Oaks Hotels & Resorts
<b>Price per Room</b>	\$297,619
<b>Initial Yield</b>	5.9%
<b>Opened</b>	September 2014, fully operational February 2015
<b>Star Rating</b>	4.5
<b>Rooms</b>	168 (88 apartments)
<b>Site Area</b>	1,942 square metres (Parent parcel)

#### Public Facilities

The development, known as Soho Apartments, provides a total of 239 apartments comprising 88 serviced apartments (168 keys) in a hotel style operation and available for separate sale, together with 12 x 1-bedroom and 139 x 2-bedroom residential apartments designed for investment or owner-occupation. In addition, there is a ground floor retail tenancy, first floor commercial tenancy, gymnasium, swimming pool and 329 car park bays, motor cycle parks and storage bays and 12 external Woods Street car parks.

#### Comment

The apartments under contract (trading as Elan Soho Suites) include 88 serviced apartments located between Levels 18 and 25. In addition, the contract price included three commercial units being a restaurant, reception and back office and commercial tenancy at first floor level.

The freehold interest is subject to a ten year lease that commenced 17th October 2014 with no additional rights of renewal. The current gross passing rental is \$3,000,000 p.a. GST exclusive. The passing net rental income together with caretaking income is estimated to be circa \$2,950,000.

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