Quest on King William, Adelaide. Under construction, due to open April 2014.
Contributors

Karen Wales
Executive Vice President – Research and Consulting

Karen is responsible for the firm’s hotel investment research in the Asia Pacific region and has been involved in several major global research assignments and the provision of strategic advisory services including market demand studies, financial feasibilities and consultancy in the hotel and tourism sector. Karen has an in-depth understanding of the hotel and tourism industry, with previous experience in advisory and asset management, as well as strong operational experience.

Troy Craig
Managing Director – Strategic Advisory

Troy has over 20 years of experience in the property industry, the majority of which has been spent as a hospitality specialist. Troy assumed responsibility for the Australasian Strategic Advisory business in 2002, after spending four years in Singapore. Overseeing a team of 12 professionals, Troy has carried out numerous valuation, consultancy and feasibility studies. Troy has valued many of the country’s leading hotels for some of Australia’s major financial institutions including Hamilton Island and Marriott, Thakral, Rydges, Medina, Accor/TAHL and Travelodge portfolios, as well as numerous smaller properties and casinos. During his four years in Asia, Troy carried out assignments in Thailand, Indonesia, Japan, China, the Maldives, Vietnam, Cambodia and French Polynesia. Major hotels valued included Mandarin Oriental, Peninsula, Banyan Tree and Amanresorts portfolios.

Craig Collins
Chief Executive Officer – Australasia

Craig has worked for the firm for over 17 years in Asia and Australia. Craig heads a team of 30 hotel specialists across Australia and New Zealand, is an International Director of the firm and sits on the global board of Jones Lang LaSalle’s Hotels & Hospitality Group. Craig’s knowledge and experience of the complex markets across Asia Pacific has assisted the Australasian team in maintaining its market leading position. Since re-locating to Sydney in 2008 Craig has facilitated five of Australia’s largest tourism real estate transactions, as well as overseeing numerous other hotel and resort sales undertaken by JLL. Over a seven year period based in Singapore, Craig successfully concluded more than 20 city and resort hotel transactions in Singapore, Thailand, China, Indonesia, Sri Lanka, Hong Kong and Vietnam.

Mark Durran
Managing Director – Investment Sales

Mark has 24 years of experience in the hotel and property industry. His diverse experience encompasses hotel operations and marketing, development and hotel transactions. Mark is responsible for major hotel transactions in Australasia. Over the last 14 years, Mark has concluded more than 100 hotel transactions with a combined value of over AUD 3 billion, including some of Australia’s leading five star hotels and several hotel portfolios. As part of our International Capital Group, Mark is also responsible for facilitating cross border investment capital for hotel investments.
Highlights – Australia

• Australia’s constrained hotel development pipeline has grown by 3,536 rooms over the past ten months with the majority of rooms at the proposed phase (57.7% or 4,243 rooms).

• Currently there are 7,352 rooms in the development pipeline (under construction and proposed) which is well above the long term average.

• Rooms under construction have increased by 27.5% (671 rooms) with 13 projects evolving to the construction phase. Activity is most prevalent in Melbourne (954 rooms), Brisbane (756 rooms) and Adelaide (690 rooms).

• The number of likely proposed rooms has tripled, albeit off a low base and underpinned by a number of large-scale medium term projects. On the whole, development activity remains benign and softer trading results are likely to hold back mooted projects evolving to the construction phase.

• Mooted accommodation rooms have declined significantly by 39.8% (-2,110 rooms) with 3,197 rooms now being considered. Melbourne, Brisbane and Perth are attracting the most developer attention.

• The value of accommodation building work approved declined sharply during 2012 to total $910 million. This represented a reduction of 34% on 2011 but an increase of 47.7% on 2010 and is still a level which is around 5.4% below the long term trend.

• Despite the increase in the pipeline, of current known projects, room night supply across Australia’s major ten accommodation markets is forecast to increase on average by only 1.2% per annum over the period to 2017. Jones Lang LaSalle’s forecasts assume a slightly higher rate of growth of 2.0% per annum, having allowed for an element of unanticipated supply and/or that some mooted projects will inevitably advance over the medium term.
Few openings to date in 2013, but more slated for the second half of the year

Hotel openings have been limited during the first four months of 2013 with the majority of new projects slated for the second half of the year. New openings included Quest Franklin Adelaide (131 rooms), Lee Village Resort Motel Darwin (26 rooms) and the extension of the Sebel Pier One Sydney (30 rooms). However, these new additions were offset by the closure of two hotels in Melbourne – Sebel Melbourne (150 rooms) and the Adelphi hotel (35 rooms) – although we understand that Iconic Hotels Group will re-open the Adelphi in August 2013. The Sebel Melbourne closed in February 2013 with all apartments and suites within the heritage-listed former bank building returned to the control of the individual owners. Apartments are expected to be rented for residential use.

Approximately 1,511 rooms are projected to open in the balance of the year with the majority of activity in Melbourne (551 rooms), Adelaide (274 rooms), Darwin (271 rooms) and Canberra (252 rooms). Near term supply additions in Melbourne have increased with a number of serviced apartment projects now underway, due for completion in 2013 and 2014. Some of these projects were previously expected to be residential however a surge of residential apartment development is leading more developers considering short-term letting as an interim measure, particularly for large-scale projects. This could result in some downward pressure on trading whilst new rooms are absorbed although we expect the market to benefit from strong demand growth over the next few years as the city capitlises on the closure of the Sydney Convention and Exhibition Centre.

### Australian Major Accommodation Markets – Development Snapshot May 2013

<table>
<thead>
<tr>
<th>Summary</th>
<th>Projects</th>
<th>Net Rooms</th>
<th>% Increase</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing rooms (Dec-12)</td>
<td>90,413</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recently completed</td>
<td>5</td>
<td>2</td>
<td>0.0%</td>
<td>2013</td>
</tr>
<tr>
<td>Under construction</td>
<td>25</td>
<td>3,109</td>
<td>3.4%</td>
<td>2013-14</td>
</tr>
<tr>
<td>Likely proposed</td>
<td>16</td>
<td>4,243</td>
<td>4.0%</td>
<td>2014-19</td>
</tr>
<tr>
<td>Mooted</td>
<td>23</td>
<td>3,197</td>
<td>3.4%</td>
<td>2014-17</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>10,551</td>
<td>11.7%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Jones Lang LaSalle

Proposed projects dominate the development pipeline

Rooms under construction have increased by 27.5% (671 rooms) whereas the number of proposed rooms has tripled to 4,243 rooms as shown in the chart following. The Australian accommodation development pipeline is now above the long term average but with few projects scheduled to advance in the near term. High occupancy levels and capacity constraints are therefore expected to remain a feature of the Australian hotel investment landscape over the next few years.

Offshore Capital Development Trends

Since the wave of Japanese-related real estate building of the late 1980’s and early 1990’s, offshore-driven development in Australia has been limited. However a shift has recently emerged with more offshore investors capitalising on opportunities in Australia’s residential apartment sector in particular and with some now considering hotels. Trans-border direct investment moves in long waves as the overhead costs of entering or leaving offshore real estate markets are relatively high when compared with, say, equities or foreign currency.

Movement of Offshore Capital in Australian Hotel Real Estate 1993 to 2013

For Chinese developers, Australia is a safe haven and for those in Singapore, it is a diversification strategy. China’s unprecedented industrialisation and urbanisation is generating wealth at such a rate the People’s Republic now has the world’s second highest number of billionaires, behind the US. However, embrace of market economics is only partial, posing a quandary for the newly affluent. Property is not freehold, and wealthy one-child families have limited investment options. The introduction of the 1888 business visa is also providing a new impetus for offshore real estate investment into Australia.

Australia’s relative economic and political stability, and its resistance to the global financial crisis, make it attractive. It is professional and legally accountable which gives confidence to new developers. Despite the strong Australian dollar, Melbourne and Sydney still offer good investment value relative to new developers. Despite the strong Australian dollar, Melbourne and Sydney still offer good investment value relative to Hong Kong, Singapore, London or New York.

Asian investors are partially filling a gap created by Australian banks’ reluctance to lend to local developers since the financial crisis. By contrast, Asian investors are well-capitalised with plentiful equity and debt finance being provided by Chinese banks. Eight Chinese banks, including some of the country’s largest, are now operating in Australia. These new Asian developers are therefore easily outbidding locals for the best sites. Many of these Asian investors have pre-existing links with Australia having been educated here and are keen to have an ongoing relationship with the country. Projects are often of a very large-scale, made possible by the deep pockets and long investment horizons of Asian investors. Flexible planning legislation in Melbourne in particular, is also adding to the allure.

Major new construction starts include Ibis Adelaide (311 rooms), Quest on King William, Adelaide (105 rooms), NEXT Hotel, Brisbane (130 rooms), Tune Hotel, Melbourne (235 rooms), Oaks on William, Melbourne (220 rooms) and Wyndham on William, Melbourne (200 rooms*). Hotels dominate construction activity accounting for around two thirds of rooms under construction and with an average room count of approximately 150 rooms overall.

Rooms under construction are likely to have a more noticeable impact on trading performance in Adelaide (690 rooms or an increase of 14.6%), Darwin (271 rooms or an increase of 7.5%) and Brisbane (756 rooms or an increase of 8.3%) with new rooms slated to open over the railway lines to link with Morphett Street bridge (due 2014) and the second stage will replace the existing Plenary Building with 3,500 seats, and is scheduled for completion in 2017.

Proposed projects also include a number of large-scale, mixed use developments or where the government has mandated that a hotel be included. Examples include the 900-room hotel at the Sydney International Convention, Entertainment and Exhibition Precinct, Crown Perth (500 rooms) and FESA House (300 rooms), also in Perth. Proposed projects are concentrated in Sydney (1,863 rooms), Brisbane (1,068 rooms) and Perth (1,050 rooms) but with new rooms not scheduled to opened until between 2015 and 2019 assuming they actually proceed to the construction phase.

* Rooms in rental pool are estimated per methodology.
Reduction in mooted projects could indicate developer appetite for accommodation development is waning

We are also aware of 23 mooted projects with 3,197 rooms. Mooted projects include those where a Development Application (DA) for accommodation rooms has recently been submitted or is under review, although there is no guarantee that such projects will progress. This differs to proposed projects where the DA has been approved and Jones Lang LaSalle has determined that construction is imminent.

Mooted projects have recorded a significant reduction since June 2012 with a number of large mixed use projects progressing, but with fewer new projects being put forward which could indicate that developer appetite for short term accommodation development is waning. Activity is most prevalent in Melbourne (1,091 rooms), Brisbane (587 rooms) and Perth (694 rooms).

While more projects are likely to be proposed in the coming years, the probability of all existing mooted and new projects advancing is low as feasibility hurdles will become more challenging as more projects advance. This has been compounded by the softening trading which has become evident in some previously galloping accommodation markets.

Differing owner/developer motivations, government intervention and individual micro-market dynamics, for example, may spur new accommodation projects. Notwithstanding, we think it unlikely that another phase of overbuilding will occur as has been the case in previous cycles. Improved investor and operator knowledge, market transparency and the larger supply base will all assist. Future liquidity surges are also considered unlikely over the medium term given the current global banking environment although offshore development of Australian real estate is increasing.

Analysis from this report shows that around 15,300 accommodation rooms (included extensions) have opened in the ten major accommodation markets over the past decade, representing around 62% of the net increase in Australia wide accommodation supply during this period. Development has been skewed in favour of strata-titled serviced apartments (48.2%), whereas traditional hotel projects have primarily been mixed use developments (16.2%), where investment has followed the development of associated tourism infrastructure (10.8%) and investment by owner operators (10.1%). We expect these to remain the primary drivers over the coming decade.

More opportunities in the suburbs

For the first time in this edition of the Australian and New Zealand Development Register, we have also included a snapshot of accommodation development activity in the broader Sydney and Melbourne metropolitan areas. Both cities have expanded over the past decade with the growth of secondary CBDs and satellite accommodation markets and demand is therefore being dispersed further afield. This has not happened to the same extent in Brisbane and Perth given the smaller size of existing CBDs with the majority of commercial office and accommodation rooms located in these areas.
For Sydney in particular, we expect to see a higher proportion of accommodation development in these areas over the next development cycle as land is cheaper and development constraints less prohibitive. Currently we estimate that there are 10 projects with 715 rooms under construction or proposed in the Sydney and Melbourne metropolitan areas with the majority being under construction in Sydney. These include Rydges Sydney Airport, Adina Bondi Beach, Abode Blacktown and Meriton Macquarie Park. There are an even higher proportion of new rooms mooted for the Sydney metropolitan area with 32 projects with 3,226 rooms currently under review. While very unlikely, should all projects proceed this would result in an increase of almost 25% on the existing Sydney metropolitan base stock. Satellite accommodation markets which are attracting the most investor and operator interest include the secondary commercial centres such as the Airport apron, Ryde and Parramatta.

Accommodation building approvals still below long term trend

Analysis of the accommodation building approvals data (ABS) also points to lower levels of hotel development activity across Australia over the medium term. Accommodation building approvals reached a cyclical low in January 2011 with the value of approved work averaging just $44.4 million. This was the lowest level recorded since late 2001 as shown in the chart following. Having rebounded strongly throughout the balance of 2011, the value of accommodation building work approved declined sharply again during 2012 to total just $910 million. This represented a reduction 34% on 2011 but an increase of 47.7% on 2010.
Buying a Foothold

Hotel operators have emerged as active acquirers of global accommodation real estate over the past four years as they look to take advantage of displaced capital markets and secure a foothold in key gateways where the barriers to entry are high. Hotel operators have invested US$15.0 billion in accommodation real estate with the Americas (US$6.8 billion) and EMEA (US$6.3 billion) attracting the lion’s share. In total operators have accounted for around 13% of the capital invested. Australia has attracted its fair share of operator capital with more than US$1.16 billion invested during this time, albeit representing a higher proportion of the total transaction volume at around 22.4%.

Australian Active Investor Groups 1998 to 2012

This represents a marked contrast to the four years to 2007 when the separation of hotel ownership and operations was one of the major worldwide trends. Many publicly-quoted hotel operating companies divested considerable owned real estate becoming “asset light” as they switched focus to management in the belief that they go unrewarded for ownership stakes in hotel assets.

The owner operator model still prevails in some markets, particularly in privately held hotel companies, and for others ‘asset light’ strategies are being replaced by ‘asset right’ strategies as operators look to utilise their balance sheet to take a short term position to build long term tenure. In Australia, an extended period of below average supply increases is resulting in operators becoming more creative in their approach to hotel management contracts with some willing to provide income guarantees, shorter terms and/or stand-aside from fees in order to secure the contract.

Whilst the development pipeline has increased over the past year, new build management opportunities are expected to remain limited with new rooms mostly being developed by owner operator groups or as part of large mixed-use developments.

Approvals have increased during the second half of 2012, but annual monthly approvals remain around 5.4% below the long term trend. This further highlights the extent to which accommodation development is expected to remain constrained over the medium term with few projects being put forward for consideration.

Further, we anticipate that only a fraction of approved projects will proceed. Analysis of the ABS building approvals data shows that tourist accommodation development approvals in Australia have totalled $13 billion since June 2000. This represents an average of $86 million per month. However, we estimate that only 50% of these projects have become operational with other projects stalling at various points in the development process with total accommodation room supply having only increased by 33,000 rooms across Australia since 2000.

Outlook

Should all future projects proceed (including those which are under construction and proposed) this would result in a net increase in room supply of 8.0% (7,354 rooms) on the completed stock or an average increase of around 1.4% per annum over the period to 2017. This is considerably lower than the long term average increase of 3.7% per annum but in line with the level recorded over the past ten years when supply additions have averaged 1.0% per annum. Jones Lang LaSalle’s forecasts assume a slightly higher rate of growth of 2.0% per annum, having allowed for an element of unanticipated supply and/or that some mooted projects will inevitably advance over the medium term.

The hotel development process is multi-dimensional; driven by a combination of market dynamics (supply, demand and the potential performance of the asset), land and development costs, and selection of the appropriate type of facility and brand under which the hotel will operate. Fundamental to the hotel development decision, however, is a complete and comprehensive understanding of the site location process and the paradigm that this is directly dependent on the proximity to demand generators.

In the absence of any additional, significant investment in tourism infrastructure, development activity is likely to remain weak given the continuation of the current construction cost dynamic and a cautious banking sector. Product is however being designed to overcome this apparent disadvantage with the development of operationally-integrated hotels. The ability to share car parking, as well as restrict height (in areas where land supply is plentiful) can further reduce construction costs or where hotels are included as part of a mixed use development.
Hotel 1888, Sydney. Under construction, due to open June 2013.

The summaries which follow provide snapshots of current trading and development trends in Australia’s major accommodation markets, as well as ranking markets using Jones Lang LaSalle’s Hotel Development Barometer as outlined in the Methodology section of this report.

We note that the existing accommodation supply in some markets has changed in line with the new Australian Bureau of Statistics (ABS) geographic classifications. The ABS has been progressively replacing the Australia Geographic Classification with the new Australian Statistical Geography Standard as its geographic framework. Where appropriate, we have purchased additional data from the ABS to replicate the City Local Government Areas (LGAs) in order to preserve the historical accommodation trading performance time series.
Likelihood of hotel development

- Adelaide: 25%
- Brisbane: 60%
- Cairns: 20%
- Canberra: 40%
- Darwin: 70%
- Gold Coast: 35%
- Hobart: 35%
- Melbourne: 75%
- Perth: 60%
- Sydney: 60%

Average supply increases expected per annum to 2017

Source: Jones Lang LaSalle
Australia’s Recent Trading Performance

RevPAR is a performance metric in the hotel industry, which is calculated by multiplying a hotel’s average daily room rate (ADR) by its occupancy rate. RevPAR is provided for the year to April 2013, calculating as a moving annual average and compared to the most recent high.

<table>
<thead>
<tr>
<th>City</th>
<th>December 2007</th>
<th>April 2013</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide</td>
<td>$126</td>
<td>$116</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Cairns</td>
<td>$106</td>
<td>$94</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Darwin*</td>
<td>$126</td>
<td>$138</td>
<td>+10.0%</td>
</tr>
<tr>
<td>Hobart*</td>
<td>$121</td>
<td>$127</td>
<td>+4.4%</td>
</tr>
<tr>
<td>Perth</td>
<td>$194</td>
<td>$190</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Brisbane</td>
<td>$159</td>
<td>$152</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Canberra</td>
<td>$137</td>
<td>$133</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Gold Coast</td>
<td>$121</td>
<td>$111</td>
<td>-8.3%</td>
</tr>
<tr>
<td>Melbourne*</td>
<td>$152</td>
<td>$157</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Sydney*</td>
<td>$168</td>
<td>$181</td>
<td>+8.1%</td>
</tr>
</tbody>
</table>

* Highest level ever recorded
Adelaide City

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood of hotel development in Adelaide City at around 25% as accommodation trading performance continues to lag other major cities and construction costs remain high. Nominal RevPAR in Adelaide has averaged around $116 over the year to April 2013, which is 8.0% lower than the December 2008 market peak of $126. Notwithstanding, accommodation development projects are being progressed with one project having recently opened and a further four projects (690 rooms) under construction due to open in 2013 and 2014. Supply increases are therefore expected to average 3.9% per annum to 2017.

Development activity snapshot

**SUMMARY**
- **4,584** existing rooms (Dec-12)
- **5** total projects: 1 recently completed in 2013, 4 under construction due 2013-14
- **821** net rooms: 131 recently completed in 2013, 690 under construction due 2013-14
- **17.5%** increase: 2.9% recently completed in 2013, 14.6% under construction due 2013-14

**Future supply: impact on market**

**RECENTLY OPENED**
- Quest on Franklin: 131 rooms | 4.5-star | Apr-13

**UNDER CONSTRUCTION**
- The Watson – Art Series Hotel: 100 rooms | 5-star | Sep-13
- The Mayfair Hotel: 174 rooms | 4.5-star | Dec-13
- Ibis Adelaide: 311 rooms | 3-star | Jun-14
- Quest on King William: 105 rooms | 4.5-star | Apr-14

**Construction cost comparison**

**Trading performance**

**Hotel development barometer**

Jones Lang LaSalle is aware of a further two mooted projects with 428 rooms although we think it unlikely that these will proceed in the current environment.

Source: STR Global, Jones Lang LaSalle. Note: Moving Annual Average
Brisbane City

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Brisbane at around 60% as the near term outlook has softened since the trading highs of mid-2012. Nominal RevPAR in Brisbane has averaged around $152 over the year to April 2013, which is 4.6% below the August 2012 peak of $159. Brisbane has been one of Australia’s strongest performing accommodation markets over the past decade and until recently had been widely regarded as undersupplied. Trading is expected to remain under pressure over the coming year with government related demand having declined due to travel and conference restrictions being put in place. Supply increases are expected to average 3.2% per annum to 2017 albeit with six projects under construction, due to open through 2014.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>9,092 EXISTING ROOMS (DEC-12)</th>
<th>11 TOTAL PROJECTS</th>
<th>1,824 NET ROOMS</th>
<th>19.2% INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDER CONSTRUCTION</td>
<td>6 under construction due 2014</td>
<td>5 likely proposed due 2014-18</td>
<td>756 under construction due 2014</td>
<td>1,068 likely proposed due 2014-18</td>
</tr>
<tr>
<td>% INCREASE</td>
<td>8.3% under construction due 2014</td>
<td>10.8% likely proposed due 2014-18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Future supply: impact on the market

<table>
<thead>
<tr>
<th>UNDER CONSTRUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four Points by Sheraton</td>
</tr>
<tr>
<td>The Gambaro Hotel</td>
</tr>
<tr>
<td>Mosaic Grand Chifley Brisbane</td>
</tr>
<tr>
<td>Meriton on Herschel Street</td>
</tr>
<tr>
<td>Meriton Apartments</td>
</tr>
<tr>
<td>Tryp Fortitude Valley</td>
</tr>
<tr>
<td>Wyndham Worldwide</td>
</tr>
<tr>
<td>NEXT Hotel</td>
</tr>
<tr>
<td>Constellation Hotels Group</td>
</tr>
</tbody>
</table>

*Slaged opening June 2013 to early 2014

Construction cost comparison

Trading performance

<table>
<thead>
<tr>
<th>Hotel development barometer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jones Lang LaSalle is aware of a further two 5 mooted projects with 587 rooms although we think it unlikely that these will proceed in the current environment.</td>
</tr>
</tbody>
</table>

Source: Rawlinsons 2013, Jones Lang LaSalle.
Note: June Year End

Source: STR Global, Jones Lang LaSalle.
Note: Moving Annual Average

Source: Jones Lang LaSalle
Cairns City

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Cairns City at around 20% with little impetus for new projects. RevPAR in Cairns has averaged $94 over the year to April 2013 and while having shown a marked improvement, it is still 11.5% below the December 2007 market peak of $106. Increased air capacity from China has been partly attributable for this uplift in demand. Whilst trading has improved, it is coming from a very low base. High construction costs and low investor appeal are also likely to deter any new accommodation projects in the short to medium term. Supply increases are projected to average 0.8% per annum to 2017, albeit with no known projects currently in the pipeline.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>EXISTING ROOMS (DEC-12)</th>
<th>TOTAL PROJECTS</th>
<th>NET ROOMS</th>
<th>% INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,425</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

Future supply: impact on market

Upcoming projects

Jones Lang LaSalle is not aware of any upcoming projects in Cairns City.

Construction cost comparison

Trading performance

Hotel development barometer

Jones Lang LaSalle is not aware of any mooted projects in Cairns.

Source: Rawlinsons 2013, Jones Lang LaSalle.
Note: June Year End

Source: STR Global, Jones Lang LaSalle.
Note: Moving Annual Average

Source: Jones Lang LaSalle
Canberra Tourism Region

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Canberra Tourism Region at around 40%. Nominal RevPAR in Canberra has averaged around $133 over the year to March 2013, which is 2.6% below the May 2012 high. Trading has declined during the first four months of 2013 with soft government demand ahead of the September election, but is expected to pick up in the balance of the year boosted by the centenary celebrations. Should a change of government eventuate, this is likely to result in a busy final quarter for Canberra’s accommodation market. Supply increases in Canberra are expected to average 1.8% per annum to 2017 with two projects currently under construction and two more proposed expected to advance in the short term.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>UNDER CONSTRUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,992 EXISTING ROOMS (DEC-12)</td>
<td>2 under construction due 2013</td>
</tr>
<tr>
<td>4 TOTAL PROJECTS</td>
<td>2 likely proposed due 2014</td>
</tr>
<tr>
<td>418 NET ROOMS</td>
<td>252 under construction due 2013</td>
</tr>
<tr>
<td></td>
<td>166 likely proposed due 2014</td>
</tr>
<tr>
<td></td>
<td>8.2% % INCREASE</td>
</tr>
<tr>
<td></td>
<td>5.0% under construction due 2013</td>
</tr>
<tr>
<td></td>
<td>3.2% likely proposed due 2014</td>
</tr>
</tbody>
</table>

Future supply: impact on the market

Upcoming projects

**UNDER CONSTRUCTION**

- Hotel Hotel
  - 99 rooms | 5-star | May-13 | Molonglo Group
- Juliana House Hotel Conversion
  - 153 rooms | 4.5-star | Jun-13 | Abode Hotels

Construction cost comparison

Trading performance

Hotel development barometer

Jones Lang LaSalle is also aware of one mooted project with 87 rooms.

Source: Rawlinsons 2013, Jones Lang LaSalle.

Note: June Year End

Source: STR Global, Jones Lang LaSalle.

Note: Moving Annual Average

Source: Jones Lang LaSalle
Darwin Tourism Region

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Darwin at around 70%. The accommodation market has reverted to a very strong growth trajectory with nominal RevPAR averaging $187 over the year to April 2013. This is the highest level ever achieved in Darwin. The city is now ranked fifth in Australia for highest RevPAR, having surpassed both Canberra and Adelaide. The city demand profile is undergoing a noticeable shift with strong growth in the mining and related services sector, as well as defense and border protection. This is underpinned by significant investment in local infrastructure and growth in hubbing operations and international flight capacities through Darwin International Airport. Supply increases are expected to average 2.9% per annum to 2017 with three projects currently under construction due to open in 2013 and one proposed for 2014. We expect these projects to be easily absorbed having regard to the current trading backdrop.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMAR Y</th>
<th>3,575</th>
<th>5 TOTAL PROJECTS</th>
<th>393 NET ROOMS</th>
<th>10.7% INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXISTING ROOMS (DEC-12)</td>
<td>3,575</td>
<td>1 recently completed</td>
<td>393</td>
<td>0.7% recently completed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 under construction due 2013</td>
<td></td>
<td>7.5% under construction due 2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 likely proposed due 2014</td>
<td></td>
<td>2.5% likely proposed due 2014</td>
</tr>
</tbody>
</table>

Future supply: impact on market

Upcoming projects

**RECENTLY COMPLETED**

- Lee Point Village Resort

**UNDER CONSTRUCTION**

- 4 Lindsay Street
- AANT House Redevelopment
- Lee Point Village Resort

Construction cost comparison

Trading performance

Hotel development barometer

Jones Lang LaSalle is not aware of any mooted projects in Darwin.
Gold Coast Tourism Region

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for new hotel development on the Gold Coast at around 35%. Gold Coast RevPAR has averaged $111 over the year to April 2013 and while having shown recent improvements, this is still 8.3% below the December 2007 high of $121. Supply increases are expected to average just 0.4% per annum to 2017 as mooted projects remain on hold until market conditions warrant them advancing. Banks’ appetite for leisure-based hotel development also remains weak. As the 2018 Commonwealth Games approaches we expect that some projects may advance but overall the outlook is relatively benign.

Development activity snapshot

**SUMMARY**

<table>
<thead>
<tr>
<th>EXISTING ROOMS (DEC-12)</th>
<th>TOTAL PROJECTS</th>
<th>NET ROOMS</th>
<th>% INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,501</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Future supply: impact on the market

Upcoming projects

Jones Lang LaSalle is not aware of any upcoming projects in Gold Coast Tourism Region.

Construction cost comparison

Trading performance

Hotel development barometer

Jones Lang LaSalle is aware of a further two mooted projects with 488 rooms although we think it unlikely that these will proceed in the current environment.
Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Hobart Tourism Region at around 35%. Whilst trading has recorded strong growth with RevPAR averaging $127 over the year to April 2013 – to be at the highest level ever recorded – there is low developer appetite for accommodation construction in Hobart. Improved flight capacity and connectivity has boosted the market through the summer trading period with RevPAR growth during the first quarter of 9.1%. New supply which opened in 2012 has been easily absorbed and there are no known projects currently in the development pipeline. Supply increases are expected to average 0.8% per annum to 2017.

## Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>2,758</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXISTING ROOMS (DEC-12)</td>
<td>0 TOTAL PROJECTS</td>
</tr>
<tr>
<td>0 NET ROOMS</td>
<td>0.0% % INCREASE</td>
</tr>
</tbody>
</table>

## Future supply: impact on market

### Upcoming projects

Jones Lang LaSalle is not aware of any upcoming projects in Hobart Tourism Region.

## Construction cost comparison

Source: Rawlinsons 2013, Jones Lang LaSalle.
Note: June Year End

## Trading performance

Source: STR Global, Jones Lang LaSalle.
Note: Moving Annual Average

## Hotel development barometer

Jones Lang LaSalle is not aware of any mooted projects in Hobart.
Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Melbourne City at around 75%. The city is a key target for operators and development opportunities are plentiful with an availability of sites and a more relaxed approach to planning. Investor confidence in the Victorian tourism industry also further underpins new accommodation development and the city has an excellent track record of absorbing significant new supply. Nominal RevPAR in Melbourne has averaged around $158 over the year to April 2013 to be at the highest level ever recorded. Growth is projected to remain robust over the coming years as the city capitalises on the closure of the Sydney Convention and Exhibition Centre and its already robust calendar of events and strong marketing dynamic. Supply increases are expected to average 2.2% per annum to 2017 with five projects currently under construction scheduled to open in 2013 and 2014. There are also a number of mooted projects, some of which will advance over the medium term.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>19,195</th>
<th>8 TOTAL PROJECTS</th>
<th>769 NET ROOMS</th>
<th>4.1% % INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXISTING ROOMS (DEC-12)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recently completed</td>
<td>2</td>
<td></td>
<td>-185 recently completed</td>
<td></td>
</tr>
<tr>
<td>Under construction due 2013-14</td>
<td>6</td>
<td>954 under construction due 2013-14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Future supply: impact on the market

Upcoming projects

<table>
<thead>
<tr>
<th>RECENTLY OPENED/CLOSED</th>
<th>UNDER CONSTRUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelphi Hotel</td>
<td>35 rooms</td>
</tr>
<tr>
<td>Sebel Melbourne</td>
<td>-150 rooms</td>
</tr>
<tr>
<td>Adelphi Hotel</td>
<td>35 rooms</td>
</tr>
<tr>
<td>Tune Hotel</td>
<td>235 rooms</td>
</tr>
<tr>
<td>Oaks on William</td>
<td>220 rooms</td>
</tr>
<tr>
<td>The Quays Docklands*</td>
<td>96 rooms</td>
</tr>
<tr>
<td>Sheraton Melbourne</td>
<td>168 rooms</td>
</tr>
<tr>
<td>Wyndham on William</td>
<td>200 rooms</td>
</tr>
</tbody>
</table>

*Predominantly residential but may include 96 serviced apartments

Construction cost comparison

Trading performance

Hotel development barometer

Jones Lang LaSalle is aware of a further six mooted projects with 1,091 rooms and we expect some of these to advance over the medium term.

Source: Rawlinsons 2013, Jones Lang LaSalle.
Note: June Year End

Source: STR Global, Jones Lang LaSalle.
Note: Moving Annual Average
Melbourne Metropolitan

Melbourne Metropolitan is defined as the Melbourne Tourism Region less Melbourne City and encompasses the broader city metropolitan. Major accommodation sub-markets in Melbourne Metropolitan include Hume, St Kilda, Monash and Stonnington and the Airport precinct. Melbourne Metropolitan’s accommodation market recorded a slight RevPAR decline in 2012 of 1.6% with occupancies averaging 65.7% and ADR of $135. Supply increases are expected to average 0.5% per annum over the next five years with a number of projects slated to open in 2013 and 2014. Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Melbourne Metropolitan at around 55% as developers are more likely to direct their attention to the city given the availability of sites in Melbourne CBD.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>8,705</th>
<th>3</th>
<th>222</th>
<th>2.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXISTING ROOMS (DEC-12)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL PROJECTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 under construction</td>
<td>2 recently completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET ROOMS</td>
<td>100 under construction</td>
<td>122 recently completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% INCREASE</td>
<td>1.1%</td>
<td>1.4%</td>
<td>2.5%</td>
<td></td>
</tr>
</tbody>
</table>

Future supply: impact on the market

Upcoming projects

UNDER CONSTRUCTION

- The Larwill Art Series Hotel 100 rooms | 5-star | Nov-14
- Rydges Hotels & Resorts

Construction cost comparison

Hotel development barometer

Jones Lang LaSalle is aware of two mooted projects with 177 rooms which are likely to advance over the medium term.

Source: Jones Lang LaSalle
Perth City

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Perth City at around 60% with RevPAR having softened 2.0% compared to the September 2012 high to average $190. Whilst in part reflecting the spike in trading from hosting the city-wide CHOGM event, the movement of a number of mining projects into the production stage, whilst others were put on hold, has resulted in a softening in corporate mining demand. This is expected to reverse in the balance of the year and growth will once again become evident albeit at a more moderated rate than in recent years. Supply increases are expected to average 2.7% per annum to 2017 with increases largely benign until 2016. New supply is predominantly government-incentivised and/or larger mixed use developments with stand-alone hotel development difficult to stack up. Whilst many projects have been put forward, we believe the likelihood that all will advance is low in the current environment.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>TOTAL PROJECTS</th>
<th>NET ROOMS</th>
<th>INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,922 EXISTING ROOMS (DEC-12)</td>
<td>4 TOTAL PROJECTS</td>
<td>1,098</td>
<td>18.4%</td>
</tr>
<tr>
<td>1 under construction due 2014</td>
<td>48 under construction due 2014</td>
<td>1,050</td>
<td>17.6%</td>
</tr>
<tr>
<td>3 likely proposed due 2017-18</td>
<td>0.8% under construction due 2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Upcoming projects

UNDER CONSTRUCTION

The Treasury Building | 48 rooms | 5-star | Jun-14 | Owner Operator

Future supply: impact on market

Construction cost comparison

Trading performance

Hotel development barometer

Jones Lang LaSalle is aware of a further four mooted projects with 694 rooms and we expect some of these to advance over the medium term.

Source: Jones Lang LaSalle
Sydney City

Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Sydney City at around 60% with RevPAR growth having plateaued over the past few months. Notwithstanding, nominal RevPAR is currently at the highest level ever recorded having averaged $182 over the year to April 2013. Supply increases are expected to average 1.9% per annum over the next five years albeit with increases largely benign until 2017 when the new Sydney International Convention Exhibition and Entertainment Precinct will open, supported by a 900-room hotel. Interim growth expectations have moderated slightly given the closure of the existing facility, although arguably this centre has failed to deliver significant benefits to the broader Sydney city accommodation market in recent years with few major events having been held.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>20,369</th>
<th>TOTAL PROJECTS</th>
<th>9</th>
<th>NET ROOMS</th>
<th>2,031</th>
<th>% INCREASE</th>
<th>9.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXISTING ROOMS (DEC-12)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 recently completed in 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 under construction due 2013-14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 likely proposed due 2014-19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30 recently completed in 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>138 under construction due 2013-14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,863 likely proposed due 2014-19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Future supply: impact on the market

Upcoming projects

**RECENTLY OPENED**
The Sebel Pier One Extension 30 rooms | 4.5-star | Mar-13 | Accor

**UNDER CONSTRUCTION**
Hotel 1888 90 rooms | 4-star | Jun-13 | Eight Hotels
Ballies Sydney 10 rooms | 5-star | Jul-14 | Ballie Lodges
Zara Tower 38 rooms | TBD | 2013 | TBD

Construction cost comparison

Trading performance

Hotel development barometer

Jones Lang LaSalle is aware of one mooted project and one potential closure which would result in a net reduction of 232 rooms.
Sydney Metropolitan

Sydney Metropolitan is defined as the Sydney Tourism Region less Sydney City and encompasses the broader city metropolitan. Major accommodation sub-markets in Sydney Metropolitan include Parramatta, Ryde, Botany Bay and the Airport precinct. Sydney Metropolitan’s accommodation market recorded a strong RevPAR growth in 2012 of 8.3% with occupancies averaging 71.3% and ADR of $153. Supply increases are expected to average 1.1% per annum over the next five years with a number of projects slated to open in 2013. Jones Lang LaSalle’s Hotels & Hospitality Group ranks the likelihood for hotel development in Sydney Metropolitan at around 70%. New hotel development is more likely to occur in Sydney Metropolitan than Sydney City as there are more sites available. The accommodation markets are smaller, however, and thus the impact of new supply is more pronounced. Trading is expected to strengthen over the medium term with the improving supply/demand balance and a continuation of current capacity constraints in Sydney City, increasing overflow demand. Notably, city fringe markets and those with a strong local corporate base and proximity to demand generators are expected to perform best.

Development activity snapshot

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>TOTAL PROJECTS</th>
<th>NET ROOMS</th>
<th>% INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXISTING ROOMS (DEC-12)</td>
<td>12,917</td>
<td>493</td>
<td>3.9%</td>
</tr>
<tr>
<td>1 recently completed in 2013</td>
<td>5 under construction due 2013-15</td>
<td>133 likely proposed due 2014</td>
<td></td>
</tr>
</tbody>
</table>

Future supply: impact on market

Upcoming projects

RECENTLY OPENED
- Rydges Sydney International Airport
- Pacific Bondi

UNDER CONSTRUCTION
- Adina Bondi Beach
- Meriton Macquarie Park
- Abode by Rydges
- Pacific Bondi
- Swiss Grand Bondi

Construction cost comparison

Hotel development barometer

Jones Lang LaSalle is aware of 32 mooted projects which would result in a net increase of 3,226 rooms, although we think it highly unlikely that all of these will advance.

Source: Rawlinsons 2013, Jones Lang LaSalle.
Note: June Year End

Source: Jones Lang LaSalle
Highlights – New Zealand

- There are currently 2,020 rooms in New Zealand’s hotel development pipeline (under construction and likely proposed) which once complete will represent an increase of 10.3% increase on the existing stock.

- The majority of projects in the pipeline are reconstruction projects in Christchurch (2,176 rooms or 77%).

- Outside of Christchurch, there are only four hotels under construction. Three projects are in Auckland (204 rooms) and one in Wellington (130 rooms).

- Accommodation building approvals totalled $115 million in 2012, up 3.7% on 2011 but with monthly approvals reaching a new low in June 2012.

- Proposed projects are primarily in Christchurch with reconstruction works expected to advance at another six hotels over the next year.

- Taking regard of current known projects, room night supply across the five major markets is forecast to increase on average by 2.2% to 2017.
Christchurch Accommodation Update

It is estimated that around NZ$30 billion will be spent by the public and private sector rebuilding Christchurch over the next decade. The Canterbury Earthquake Recovery Authority (CERA) was established to overseeing the rebuilding process and in conjunction with Christchurch City Council and the Central City Development Unit (a subsidiary of CERA), it released the Central City Recovery Plan in July 2012. This plan outlines new zoning guidelines for the city as well as a number of key infrastructure activities and precincts.

Under the Central City Recovery Plan, key zones have been created and new development will be more environmentally-sensitive with extensive public transport and green areas including parks, roof tops and growing walls. Low-rise buildings are also a feature with height restrictions ranging from six metres in fringe locations to 31 metres in the Central Core, considerably lower than pre-earthquake. With around half of the historic buildings within Christchurch CBD having been demolished (as at Q3 2012), the significance of remaining properties has increased.

The plan also makes specific note that existing and new hotels (by way of resource consent) may be granted exemptions in order to ensure their economic feasibility. Prior to the earthquake there were approximately 3,900 rooms graded three to 5-star in the Christchurch city area. Jones Lang LaSalle’s Hotels & Hospitality Group estimates that there are now approximately 1,070 rooms currently operational including the 155-room Ibis Christchurch Hotel which opened in September 2012. There are a further 1,000 rooms which are closed either undergoing remedial repairs or awaiting decisions on their future, whereas 1,100 rooms have been deemed unsafe and have been or are awaiting demolition.

We anticipate hotels will be rebuilt over the next 4-5 years with further supply dictated by renewed demand by the tourism sectors and the completion of the Christchurch convention centre in 2017.

Seismic and structural integrity of buildings has become increasingly important post the 2010 and 2011 Christchurch Earthquakes. The Building Act 2004 and Building Regulations 2005 define the meaning of an ‘earthquake prone’ building. The minimum statutory requirement of 33% of New Building Standard (NBS) is progressively being superseded by the industry recommended target of 67% of NBS. This is particularly evident in areas perceived to be at high risk of earthquakes and is likely to impact accommodation real estate as insurers, banks and operators revise their expectations.
Accommodation approvals at new low

Short-term accommodation building approvals data from Statistics New Zealand points to a continued lull in accommodation development activity across the country in the coming years with monthly approvals still at a very low level. Accommodation building approvals totalled NZ$115 million in 2012, up 3.7% on 2011 and 6.2% on 2010 but still 60% lower than the level recorded in 2006 when construction activity peaked. Approvals fell to a new low in June 2012 with annual approvals averaging just $7.4 million per month before increasing during the second half of the year.

New Zealand Accommodation Development Pipeline: Projects under Construction as at May 2013

<table>
<thead>
<tr>
<th>Project</th>
<th>City</th>
<th>Due Date</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recently Completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copthorne Commodore – Matai Wing</td>
<td>Christchurch</td>
<td>Feb-13</td>
<td>20</td>
<td>Millennium &amp; Copthorne</td>
</tr>
<tr>
<td>Hilton Lakeside Residences</td>
<td>Queenstown</td>
<td>Jan-13</td>
<td>42</td>
<td>Hilton Hotels</td>
</tr>
<tr>
<td>Quest Rotorua</td>
<td>Rotorua</td>
<td>Nov-12</td>
<td>32</td>
<td>Quest Apartments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quest Hotel Highbrook</td>
<td>Auckland</td>
<td>Aug-13</td>
<td>62</td>
<td>Quest Apartments</td>
</tr>
<tr>
<td>Quest Beaumont Quarter</td>
<td>Auckland</td>
<td>Sep-13</td>
<td>34</td>
<td>Quest Apartments</td>
</tr>
<tr>
<td>Cornwall Park Hotel Development</td>
<td>Auckland</td>
<td>2014</td>
<td>108</td>
<td>TBD</td>
</tr>
<tr>
<td>Rendezvous Christchurch *</td>
<td>Christchurch</td>
<td>May-13</td>
<td>171</td>
<td>Rendezvous Hospitality Group</td>
</tr>
<tr>
<td>Quest Christchurch *</td>
<td>Christchurch</td>
<td>Jun-13</td>
<td>78</td>
<td>Quest Apartments</td>
</tr>
<tr>
<td>Hotel Off the Square *</td>
<td>Christchurch</td>
<td>2Q 2013</td>
<td>38</td>
<td>Independent</td>
</tr>
<tr>
<td>Heritage (Old Government Building) *</td>
<td>Christchurch</td>
<td>Aug-13</td>
<td>42</td>
<td>Heritage Hotels</td>
</tr>
<tr>
<td>Novotel Christchurch *</td>
<td>Christchurch</td>
<td>3Q 2013</td>
<td>153</td>
<td>Accor</td>
</tr>
<tr>
<td>Latimer Christchurch *</td>
<td>Christchurch</td>
<td>3Q 2013</td>
<td>138</td>
<td>Latimer</td>
</tr>
<tr>
<td>Sofitel Wellington</td>
<td>Wellington</td>
<td>Q4 2014</td>
<td>130</td>
<td>Accor</td>
</tr>
</tbody>
</table>

Total Number of Rooms Under Construction 954

Source: Industry Sources, Jones Lang LaSalle
* Note: re-opening
New Zealand's Recent Trading Performance

RevPAR is a performance metric in the hotel industry, which is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. RevPAR is provided for the year to April 2013, calculating as a moving annual average and compared to the most recent high.

<table>
<thead>
<tr>
<th>Location</th>
<th>Nominal RevPAR in NZ$</th>
<th>Change from High</th>
<th>High RevPAR in NZ$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland</td>
<td>NZ$122</td>
<td>12.9%</td>
<td>NZ$106</td>
</tr>
<tr>
<td>Christchurch</td>
<td>NZ$126</td>
<td>0.2%</td>
<td>NZ$126</td>
</tr>
<tr>
<td>Queenstown</td>
<td>NZ$94</td>
<td>0.7%</td>
<td>NZ$94</td>
</tr>
<tr>
<td>Rotorua</td>
<td>NZ$75</td>
<td>11.2%</td>
<td>NZ$67</td>
</tr>
<tr>
<td>Wellington</td>
<td>NZ$111</td>
<td>6.5%</td>
<td>NZ$104</td>
</tr>
</tbody>
</table>

Source: Jones Lang LaSalle
METHODOLOGY

Jones Lang LaSalle Accommodation Supply Tracking

Our Australian and New Zealand Hotel Development Register tracks accommodation projects as they are mooted, proposed, under construction, completed or taken out of the market. We obtain information from press, local councils, tourism organisations, hotel operators and developers, as well as from local Jones Lang LaSalle’s offices. Where the proposed number of rooms has not been made publically available or where our investigations have not been able to confirm the proposed room count, Jones Lang LaSalle will estimate the likely number of rooms. Serviced Apartment projects include our current best estimate of the number of apartments which will be included in rental letting pools and offered for short-term accommodation stays. Furthermore, some projects originally approved as residential apartments can occasionally evolve to become serviced apartment projects and in light of these factors, this is therefore subject to change.

Jones Lang LaSalle’s Hotel Development Barometer

To assess the likelihood for new hotel development in Australia’s major hotel markets, Jones Lang LaSalle’s Hotels & Hospitality Group has ranked markets using our Hotel Development Barometer. This gauge assesses driving forces such as the strength of the local economy, trading performance, demand generators, investor and operator appetite and accessibility against key impediments including cost of construction, site availability, competition from alternate uses, as well as the cost versus value equation.

Our assessment excludes the availability and cost of hotel development finance but we note that this is a key factor in hotel development and investment, affecting both the number of buyers in the market and their ability to pay.
Jones Lang LaSalle’s Hotels & Hospitality Group dedicated offices

Atlanta tel: +1 404 995 2100 fax: +1 404 995 2109

Auckland tel: +64 9 366 1666 fax: +64 9 309 7628

Bangkok tel: +66 2642 6999 fax: +66 2679 6519

Barcelona tel: +34 91 789 1100 fax: +34 91 789 1200

Beijing tel: +86 10 5922 1300 fax: +86 10 5922 1346

Brisbane tel: +61 7 3231 1400 fax: +61 7 3231 1411

Buenos Aires tel: +54 11 4893 2600 fax: +54 11 4893 2080

Chengdu tel: +86 28 6680 5000 fax: +86 28 6680 5096

Chicago tel: +1 312 782 5600 fax: +1 312 782 4339

Dallas tel: +1 214 438 6100 fax: +1 214 438 6101

Denver tel: +1 303 260 6500 fax: +1 303 260 6501

Dubai tel: +971 4 426 6999 fax: +971 4 365 3260

Düsseldorf tel: +49 211 13006 0 fax: +49 211 13399 0

Exeter tel: +44 1392 423696 fax: +44 1392 423698

Frankfurt tel: +49 69 2003 0 fax: +49 69 2003 1040

Glasgow tel: +44 141 248 6040 fax: +44 141 221 9032

Istanbul tel: +90 212 350 0800 fax: +90 212 350 0806

Jakarta tel: +62 21 2922 3888 fax: +62 21 515 3232

Leeds tel: +44 113 244 6440 fax: +44 113 245 4664

London tel: +44 20 7493 6040 fax: +44 20 7399 5694

Los Angeles tel: +1 213 239 6000 fax: +1 213 239 6100

Lyons tel: +33 4 7889 2626 fax: +33 4 7889 0476

Madrid tel: +34 91 789 1100 fax: +34 91 789 1200

Manchester tel: +44 161 828 6440 fax: +44 161 828 6490

Marseille tel: +33 495 091313 fax: +33 495 091300

Mexico City tel: +52 55 5980 8054 fax: +52 55 5202 4377

Miami tel: +1 305 529 6345 fax: +1 305 529 6398

Milan tel: +39 2 8586 8672 fax: +39 2 8586 8670

Moscow tel: +7 495 737 8000 fax: +7 495 737 8011

Munich tel: +49 89 2900 8882 fax: +49 89 2900 8888

New Delhi tel: +91 124 331 9600 fax: +91 124 460 5001

New York tel: +1 212 812 5700 fax: +1 212 421 5640

Newcastle tel: +44 1392 423696 fax: +44 1392 423698

Paris tel: +33 1 4055 1718 fax: +33 1 4055 1868

Perth tel: +61 8 9322 5111 fax: +61 8 9481 0107

Rio de Janeiro tel: +55 21 2922 3888 fax: +55 21 515 3232

San Francisco tel: +1 415 395 4900 fax: +1 415 955 1150

São Paulo tel: +55 11 3071 0747 fax: +55 11 3071 4766

Shanghai tel: +86 21 6393 3333 fax: +86 21 6393 7890

Singapore tel: +65 6536 0606 fax: +65 6533 2107

Sydney tel: +61 2 9220 8777 fax: +61 2 9220 8765

Tokyo tel: +81 3 5501 9240 fax: +81 3 5501 9211

Washington, D.C. tel: +1 202 719 5000 fax: +1 202 719 5001