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KECK SENG INVESTMENTS (HONG KONG) LIMITED

激成投資(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00184)

MAJOR TRANSACTION

DISPOSAL OF PROPERTIES

A letter from the Board is set out on page 2 to page 6 of this circular.

26 October 2012

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Keck Seng Investments (Hong Kong) Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap. 32), the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Disposal”	the disposal of the interest in the Properties by KSJ One pursuant to the Sale and Purchase Agreement
“KSJ One”	Godo Kaisha KSJ One, a <i>godo-kaisha</i> (合同会社) incorporated in Japan, in which the Company owns a 96.79% indirect economic interest
“Latest Practicable Date”	22 October 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	two apartment buildings in Tokyo, Japan, known as Iris Ginza East and Iris Nihonbashi Suitengu respectively, the details on which as described in the paragraph “Subject Assets” in this circular
“Purchaser”	Godo Kaisha ABF1, a <i>godo-kaisha</i> (合同会社) incorporated in Japan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 September 2012 entered into among the KSJ One and the Purchaser in relation to the sale and purchase of the interest in the Properties
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent
“¥”	Japanese Yen, the lawful currency of Japan
“CA\$”	Canadian Dollars, the lawful currency of Canada
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“US\$”	United States Dollars, the lawful currency of the United States

In this circular, Japanese Yen (¥) has been translated into HK\$ at the rate of ¥100 = HK\$9.97 for reference purpose only.

LETTER FROM THE BOARD



KECK SENG INVESTMENTS (HONG KONG) LIMITED

激成投資(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00184)

Executive Directors:

Mr. HO Kian Guan (*Executive Chairman*)
Mr. HO Kian Hock (*Deputy Executive Chairman*)
Mr. TSE See Fan Paul
Mr. CHAN Lui Ming Ivan
Ms. YU Yuet Chu Evelyn
Mr. HO Chung Tao
Mr. HO Chung Hui
Mr. HO Chung Kain (*alternate to Mr. HO Chung Hui*)

Registered office:

Room 2902 West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Non-Executive Directors:

Mr. HO Kian Cheong
Dr. CHAN Yau Hing Robin (*Independent*)
Mr. KWOK Chi Shun Arthur (*Independent*)
Ms. WANG Poey Foon Angela (*Independent*)

26 October 2012

Dear Sir or Madam

MAJOR TRANSACTION

DISPOSAL OF PROPERTIES IN JAPAN

INTRODUCTION

By an announcement dated 26 September 2012, the Board announced that KSJ One entered into the Sale and Purchase Agreement with the Purchaser to dispose of its interests in two freehold multi-family apartment buildings in Tokyo, Japan for a consideration of ¥4,900,000,000 (equivalent to approximately HK\$488,530,000). The Company owns a 96.79% indirect economic interest in KSJ One. For IFRS reporting purposes, KSJ One has been categorized as a subsidiary of the Company.

The purpose of this circular is to provide you with further details of the Disposal, including the certain financial and general information on the Group and the Properties, together with a valuation report of the Properties.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date

26 September 2012

Parties

- (1) KSJ One; and
- (2) the Purchaser.

The Purchaser is principally engaged in acquisition and investment of real estate and real estate trust beneficiary interest.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject assets

Pursuant to the Sale and Purchase Agreement, KSJ One agreed to dispose of, and the Purchaser agreed to acquire, its interest in the Properties. The Properties comprises two apartment buildings, Iris Ginza East and Iris Nihonbashi Suitengu.

Iris Ginza East is a 12-storey freehold multi-family apartment building built in 2005. It is located in Chuo-ku, one of the five central wards of Tokyo and has access to 3 major train lines within 4 to 8 minutes. It is 1 km to central Ginza, one of the most prestigious shopping districts in Japan, and 1.7 km to Tokyo Station.

Iris Nihonbashi Suitengu is a 12-storey freehold multi-family apartment building built in 2005. It is located in Chuo-ku, one of the five central wards of Tokyo and within a two-minute walk to the Suitengumae station, which is on the Tokyo Metro Hanzomon Subway Line. It is a four-minute subway ride from the Suitengumae station to Marunouchi, Tokyo's premier business center, and an eight-minute ride to Ginza, one of the most prestigious shopping districts in Japan.

According to a valuation conducted by AS Management Inc., an independent valuer engaged by the Company, the value of the Properties as of 30 June 2012 is ¥4,780,000,000 (equivalent to approximately HK\$476,566,000). For the purpose of this circular, the Company has engaged AS Management Inc. to conduct a further valuation of the Properties as of 31 July 2012, which represented the same valuation. Both of the valuations were based on the direct capitalisation and discounted cash flow approach. The Properties are accounted for as investment properties in the financial statements of the Company, and are stated at fair value in accordance with the Company's accounting policies. As such, the book value of the Properties as at 30 June 2012 is ¥4,780,000,000 (equivalent to approximately HK\$476,566,000).

LETTER FROM THE BOARD

According to the audited financial statements of KSJ One, the revenue attributable to the Properties was ¥220,080,355 (equivalent to approximately HK\$21,942,011) and ¥321,074,007 (equivalent to approximately HK\$32,011,078) respectively for the years ended 31 December 2010 and 2011, while the net profit attributable to the Properties after taxation was ¥108,793,722 (equivalent to approximately HK\$10,846,734) and ¥132,447,334 (equivalent to approximately HK\$13,204,999) respectively for the years ended 31 December 2010 and 2011. The amount of taxes paid amounted to ¥2,593,542 (equivalent to approximately HK\$258,576) and ¥21,149,594 (equivalent to approximately HK\$2,108,615) respectively for the years ended 31 December 2010 and 2011 and included property tax and other taxes.

Consideration

The consideration for the Disposal was in the amount of ¥4,900,000,000 (equivalent to approximately HK\$488,530,000), which was payable to KSJ One by way of bank transfer on 27 September 2012 or any other dates which the parties to the Sale and Purchase Agreement may agree.

The consideration for the Disposal was arrived at after arm's length negotiations among KSJ One and the Purchaser, with reference to the market price of other similar properties in the vicinity of the Properties.

Completion

The completion of the Disposal took place on 27 September 2012.

A penalty which equals to 20% of the purchase price of the Property shall be paid by the party which fails to complete the transaction. In case the actual damage suffered exceeds 20% of purchase price, the non-defaulting party can claim such excess amount the defaulting party separately. However, should there be a total destruction of the Property by an act of God (e.g. fire, earthquake, etc.), or a partial destruction of the Property which has not been repaired or restored in a manner that is reasonably acceptable to the Purchaser, the Purchaser shall be entitled to choose not to complete the Acquisition without incurring the said penalty.

Save as disclosed in the Sale and Purchase Agreement, KSJ One has provided a warranty against hidden defects (including defects in ownership of the titles or construction defects, if any) of the Properties for 2 years from the completion date of the Disposal.

INFORMATION ON THE GROUP AND KSJ ONE

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services. The Company's principal activity is investment holding.

KSJ One is principally engaged in property investment.

LETTER FROM THE BOARD

REASON FOR AND THE BENEFITS OF THE DISPOSAL

The Disposal will allow the Group to rationalise its existing portfolio of investment properties to provide more balance and diversity. The Group expects to maintain its objective of building a portfolio of high-standard investment properties and will continue to seek investments in Japan and elsewhere.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement which were entered into by KSJ One to be fair and reasonable. Taking into account the expected gain to be realised from the Disposal, the Directors (including the independent non-executive Directors) consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL

It is estimated that the Group will realise a gain on disposal of approximately ¥99,000,000 (equivalent to approximately HK\$9,870,300), being the difference between the net proceeds from the Disposal and the appraised value of the Properties as at 30 June 2012.

USE OF PROCEEDS

The Group intends to use part of the proceeds to reduce its Japanese yen-denominated bank borrowings. The balance will be kept as general working capital.

LISTING RULES IMPLICATION

As one or more applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the ultimate controller(s) of the Purchaser are third parties independent of the Company and any connected persons of the Company, and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As at the date of this circular, each of Goodland Limited and Kansas Holdings Limited, the two largest Shareholders holding 96,646,960 shares and 100,909,360 shares in the Company respectively, amounting to approximately 28.41% and 29.66% of the issued share capital of the Company, has given its written approval on the Disposal on 26 September 2012. Both Goodland Limited and Kansas Holdings Limited are wholly-owned subsidiaries of Ocean Inc., which in turn is held as to 50% by each of Mr Ho Kian Guan, Executive Chairman of the Company, and his brother Mr Ho Kian Hock, Deputy Executive Chairman of the Company. Owing to the common ownership of Goodland Limited and Kansas Holdings Limited, they form a closely allied group of Shareholders for the purpose of Rule 14.44 of the Listing Rules. As Goodland Limited and Kansas Holdings Limited together hold more than 50% of the issued shares of the Company and no Shareholder is required to abstain from voting, no general meeting for the Shareholders' approval of the Disposal is required to be held.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is also drawn to the financial information of the Group, the valuation report, and the additional information set out in the appendices to this circular.

By Order of the Board
Keck Seng Investments (Hong Kong) Limited
HO Kian Guan
Executive Chairman

1. INDEBTEDNESS

At the close of business on 31 August 2012, being the latest practicable date for the purpose of preparing the indebtedness statement, the Group had indebtedness as follows:

Borrowings

	<i>Note</i>	<i>HK\$'000</i>
Secured		
Bank loans		841,688
Unsecured		
Bank loans		29,338
Loans from associates	(i)	464
Loans from non-controlling shareholders	(ii)	78,263
Loans and advances from an affiliated company	(iii)	64,603
		<u>172,668</u>
Total borrowings		<u><u>1,014,356</u></u>

- (i) Loans from associates are unsecured, interest-free and have no fixed terms of repayment.
- (ii) Loans from non-controlling shareholders are unsecured, interest-free, and repayable on demand except for loans with nominal value of HK\$51,559,000 (before the effect of discounting in the amount of HK\$7,431,000) which are repayable on 30 April 2015.
- (iii) Loans and advances from an affiliated company, Goodland Limited, are unsecured, interest-free and repayable on demand except for the (i) loans with nominal value of HK\$54,445,000 (before the effect of discounting in the amount of HK\$7,847,000) which are repayable on 30 April 2015; and (ii) advances of HK\$2,302,000 which are interest-bearing at HIBOR+0.5%.

Commitments

At 31 August 2012, the Group had capital commitments of HK\$55,353,000 which included the amount of HK\$31,119,000 which was contracted for and the amount of HK\$24,234,000 which was authorised but not contracted for.

Banking facilities

At 31 August 2012, the Group had total banking facilities of HK\$1,236,924,000, of which HK\$1,004,187,000 were secured by bank deposits, investment properties, a hotel property, properties held for sale and equity securities with carrying value in aggregate of HK\$1,687,578,000. HK\$871,026,000 of the banking facilities were utilised at 31 August 2012.

Contingent liabilities

- (a) At 31 August 2012, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$6,310,000.
- (b) At 31 August 2012, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$39,060,000 (CA\$5,000,000).
- (c) A subsidiary of the Group is involved in litigation arising in its hotel and club operation in Vietnam. The directors are of the opinion that it is too early to evaluate the outcome of the claims and that the amounts cannot be reliably estimated at this point of time.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2012.

2. WORKING CAPITAL

The Directors are of the opinion that, following completion of the Disposal, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

3. FINANCIAL AND TRADING PROSPECTS

2012 is a year that started with critical sovereign risk issues emanating from Europe, which carried severe consequences for the world economy. The US economy is exhibiting signs of modest recovery, but employment and the housing market has remained weak. China has just announced a projected growth rate that is marginally below that of previous years, signaling the possibility of lower economic activity for China and Asia in general. Against this background, the Group is cautious about its prospects in 2012. The Group will continue to manage with a view towards sustainable growth for the long term, and will continue to prudently seek investments, which contributes to long-term shareholders value.

Despite global financial uncertainty, the major hotels in the Group's portfolio have performed satisfactorily throughout the year due to the strength of their respective positioning in the markets they operate in. However, it is also expected that some of the hotels will report under-performance against budget, as a result of strong competition and reduced level of commercial activity in their respective markets. Overall, the Group is expected to report satisfactory results for this segment.

Property sales in Macau have remained strong during the year on the back of strong economic growth in the territory. This has also resulted in an increase in capital values in the property market and will have a positive impact on the Group's properties held for investment.

The following is the text of two letters, setting out a summary of values and valuation certificates, prepared for the purpose of incorporation in this circular and received from AS Management Inc., an independent property appraiser, in connection with the valuation as of July 31, 2012 of the properties held by a subsidiary of Keck Seng Investments (Hong Kong) Limited.



MG Tamachi Building 1F
4-3-7 Shiba, Minato-ku, Tokyo, Japan

26 October 2012

The Directors
Keck Seng Investments (Hong Kong) Limited

Dear Sirs:

In accordance with the instructions from Keck Seng Investments (Hong Kong) Limited (the “Company”) or its subsidiaries (hereafter together referred to as the “Group”), we have completed a valuation of the 77-room Iris Nihonbashi Suitengu (the “Subject”) located at 33-2, Nihonbashihakozakicho, Chuo-ku, Tokyo, Japan.

The purpose of this valuation is to estimate the market value “as is” of the freehold interest in the above-referenced property as of 31 July 2012 for incorporation in a circular to the shareholders of the Company. Our valuation of the property held by the Group is our opinion of its market value which we would define as “the estimated amount for which a property 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.” The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. The Subject is valued on a going-concern basis, including all rights in realty.

The scope of our work included an inspection of the Subject, analysis of local economic and market conditions, examination of the historical operating performance of the Subject, estimation of the Subject’s future operating performance, and derivation of value using the Income Capitalization Approaches to valuation. The Cost Approach was not utilized as it is not considered to be a meaningful indicator of value for the Subject.

To the best of our belief, this valuation conforms to requirements set forth in the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition January 2005) published by the Hong Kong Institute of Surveyors. It is not the intent of this brief letter report to provide an extensive discussion of our research and analysis, but instead, to constitute a statement of final value. A complete discussion of our research and analysis is contained in our full narrative report of the Subject prepared for the Company.

Sources of information for the valuation included interviews with local realtors and brokers. Financial statements for the Subject were provided by the Company. Since these statements were not prepared by us, we do not take responsibility for their accuracy, but have assumed that they are correct. That being said, we have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material facts have been omitted from the information provided.

No allowance has been made in our valuation for any charges, mortgages, local taxation or amounts owing on the Subject. Unless otherwise stated, it is assumed that the Subject is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market value.

Unless otherwise stated, all money amounts stated in our report are in Japanese Yen (JPY).

Neither the whole nor any part of this Valuation Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without the appraiser's written approval of the form and context in which it may appear.

We declare hereby that we are independent of the Group, and are not beneficially interested in the share capital of any member of the Group and do not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Enclosed herein is our summary of value and valuation certificate.

Yours sincerely,
AS Management Inc.
By: Fumiaki Ishigami
Director
Japanese Licensed Real Estate Appraiser
Registered 9268

Note: Fumiaki Ishigami has extensive experience in the valuation of residential properties in Tokyo for over 14 years.

SUMMARY OF VALUES

Property

Market Value "As Is" 31 July 2012

Property held by the Group as an investment

Iris Nihonbashi Suitengu 33-2, Nihonbashihakozakicho, Chuo-ku Tokyo, Japan	JPY 2,640,000,000
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VALUATION CERTIFICATE

Property held by the Group as an investment

Property	Description and Tenure	Particulars of Occupancy	Market Value "As Is" 31 July 2012
Iris Nihonbashi Suitengu 33-2, Nihonbashihakozakicho, Chuo-ku Tokyo, Japan	The property is a 12-storey, 77-room, apartment built in 2005. The gross building area of the apartment is 4,780.44 square meter. The registered site area of the Subject is 740.36 square meter.	The property is currently a 77-room apartment. The apartment is held in a freehold interest. Under the applicable laws, no ground rent or government rent is payable.	JPY2,640,000,000

Note:

- The property was last inspected on 24 September 2012.
- Based on a search at the local land registry, Mitsubishi UFJ Trust Bank is the title holder of the property while KSJ One holds the trust beneficiary interest in the property. As at 31 July 2012, the property is pledged to a bank for a loan.
- The tenancy agreements with respect to the property provides for rental reviews as agreed by the lessor and the lessee in case of a significant change of economic condition.
- Based on our review of documents provided to us by the Company, there are no options or rights of pre-emption concerning or other material that would adversely affect the market value of the property.
- The Iris Nihonbashi Suitengu 33-2 is zoned Chuo-ku (central part in Tokyo). The Chuo-ku district allows for a wide variety of residential and commercial uses including office, retail, residential, entertainment and institutional. Apartments are a residential use. The Iris Nihonbashi Suitengu 33-2 is a legal, conforming use of the Chuo-ku district. The outgoing and disbursements from the rent include service charge, maintenance fee, utility charge, repair charge, etc.
- As of end of July 2012, the Subject's occupancy rate is approximately 93 percent. The annual rent in for 2011 and for the seven months ended 31 July 2012 are approximately JPY157 million and JPY98 million respectively, or JPY13,083,000 and JPY13,994,000 on a monthly basis respectively.
- This valuation is subject to following key assumptions:

Key Valuation Assumptions

Discount Rate	5.0%
Capitalization Rate	5.2%
Effective Gross Income	JPY174,091,130
Net Cash flow	JPY139,186,094

Real Estate Valuation Report

Iris Nihonbashi Suitengu

Tokyo, Japan

Submitted to:

Keck Seng Investments (Hong Kong) Ltd

Prepared by:

AS Management Inc.
4-3-7-1F Shiba, Minato-ku, Tokyo

Nature on the Assignment

Purpose This report is prepared to undertake a market valuation of the subject property.

Property Rights Valued The property rights valued are the freehold interest in the property including land and building.

Discloser to Third Party No Yes (THE STOCK EXCHANGE OF HONG KONG LIMITED)

Public Announcement No Yes (THE STOCK EXCHANGE OF HONG KONG LIMITED)

The reason for applying Valuation Report which is not fully based on Japanese appraisal standard.

- The valuation report is used only internally.
- No plan of public announcement and already acquired approval from disclosure attention(s).
- By judging not to have impact on the decision-making of submitted attention(s) or third parties if publicly announced.
- Other reason:

Instruction of approval from publisher if the valuation report is disclosed to other than original attention.
Prior to publicly announced or disclosed to other than original attention, it is required to get approval from our real estate appraiser in charge via submitting letter of approval request in advance.

Identification of the Subject Property As-is basis

Special Assumptions and Limiting Conditions None

Date of Value 2012/7/31

Land & Building Use The ownership interest in tenant-occupied building and its site.

Date of Report 2012/10/5

Identification of the Subject Property	Physical Condition	Site Inspection	Yes (2012/9/24)
		Interior Inspection	Yes (Common Area)
Size	Land	<input checked="" type="checkbox"/> Registered	<input type="checkbox"/> Surveyed
	Building	<input checked="" type="checkbox"/> Registered	<input type="checkbox"/> Surveyed
	Leased area	<input type="checkbox"/> Contract	<input checked="" type="checkbox"/> Rent-roll

Information Utilized Based on the material provided by the client and collected by AS Management

Statement Referred in This Report General Factor Area-specific factor Property-specific factor

Methodology of the Valuation Cost Approach Sales Comparison Approach Income Approach

Basis of Valuation The valuation is prepared in accordance with the International Valuation Standards Committee's (IVSC) definition of market value, which is
"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."

Any relationship or special interest between client and appraiser, appraisal company None
Between the appraiser in charge, the appraisal company and the subject property None
Between the appraiser in charge, the appraisal company and client None
Between the appraiser in charge, the appraisal company and the attention of this report None

Attention: Keck Seng Investments (Hong Kong) Ltd

4-3-7-1F Shiba, Minato-ku, Tokyo
AS Management Inc.

Licensed Real Estate Appraiser
Fumiaki Ishigami

Fumiaki Ishigami

As a result of investigation and analysis, the market value of the freehold interest of the property identified as the Iris Nihonbahi Suitengu in July 2012 is as follows.

Opinion of Value	¥2,640,000,000
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Identification of subject property

1. Land

Location	Lot Number	Category of Land		Land Size	Owner
		Registered	Actual		
Nihonbashihakozakicho, Chuo-ku, Tokyo	33-2	Building Site	Building Site	740.36 m ²	Mitsubishi UFJ Trust Bank

(Postal Address: 33-4 Nihonbashihakozakicho)

2. Building

Location	Building Number	Category	Structure, Completion date	Story	Gross Floor Area	Owner
				Total	4,780.44 m ²	

■Property Description and Appliance of Valuation Method

The subject property comprises 77 rooms ranging from 1DK type to 3LDK type. The 1st floor is entrance hall and common area, 2nd to 12th floors are residence. Rooms are leased to individual or company. The property is also equipped with an automated car parking system that can accommodate up to 16 cars.

Current zoning use: Commercial Area, FAR 660%. The property is held for investment.

To evaluate the subject property, income approach was applied. Direct Capitalization Method and DCF Method were applied as income approach. Market data such as rent and cap rate were analyzed before applying such methods.

■Market Condition around the Subject Property

The subject property is located near the central business district of Tokyo.

Based on Rent Comparables, Market- derived Cap rate and hearing from local broker, supply and demand for apartment and trends in property yield are stable at the submarket.

Occupancy rates and rental rates for apartment are also stable in recent 6 months.

■Other Conditions

Based on property management report and survey of appraiser, building conditions are good and building services are appropriately available.

As of July end, the property had a pledge. The property rights valued are the freehold interest without pledges.

There is a plan to dispose of the subject property on September 26th, 2012.

Apartment Inventory, Iris Nihonbahi Suitengu

Room Type	Number	Floor	Room Size (sqm)
1DK	22	2F-12F	37.43-41.23
1LDK, 2LDK	44	2F-12F	54.37-62.65
3LDK	11	2F-12F	72.45
Total	77		

Typical leasing term at this apartment is a 2-years lease with every 2 years renewal option.

Rent Comparables

	Rent Comp #1	Rent Comp #2	Rent Comp #3	Rent Comp #4	
Location	2chome Nihonbashi-Kakigaracho, Chuo-ku	1chome Nihonbashi-Kakigaracho, Chuo-ku	Nihonbashi-Hakozakicho, Chuo-ku	Nihonbashi-Hakozakicho, Chuo-ku	
Property Type	1LDK	1LDK	1LDK	1LDK	
Station/Distance	Suitengumae 160m	Suitengumae 240m	Suitengumae 320m	Suitengumae 560m	
Level / Story	4F/10F	4F/12F	13F/13F	6F/11F	
Completion Year	2003	2003	2003	1998	
Date of Contract	2012/4/12	2012/5/31	2012/1/18	2012/7/26	
Leased Area	m ²	40.67	52.63	55.74	40.16
	Tusbo	12.30	15.92	16.86	12.15
Rent+CAM (per Tsubo)	@13,249	@11,934	@10,883	@11,442	
Rent	Amount	158,000	180,000	173,500	129,000
	per Tusbo	@12,843	@11,306	@10,290	@10,619
CAM	Amount	5,000	10,000	10,000	10,000
	per Tsubo	@406	@628	@593	@823
Security Deposit (Months)	2.0	1.0	1.0	1.0	
Key Money	1.0	1.0	1.0	1.0	
Ranking Grade	Location	Slightly superior	Similar	Similar	Inferior
	Building	Similar	Similar	Similar	Inferior

■ Analysis of Discount Rate, Cap Rate and Terminal Cap Rate

Discount Rate

Determination by a Built-up Rate

	Rate	Description
Base Rate	4.0%	
Property Type	0.8%	Residence
Area	0.2%	Nihonbashiakozakicho, Chuo-ku
Location	0.0%	Suitengumae (2 minutes walk from Suitengumae station)
Building Age	0.0%	7 years old
Building Grade	0.0%	
Ownership	0.0%	
Other	0.0%	
Built-up Rate	5.0%	

Cap Rate

Market- derived Cap rate

	Sales Comp#1	Sales Comp#2	Sales Comp#3	Sales Comp#4	
Name of Building	KDX Nihonbashi OdenmaResidence	Top Residence Nihonbashi Kayabacho	Park Axis Nihonbashi Stage	NCR Nihonbashi Suitengu	
Location	Nihonbashi- Odenmachi, Chuo-ku	3chome Nihonbashi- Kayabacho, Chuo- ku	1chome Nihonbashi- Kakigaracho, Chuo-ku	Nihonbashi- Koamicho, Chuo- ku	
Property Type	Residence	Residence	Residence	Residence	
Story	B1F - 10F	1F - 14F	1F - 14F	1F - 12F	
Year Built	2007	2004	2004	2005	
Gross Building Area	3,009m ²	4,541m ²	12,488m ²	5,762m ²	
Rentable Area	2,353m ²	3,456m ²	10,025m ²	4,603m ²	
Transaction Date	2012/5/1	2012/2/1	2006/8/7	2006/4/27	
Purchase Price	¥1,775,000,000	¥2,400,000,000	¥7,557,000,000	¥3,332,000,000	
Appraised NCF Cap Rate	5.10%	5.10%	4.90%	5.30%	
Appraised NCF Discount Rate	4.90%	4.90%	4.80%	5.20%	
Latest Appraisal Date	2012/7/31	2012/4/30	2012/2/29	2012/2/29	
Latest Appraisal Value	¥1,850,000,000	¥2,550,000,000	¥6,640,000,000	¥2,570,000,000	
Latest Appraisal NCF Cap Rate	5.00%	5.10%	5.00%	5.20%	
Ranking Grade	Location	Slightly superior	Slightly superior	Superior	Slightly inferior
	Building	Similar	Similar	Superior	Similar

■ Determination of Discount Rate, Cap Rate and Terminal Cap Rate

Discount Rate	5.00%
Cap Rate	5.20%
Terminal Cap Rate	5.40%

■ Operating Performance

Leasing Status, Iris Nihonbahi Suitengu

Room Type	Number	Average rent per tsubo*	Occupancy
1DK	22	@12,469	81.4%
1LDK, 2LDK	44	@11,432	95.3%
3LDK	11	@11,718	100.0%
Total	77	@11,674	93.3%

*As of July 2012, including CAM

Based on the monthly operation report provided from client, trailing 12 months operating performance is described below.

Income	Past 1 year	JPY/m ² */month	JPY/tsubo*/month	Description
Rent+CAM	163,798,511	3,223	10,654	
Rent	156,000,995	3,069	10,147	
CAM	7,797,516	153	507	
Utility	0	-	-	
Parking Lot	5,597,225	-	-	
Motor cycle parking	4,100	-	-	
Other	228,709	-	-	
Key Money	322,000	-	-	
Contract Renewal Fee	3,830,000	-	-	
Restoration Fee	2,540,287	-	-	
Total Income	176,320,832	-	-	

* Area is net rentable area including vacant space

Expenses	Past 1 year	JPY/m ² */month	JPY/tsubo*/month	Description
Maintenance	-4,019,640	-79	-261	
Utility	-2,232,630	-44	-145	
Repairs (Minor)	-2,035,090	-40	-132	
Restoration Costs	-4,597,898	-90	-299	
Property Management Fee	-5,035,039	-99	-327	
Leasing Management Fee	-2,214,000	-44	-144	
Tenant Recruitment	-6,500,500	-128	-423	
Contract Renewal Commission	-2,521,000	-50	-164	
Property Tax Land	-967,244	-19	-63	
Property Tax Building	-6,989,911	-138	-455	
Property Tax Depreciable Asset	-146,328	-3	-10	
Insurance	-379,100	-7	-25	
Other (CATV)	-554,400	-11	-36	
Other	-450,020	-9	-29	
Capital Expenditure	-300,000	-6	-20	
Total Operating Expenses	-38,942,800	-766	-2,533	

* Area is net rentable area including vacant space

Net Income	137,378,032
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■ Direct Capitalization Method

Rent assumption

Revenue is based on stabilized Mark-to-Market rent which is considered with Rent Comparables and actual rent.

Floor	Type	Rentable Area (Tsubo)	Monthly Rent (JPY / Tsubo)	Monthly Rent JPY	CAM (JPY / Tsubo)	Monthly CAM JPY	Security Deposit (Months)	Rent+CAM (JPY/Tsubo)
2F-12F	1DK	261.74	10,629	2,782,000	841	220,000	2	11,469
2F-12F	1LDK, 2LDK	778.37	10,623	8,269,000	848	660,000	2	11,471
2F-12F	3LDK	241.08	10,578	2,550,000	684	165,000	2	11,262
Total		1,281.19	10,616	13,601,000	816	1,045,000		11,432

Calculation of Effective Gross Income

Item	Amount	Assumptions
Rent	163,212,000 Yen	Monthly Rent 13,601,000 Yen × 12 Month
CAM	12,540,000 Yen	Monthly CAM 1,045,000 Yen × 12 Month
Utility	0 Yen	None
Parking Lot	6,720,000 Yen	# of Space 16 × Yen/Space 35,000 × 12 Month
Other	108,000 Yen	Motorcycle parking (assumed 3 units occupied @JPY3,000 per month)
Key Money	0 Yen	None
Contract Renewal Fee		Rate Yearly Renewal Rate
1DK	695,500 Yen	1 month rent 25%
1LDK, 2LDK	2,067,250 Yen	1 month rent 25%
3LDK	637,500 Yen	1 month rent 25%
Potential Gross Income	185,980,250 Yen	
Vacancy Loss		
1DK	2,161,440 Yen	36,024,000 × 6.0%
1LDK, 2LDK	6,428,880 Yen	107,148,000 × 6.0%
3LDK	1,954,800 Yen	32,580,000 × 6.0%
Parking Lot	1,344,000 Yen	6,720,000 × 20.0%
Utility	0 Yen	0 × 0.0%
Total	11,889,120 Yen	
Collection Loss	0 Yen	Assumed none considered with the deposited money
Effective Gross Income	174,091,130 Yen	

Calculation of Operating Expenses

Item	Amount	Assumptions
Maintenance	3,997,304 Yen	260Yen/Tsubo × NRA × 12months Based on track record (PM Report) provided by client and standard amount of similar size building.
Utility	2,229,266 Yen	145Yen/Tsubo × NRA × 12months Based on track record (PM Report) provided by client and standard amount of similar size building.
Repairs	3,305,463 Yen	215Yen/Tsubo × NRA × 12months Based on track record (PM Report) provided by client and standard amount of similar size building.
Property Management Fee	5,222,734 Yen	EGL (Excluding Key money & Renewal fee) × 3%
Tenant Recruitment	3,400,250 Yen	One month of new market rent for newly contracted area. Turnover ratio 1DK-2LDK 25% 3LDK 25%
Contract Renewal Commission	1,700,125 Yen	50% of Contract Renewal Fee
Property Tax		
Land	967,244 Yen	Actual amount of year 2012 based on the information provided by client.
Building	6,989,911 Yen	Actual amount of year 2012 based on the information provided by client.
Depreciable Asset	146,328 Yen	Actual amount of year 2012 based on the information provided by client.
Insurance	379,100 Yen	Based on actual amount of year 2012.
Other	2,310,000 Yen	Advertisement cost (120,000yen per room × turnover ratio × 77rooms)
Operating Expenses	30,647,726 Yen	

Calculation of Net Operating Income

Effective Gross Income	174,091,130 Yen
Operating Expenses	30,647,726 Yen
Net Operating Income	143,443,404 Yen

Non-Operating Revenue and Expenses

Operating profit on Deposit	550,690 Yen	Security deposit after vacancy adjustment	Yield
		27,534,480 Yen	2.0%
Capital Expenditure	4,808,000 Yen	Based on Engineering Report provided by client.	
Net Cash Flow	139,186,094 Yen		

■ Value indicated by the Direct Capitalization Method

Value was derived by dividing subject's Net Cash Flow with Cap Rate

Net Cash Flow	Cap Rate	Value
139,186,094	÷ 5.20%	2,680,000,000

DCF Method	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
Item	35,572,944	34,825,912	34,094,568	33,384,000	33,384,000	33,384,000	33,384,000	33,384,000	33,384,000	33,384,000	33,384,000	
1DK Rent	2,366,640	2,456,572	2,540,922	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	
CAM	100,618,380	100,115,288	99,614,712	99,228,000	99,228,000	99,228,000	99,228,000	99,228,000	99,228,000	99,228,000	99,228,000	
1LDK, 2LDK Rent	6,134,520	6,686,627	7,288,423	7,920,000	7,920,000	7,920,000	7,920,000	7,920,000	7,920,000	7,920,000	7,920,000	
CAM	31,914,000	31,435,290	30,963,761	30,600,000	30,600,000	30,600,000	30,600,000	30,600,000	30,600,000	30,600,000	30,600,000	
3LDK Rent	1,608,000	1,723,776	1,847,888	1,980,000	1,980,000	1,980,000	1,980,000	1,980,000	1,980,000	1,980,000	1,980,000	
CAM	0	0	0	0	0	0	0	0	0	0	0	
Utility	7,020,000	6,914,700	6,810,960	6,720,000	6,720,000	6,720,000	6,720,000	6,720,000	6,720,000	6,720,000	6,720,000	
Parking Lot	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	
Other	0	0	0	0	0	0	0	0	0	0	0	
Key Money	3,502,194	3,466,177	3,430,688	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	
Renewal Fee	188,844,978	187,732,342	186,708,941	185,980,250	185,980,250	185,980,250	185,980,250	185,980,250	185,980,250	185,980,250	185,980,250	
Potential Gross Income (1)-(4) Total	-4,666,569	-2,236,949	-2,198,669	-2,161,440	-2,161,440	-2,161,440	-2,161,440	-2,161,440	-2,161,440	-2,161,440	-2,161,440	
1DK	-5,711,280	-6,408,115	-6,414,188	-6,428,880	-6,428,880	-6,428,880	-6,428,880	-6,428,880	-6,428,880	-6,428,880	-6,428,880	
1LDK, 2LDK	-1,005,660	-1,989,544	-1,968,699	-1,954,800	-1,954,800	-1,954,800	-1,954,800	-1,954,800	-1,954,800	-1,954,800	-1,954,800	
3LDK	-1,579,500	-1,382,940	-1,362,196	-1,344,000	-1,344,000	-1,344,000	-1,344,000	-1,344,000	-1,344,000	-1,344,000	-1,344,000	
Parking Lot	0	0	0	0	0	0	0	0	0	0	0	
Utility	-12,963,009	-12,017,548	-11,943,752	-11,889,120	-11,889,120	-11,889,120	-11,889,120	-11,889,120	-11,889,120	-11,889,120	-11,889,120	
Total	175,881,689	175,714,794	174,765,189	174,091,130	174,091,130	174,091,130	174,091,130	174,091,130	174,091,130	174,091,130	174,091,130	
Collection loss	0	0	0	0	0	0	0	0	0	0	0	
Effective Gross Income	3,997,304	3,997,304	3,997,304	3,997,304	3,997,304	3,997,304	3,997,304	3,997,304	3,997,304	3,997,304	3,997,304	
Building Maintenance Fee	2,229,266	2,229,266	2,229,266	2,229,266	2,229,266	2,229,266	2,229,266	2,229,266	2,229,266	2,229,266	2,229,266	
Utility	3,305,463	3,305,463	3,305,463	3,305,463	3,305,463	3,305,463	3,305,463	3,305,463	3,305,463	3,305,463	3,305,463	
Repair (Minor)	5,276,450	5,271,444	5,242,956	5,222,734	5,222,734	5,222,734	5,222,734	5,222,734	5,222,734	5,222,734	5,222,734	
OPM Fee	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	3,400,250	
Tenant Recruitment	1,751,097	1,733,088	1,715,344	1,700,125	1,700,125	1,700,125	1,700,125	1,700,125	1,700,125	1,700,125	1,700,125	
Renewal Commission	967,244	967,244	967,244	967,244	967,244	967,244	967,244	967,244	967,244	967,244	967,244	
Property Tax	6,989,911	6,989,911	6,989,911	6,780,214	6,780,214	6,780,214	6,780,214	6,780,214	6,780,214	6,780,214	6,780,214	
Building	146,328	146,328	146,328	146,328	146,328	146,328	146,328	146,328	146,328	146,328	146,328	
Depreciable Asset	379,100	379,100	379,100	379,100	379,100	379,100	379,100	379,100	379,100	379,100	379,100	
Insurance	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	
Other	30,752,414	30,729,399	30,683,167	30,438,028	30,438,028	30,438,028	30,234,622	30,234,622	30,234,622	30,037,318	30,037,318	
Net Operating Income (NOI) (1)-(2)	145,129,255	144,985,395	144,082,022	143,653,102	143,653,102	143,653,102	143,856,508	143,856,508	143,856,508	144,053,812	144,053,812	
Operating Profit on Deposit	22,315,391	22,094,915	21,877,520	21,694,978	21,694,978	21,694,978	21,694,978	21,694,978	21,694,978	21,694,978	21,694,978	
Operating Profit	446,308	441,898	437,550	433,900	433,900	433,900	433,900	433,900	433,900	433,900	433,900	
Capital Expenditure (CAPEX)	4,808,000	4,808,000	4,808,000	4,808,000	4,808,000	4,808,000	4,808,000	4,808,000	4,808,000	4,808,000	4,808,000	
Net Cash Flow (NCF) (3)-(4)-(5)	140,767,563	140,619,293	139,711,572	139,279,002	139,279,002	139,279,002	139,482,408	139,482,408	139,482,408	139,679,712	139,679,712	
Compound Interest Present Value Rate	0.9524	0.9070	0.8638	0.8227	0.7835	0.7462	0.7107	0.6768	0.6446	0.6139	0.6139	
Present Value of NCF (6)*(7)	134,067,027	127,541,699	120,682,856	114,584,835	109,125,098	103,929,991	99,130,147	94,401,694	89,910,360	85,749,375	85,749,375	
OPR (2)+(1)	17.48%	17.49%	17.56%	17.48%	17.48%	17.48%	17.48%	17.37%	17.37%	17.25%	17.25%	
Name	Comment											
Applied	DR: Discount Rate	5.0%	Assumes Real estate investment base rate and Subject's intrinsic characteristics.									Value indicated by DCF
Terminology	TCR: Terminal Cap Rate	5.4%	Assumes uncertainty 10 years (Market Volatility Risk, Liquidity Risk etc).									①Resale Value (NCF in year 11 + TCR)
	S: Sales Cost	2.0%	Assumes a Sales cost of 2%.									③Sales Cost ((2)*2%)
	Investment Yield of Deposit	2.0%	Based on Long Term Government Bonds									④Reversionary Value ((2)-(3))
												⑤Current Reversionary Value ((4)*Present Value Rate)
												⑥Value indicated by DCF (①+⑤)
												①Total Present Value of annual NCF
												②Resale Value (NCF in year 11 + TCR)
												③Sales Cost ((2)*2%)
												④Reversionary Value ((2)-(3))
												⑤Current Reversionary Value ((4)*Present Value Rate)
												⑥Value indicated by DCF (①+⑤)

Assumption of DCF Method (Effective Gross Income)														
Item	Assumptions	Beginning (Monthly)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
1DK	Year 1: Adopted actual rent (Assumed rent was used for vacant space)	Rent	3,028,000	-2.1%	-2.1%	-2.1%	-2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Year 2 onwards: The volatility rate was calculated based on the assumption that rent is stabilized to market rent considering average turnover rate of tenants, actual lease period and tenant type.	CAM	190,000	3.8%	3.8%	3.8%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		Rent+CAM	@12,295	@12,079	@11,870	@11,667	@11,469	@11,469	@11,469	@11,469	@11,469	@11,469	@11,469	@11,469
		(per Tsubo) Volatility		-1.8%	-1.8%	-1.7%	-1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1LDK, 2LDK	Year 1: Adopted actual rent (Assumed rent was used for vacant space)	Rent	8,427,000	-0.5%	-0.5%	-0.5%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Year 2 onwards: The volatility rate was calculated based on the assumption that rent is stabilized to market rent considering average turnover rate of tenants, actual lease period and tenant type.	CAM	469,000	9.0%	9.0%	8.7%	8.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		Rent+CAM	@11,429	@11,429	@11,434	@11,445	@11,471	@11,471	@11,471	@11,471	@11,471	@11,471	@11,471	
		(per Tsubo) Volatility		0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
3LDK	Year 1: Adopted actual rent (Assumed rent was used for vacant space)	Rent	2,700,000	-1.5%	-1.5%	-1.5%	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Year 2 onwards: The volatility rate was calculated based on the assumption that rent is stabilized to market rent considering average turnover rate of tenants, actual lease period and tenant type.	CAM	125,000	7.2%	7.2%	7.2%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		Rent+CAM	@11,718	@11,588	@11,462	@11,342	@11,262	@11,262	@11,262	@11,262	@11,262	@11,262	@11,262	
		(per Tsubo) Volatility		-1.1%	-1.1%	-1.1%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Utility	None	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Parking Lot	Assumed that rent will decrease to market level by year 3	585,000	-1.5%	-1.5%	-1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Other	Motorcycle parking (assumed 3 units occupied, 3,000yen per unit)	9,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Key Money	None	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Renewal Fee	1 month of renewed rent as a contract renewal fee.	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Turnover rate	1DK Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	Rent	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
	1LDK, 2LDK Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	CAM	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
	3LDK Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	Rent+CAM	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
	Year 1: Adopted current vacancy rate (18.6%) for 6 month and adopted market vacancy rate for remaining 6 months.	(per Tsubo) Volatility		-1.1%	-1.1%	-1.1%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Vacancy Loss	1DK Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	Rent	12.30%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
	1LDK, 2LDK Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	CAM	5.35%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
	3LDK Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	Rent+CAM	3.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
	Year 1: Adopted current vacancy rate (0%) for 6 month and adopted market vacancy rate for remaining 6 months.	(per Tsubo) Volatility		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Collection loss	Year 1: Adopted current vacancy rate (25.0%) for 6 month and adopted market vacancy rate for remaining 6 months.	Rent	22.5%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
	Year 2 onwards: Assumed the vacancy rate to be stabilized to market rate.	CAM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Utility None	Rent+CAM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Assumed note considered with the deposited money	(per Tsubo) Volatility		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

Assumption of DCF Method (Expenses)												(Yen)
Item	Assumptions	Year 1 Year amount / Volatility	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
① Building Maintenance Fee	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	3,997,304	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
② Utility	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	2,229,266	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
③ Repair	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	3,305,463	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
④ P.M. Fee	EGI (Excluding Key money & Renewal fee) x 3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑤ Tenant Recruitment	1DK 1LDK, 2LDK One month of new market rent for newly contracted area. 3LDK	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑥ Renewal Commission	Assumed 50% of Renewal Fee to be paid to Property Manager.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑦ Property Tax	Land Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat. Building Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed tax abatement of -3% in Yr.1, 4, 7 and 10.	967,244	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑧ Insurance	Depreciable Asset Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	146,328	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑨ Other	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	379,100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑩ Capital Expenditure (CAPEX)	Assumed same amount as Direct capitalization. Advertisement cost (120,000yen per room x turnover ratio x 77rooms)	2,310,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Balance of Deposit	1DK 1LDK, 2LDK 3LDK	3,664,000	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%
Capital Expenditure (CAPEX)	Based on Engineering Report provided from client.	4,808,000	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%

■Correlation and Final Estimate of Value

The final step in the valuation process is the correlation of the indications of value derived by Direct Capitalization Method and DCF Method.

We have obtained following value indications.

Direct Capitalization Method	2,680,000,000 Yen
DCF Method	2,640,000,000 Yen

The purpose of the valuation, the type of property, and the adequacy of the data were taken into account throughout valuation process. Most important is which method most clearly reflects the actions of buyers and sellers in the market place.

The value indicated by the DCF Method correctly reflects the value of the subject property through consideration of its net income during holding period, discount rate and terminal cap rate. Although many assumptions are used throughout this approach, it is deemed to simulate cash flow forecast considering market rental levels and its actual rental levels.

Direct Capitalization Method indicates market value with stabilized cash flow estimation.

The value indicated by the income approach was based on the DCF Methods to consider the changeable cash flows, which is well supported by the direct capitalization method.

Value indicated by the income approach	2,640,000,000 Yen
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■Reconciliation of the Indicated Value and Determination of the Value

Determined final opinion of value by adopting above indicated value.

Final opinion of value	2,640,000,000 Yen
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Appendix Rent-roll
Wide Area Map
Detailed Map
Floor Plans

Appendix Rent-roll As of July 2012

Floor #	Tenant	Use	Type	Leased area Sqr	Leased area Tsubo
2	201 Individual	Residence	1LDK	54.37	16.45
2	202 Individual	Residence	1DK	41.23	12.47
2	203 Individual	Residence	1DK	37.43	11.32
2	204 Individual	Residence	2LDK	58.00	17.55
2	205 Company	Residence	2LDK	62.65	18.95
2	206 Company	Residence	2LDK	58.90	17.82
2	207 Individual	Residence	3LDK	72.45	21.92
3	301 Individual	Residence	1LDK	54.37	16.45
3	302 Individual	Residence	1DK	41.23	12.47
3	303 Individual	Residence	1DK	37.43	11.32
3	304 Company	Residence	2LDK	58.00	17.55
3	305 Individual	Residence	2LDK	62.65	18.95
3	306 Company	Residence	2LDK	58.90	17.82
3	307 Individual	Residence	3LDK	72.45	21.92
4	401 Individual	Residence	1LDK	54.37	16.45
4	402 vacant	Residence	1DK	41.23	12.47
4	403 Company	Residence	1DK	37.43	11.32
4	404 Individual	Residence	2LDK	58.00	17.55
4	405 Individual	Residence	2LDK	62.65	18.95
4	406 Individual	Residence	2LDK	58.90	17.82
4	407 Company	Residence	3LDK	72.45	21.92
5	501 Individual	Residence	1LDK	54.37	16.45
5	502 Company	Residence	1DK	41.23	12.47
5	503 vacant	Residence	1DK	37.43	11.32
5	504 Individual	Residence	2LDK	58.00	17.55
5	505 Individual	Residence	2LDK	62.65	18.95
5	506 Individual	Residence	2LDK	58.90	17.82
5	507 Company	Residence	3LDK	72.45	21.92
6	601 Individual	Residence	1LDK	54.37	16.45
6	602 Individual	Residence	1DK	41.23	12.47
6	603 Company	Residence	1DK	37.43	11.32
6	604 Company	Residence	2LDK	58.00	17.55
6	605 vacant	Residence	2LDK	62.65	18.95
6	606 Company	Residence	2LDK	58.90	17.82
6	607 Company	Residence	3LDK	72.45	21.92
7	701 Individual	Residence	1LDK	54.37	16.45
7	702 Individual	Residence	1DK	41.23	12.47
7	703 Individual	Residence	1DK	37.43	11.32
7	704 vacant	Residence	2LDK	58.00	17.55
7	705 Company	Residence	2LDK	62.65	18.95
7	706 Company	Residence	2LDK	58.90	17.82
7	707 Company	Residence	3LDK	72.45	21.92
8	801 Individual	Residence	1LDK	54.37	16.45
8	802 Individual	Residence	1DK	41.23	12.47
8	803 Individual	Residence	1DK	37.43	11.32
8	804 Individual	Residence	2LDK	58.00	17.55
8	805 Company	Residence	2LDK	62.65	18.95
8	806 Individual	Residence	2LDK	58.90	17.82
8	807 Individual	Residence	3LDK	72.45	21.92
9	901 Individual	Residence	1LDK	54.37	16.45
9	902 Individual	Residence	1DK	41.23	12.47
9	903 Individual	Residence	1DK	37.43	11.32
9	904 Company	Residence	2LDK	58.00	17.55
9	905 Company	Residence	2LDK	62.65	18.95
9	906 Company	Residence	2LDK	58.90	17.82

Actual

Rent	CAM	Rent +CAM	per Tsubo	Deposit	Leased date
156,000	12,000	168,000	10,215	156,000	2011/12/17
137,000	10,000	147,000	11,786	137,000	2011/4/23
132,000	10,000	142,000	12,541	132,000	2010/11/28
175,000	15,000	190,000	10,829	175,000	2010/9/30
188,000	15,000	203,000	10,711	188,000	2010/2/28
191,000	7,000	198,000	11,113	382,000	2012/2/25
248,000	-	248,000	11,316	496,000	2005/8/20
158,000	12,000	170,000	10,336	158,000	2009/9/18
138,000	10,000	148,000	11,867	138,000	2011/4/12
129,000	10,000	139,000	12,276	129,000	2009/9/18
175,000	15,000	190,000	10,829	350,000	2012/2/18
190,000	15,000	205,000	10,817	190,000	2010/12/15
222,000	-	222,000	12,460	444,000	2008/9/20
231,000	18,000	249,000	11,361	231,000	2010/12/26
160,000	12,000	172,000	10,458	160,000	2012/2/26
-	-	-	-	-	-
140,000	-	140,000	12,365	280,000	2011/5/13
194,000	-	194,000	11,057	418,000	2008/7/13
227,000	-	227,000	11,978	454,000	2008/2/20
221,000	-	221,000	12,404	442,000	2006/11/26
228,000	18,000	246,000	11,225	456,000	2010/12/16
162,000	12,000	174,000	10,579	162,000	2011/5/30
145,000	-	145,000	11,626	290,000	2010/9/15
-	-	-	-	-	-
181,000	15,000	196,000	11,171	181,000	2011/6/12
194,000	15,000	209,000	11,028	194,000	2010/9/10
188,000	15,000	203,000	11,393	364,000	2009/9/11
235,000	18,000	253,000	11,544	470,000	2011/3/20
164,000	12,000	176,000	10,701	164,000	2012/6/22
141,000	10,000	151,000	12,107	141,000	2011/3/15
136,000	10,000	146,000	12,895	272,000	2012/1/14
181,000	15,000	196,000	11,171	181,000	2010/1/30
-	-	-	-	-	-
191,000	15,000	206,000	11,562	573,000	2012/1/21
237,000	18,000	255,000	11,635	474,000	2012/3/15
166,000	12,000	178,000	10,823	166,000	2011/5/14
142,000	10,000	152,000	12,187	284,000	2012/6/12
137,000	10,000	147,000	12,983	137,000	2011/12/16
-	-	-	-	-	-
198,000	15,000	213,000	11,239	198,000	2011/3/22
193,000	15,000	208,000	11,674	193,000	2011/9/30
257,000	-	257,000	11,727	520,000	2008/11/15
168,000	12,000	180,000	10,944	168,000	2012/5/15
143,000	10,000	153,000	12,267	143,000	2012/2/10
135,000	10,000	145,000	12,806	135,000	2011/4/24
187,000	15,000	202,000	11,513	187,000	2011/7/12
235,000	-	235,000	12,400	470,000	2005/7/31
195,000	15,000	210,000	11,786	385,000	2010/10/15
241,000	18,000	259,000	11,818	241,000	2012/3/10
170,000	12,000	182,000	11,066	510,000	2011/12/19
144,000	10,000	154,000	12,348	288,000	2012/4/27
144,000	-	144,000	12,718	288,000	2006/2/15
180,000	15,000	195,000	11,114	360,000	2009/8/22
202,000	15,000	217,000	11,450	404,000	2011/6/25
198,000	15,000	213,000	11,955	198,000	2010/6/22

Valuation

Rent	CAM	Rent +CAM	per Tsubo	Vacancy	Deposit
164,000	15,000	179,000	10,883	6.00%	358,000
114,000	10,000	124,000	10,744	6.00%	268,000
113,000	10,000	123,000	10,863	6.00%	246,000
175,000	15,000	190,000	10,829	6.00%	380,000
189,000	15,000	204,000	10,764	6.00%	408,000
178,000	15,000	193,000	10,832	6.00%	386,000
219,000	15,000	234,000	10,677	6.00%	468,000
169,000	15,000	184,000	11,188	6.00%	368,000
128,000	10,000	138,000	11,065	6.00%	276,000
117,000	10,000	127,000	11,217	6.00%	254,000
181,000	15,000	196,000	11,171	6.00%	392,000
195,000	15,000	210,000	11,081	6.00%	420,000
183,000	15,000	198,000	11,113	6.00%	396,000
224,000	15,000	239,000	10,905	6.00%	478,000
171,000	15,000	186,000	11,309	6.00%	372,000
130,000	10,000	140,000	11,225	6.00%	280,000
118,000	10,000	128,000	11,305	6.00%	256,000
182,000	15,000	197,000	11,228	6.00%	394,000
197,000	15,000	212,000	11,186	6.00%	424,000
185,000	15,000	200,000	11,225	6.00%	400,000
227,000	15,000	242,000	11,042	6.00%	484,000
173,000	15,000	188,000	11,431	6.00%	376,000
131,000	10,000	141,000	11,305	6.00%	282,000
119,000	10,000	129,000	11,393	6.00%	258,000
184,000	15,000	199,000	11,342	6.00%	398,000
199,000	15,000	214,000	11,292	6.00%	428,000
189,000	15,000	204,000	11,342	6.00%	398,000
184,000	15,000	199,000	11,292	6.00%	428,000
187,000	15,000	202,000	11,337	6.00%	404,000
229,000	15,000	244,000	11,133	6.00%	488,000
174,000	15,000	189,000	11,492	6.00%	378,000
132,000	10,000	142,000	11,385	6.00%	284,000
120,000	10,000	130,000	11,481	6.00%	260,000
186,000	15,000	201,000	11,456	6.00%	402,000
201,000	15,000	216,000	11,397	6.00%	432,000
189,000	15,000	204,000	11,450	6.00%	408,000
231,000	15,000	246,000	11,225	6.00%	492,000
176,000	15,000	191,000	11,613	6.00%	382,000
134,000	10,000	144,000	11,546	6.00%	288,000
121,000	10,000	131,000	11,570	6.00%	262,000
188,000	15,000	203,000	11,570	6.00%	406,000
203,000	15,000	218,000	11,503	6.00%	436,000
191,000	15,000	206,000	11,562	6.00%	412,000
234,000	15,000	249,000	11,361	6.00%	498,000
178,000	15,000	193,000	11,735	6.00%	386,000
135,000	10,000	145,000	11,626	6.00%	290,000
122,000	10,000	132,000	11,658	6.00%	264,000
190,000	15,000	205,000	11,684	6.00%	410,000
205,000	15,000	220,000	11,609	6.00%	440,000
193,000	15,000	208,000	11,674	6.00%	416,000

Appendix Rent-roll As of July 2012

Floor #	Tenant	Use	Type	Leased area Sqr	Leased area Sqr	Leased area Tsubo
9	907 Company	Residence	3LDK	72.45	21.92	
10	1001 Individual	Residence	1LDK	54.37	16.45	
10	1002 vacant	Residence	1DK	41.23	12.47	
10	1003 Company	Residence	1DK	37.43	11.32	
10	1004 Company	Residence	2LDK	58.00	17.55	
10	1005 Company	Residence	2LDK	62.65	18.95	
10	1006 Company	Residence	2LDK	58.90	17.82	
10	1007 Company	Residence	3LDK	72.45	21.92	
11	1101 Individual	Residence	1LDK	54.37	16.45	
11	1102 vacant	Residence	1DK	41.23	12.47	
11	1103 Individual	Residence	1DK	37.43	11.32	
11	1104 Company	Residence	2LDK	58.00	17.55	
11	1105 Company	Residence	2LDK	62.65	18.95	
11	1106 Individual	Residence	2LDK	58.90	17.82	
11	1107 Individual	Residence	3LDK	72.45	21.92	
12	1201 Company	Residence	1LDK	54.37	16.45	
12	1202 Company	Residence	1DK	41.23	12.47	
12	1203 Individual	Residence	1DK	37.43	11.32	
12	1204 Company	Residence	2LDK	58.00	17.55	
12	1205 Individual	Residence	2LDK	62.65	18.95	
12	1206 Company	Residence	2LDK	58.90	17.82	
12	1207 Individual	Residence	3LDK	72.45	21.92	
Total	77 units			4,235.33	1,281.19	
Occupied Area				3,953.56	1,195.95	
Vacant Area				281.77	85.24	
Vacancy Rate					6.7%	

Parking	Tenant	# of Space
P01	Company	1
P02	Company	1
P03	Individual	1
P04	Company	1
P05	Individual	1
P06	Individual	1
P07	Individual	1
P08	Individual	1
P09	Company	1
P10	vacant	1
P11	vacant	1
P12	vacant	1
P13	vacant	1
P14	Company	1
P15	Individual	1
P16	Individual	1
	Vacant Lot	4
Total Lots		16
Vacancy		4
Vacancy Rate		25.0%

Actual

Rent	CAM	Rent +CAM	per Tsubo	Deposit	Leased date
243,000	17,000	260,000	11,863	486,000	2010/12/22
172,000	12,000	184,000	11,188	172,000	2012/7/13
-	-	-	-	-	-
140,000	10,000	150,000	13,248	280,000	2011/8/4
210,000	-	210,000	11,969	448,000	2005/8/18
204,000	15,000	219,000	11,566	204,000	2011/3/1
214,000	-	214,000	12,011	702,000	2005/9/10
266,000	-	266,000	12,137	798,000	2005/8/12
170,000	12,000	182,000	11,066	170,000	2011/4/2
-	-	-	-	-	-
134,000	10,000	144,000	12,718	134,000	2012/9/1
190,000	15,000	205,000	11,684	190,000	2010/4/24
222,000	-	222,000	11,714	484,000	2007/3/1
201,000	15,000	216,000	12,123	603,000	2011/2/24
247,000	18,000	265,000	12,092	247,000	2011/10/20
174,000	12,000	186,000	11,309	348,000	2011/7/9
147,000	10,000	157,000	12,588	294,000	2012/4/15
142,000	10,000	152,000	13,425	142,000	2011/7/26
228,000	-	228,000	12,995	456,000	2006/3/4
244,000	-	244,000	12,875	488,000	2005/7/25
203,000	15,000	218,000	12,235	406,000	2010/1/16
267,000	-	267,000	12,183	810,000	2005/10/31
13,248,000	714,000	13,962,000	11,674	22,539,000	

Rent per Lot	Monthly Rent	Deposit
38,000	38,000	-
38,000	38,000	-
38,000	38,000	38,000
38,000	38,000	38,000
35,000	35,000	35,000
35,000	35,000	35,000
35,000	35,000	35,000
35,000	35,000	35,000
35,000	35,000	35,000
35,000	35,000	35,000
-	-	-
-	-	-
-	-	-
-	-	-
40,000	40,000	-
40,000	40,000	-
38,000	38,000	38,000
27,813	445,000	289,000

Valuation

Rent	CAM	Rent +CAM	per Tsubo	Vacancy	Deposit
236,000	15,000	251,000	11,453	6.00%	502,000
180,000	15,000	195,000	11,856	6.00%	390,000
136,000	10,000	146,000	11,706	6.00%	292,000
124,000	10,000	134,000	11,835	6.00%	268,000
192,000	15,000	207,000	11,798	6.00%	414,000
207,000	15,000	222,000	11,714	6.00%	444,000
195,000	15,000	210,000	11,786	6.00%	420,000
238,000	15,000	253,000	11,544	6.00%	506,000
181,000	15,000	196,000	11,917	6.00%	392,000
138,000	10,000	148,000	11,867	6.00%	296,000
125,000	10,000	135,000	11,923	6.00%	270,000
193,000	15,000	208,000	11,855	6.00%	416,000
209,000	15,000	224,000	11,820	6.00%	448,000
196,000	15,000	211,000	11,842	6.00%	422,000
240,000	15,000	255,000	11,635	6.00%	510,000
183,000	15,000	198,000	12,039	6.00%	396,000
139,000	10,000	149,000	11,947	6.00%	298,000
126,000	10,000	136,000	12,011	6.00%	272,000
195,000	15,000	210,000	11,969	6.00%	420,000
211,000	15,000	226,000	11,925	6.00%	452,000
198,000	15,000	213,000	11,955	6.00%	426,000
243,000	15,000	258,000	11,772	6.00%	516,000
13,601,000	1,045,000	14,646,000	11,432		29,292,000



MG Tamachi Building 1F
4-3-7 Shiba, Minato-ku, Tokyo, Japan

26 October 2012

The Directors
Keck Seng Investments (Hong Kong) Limited

Dear Sirs:

In accordance with the instructions from Keck Seng Investments (Hong Kong) Limited (the “Company”) or its subsidiaries (hereafter together referred to as the “Group”), we have completed a valuation of the 77-room Iris Ginza East (the “Subject”) located at 16-1, 45, 3chome, Minato, Chuo-ku, Tokyo, Japan.

The purpose of this valuation is to estimate the market value “as is” of the freehold interest in the above-referenced property as of 31 July 2012 for incorporation in a circular to the shareholders of the Company. Our valuation of the property held by the Group is our opinion of its market value which we would define as “the estimated amount for which a property 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.” The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. The Subject is valued on a going-concern basis, including all rights in realty.

The scope of our work included an inspection of the Subject, analysis of local economic and market conditions, examination of the historical operating performance of the Subject, estimation of the Subject’s future operating performance, and derivation of value using the Income Capitalization Approaches to valuation. The Cost Approach was not utilized as it is not considered to be a meaningful indicator of value for the Subject.

To the best of our belief, this valuation conforms to requirements set forth in the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition January 2005) published by the Hong Kong Institute of Surveyors. It is not the intent of this brief letter report to provide an extensive discussion of our research and analysis, but instead, to constitute a statement of final value. A complete discussion of our research and analysis is contained in our full narrative report of the Subject prepared for the Company.

Sources of information for the valuation included interviews with local realtors and brokers. Financial statements for the Subject were provided by the Company. Since these statements were not prepared by us, we do not take responsibility for their accuracy, but have assumed that they are correct. That being said, we have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material facts have been omitted from the information provided.

No allowance has been made in our valuation for any charges, mortgages, local taxation or amounts owing on the Subject. Unless otherwise stated, it is assumed that the Subject is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market value.

Unless otherwise stated, all money amounts stated in our report are in Japanese Yen (JPY).

Neither the whole nor any part of this Valuation Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without the appraiser's written approval of the form and context in which it may appear.

We declare hereby that we are independent of the Group, and are not beneficially interested in the share capital of any member of the Group and do not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Enclosed herein is our summary of value and valuation certificate.

Yours sincerely,

AS Management Inc.

By: Fumiaki Ishigami

Director

Japanese Licensed Real Estate Appraiser

Registered 9268

Note: Fumiaki Ishigami has extensive experience in the valuation of residential properties in Tokyo for over 14 years.

SUMMARY OF VALUES

Property

Market Value "As Is" 31 July 2012

Property held by the Group as an investment

Iris Ginza East 16-1, 45, 3chome, Minato, Chuo-ku Tokyo, Japan	JPY 2,140,000,000
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VALUATION CERTIFICATE

Property held by the Group as an investment

Property	Description and Tenure	Particulars of Occupancy	Market Value "As Is" 31 July 2012
Iris Ginza East 16-1, 45, 3chome, Minato, Chuo-ku Tokyo, Japan	The property is a 12-storey, 77-room, apartment built in 2005. The gross building area of the apartment is 4,248.30 square meter. The registered site area of the Subject is 555.26 square meter.	The property is currently a 77-room apartment. The apartment is held in a freehold interest. Under the applicable laws, no ground rent or government rent is payable.	JPY2,140,000,000

Note:

- The property was last inspected on 24 September 2012.
- Based on a search at the local land registry, Mitsubishi UFJ Trust Bank is the title holder of the property while KSJ One holds the trust beneficiary interest in the property. As at 31 July 2012, the property is pledged to a bank for a loan.
- The tenancy agreements with respect to the property provides for rental reviews as agreed by the lessor and the lessee in case of a significant change of economic condition.
- Based on our review of documents provided to us by the Company, there are no options or rights of pre-emption concerning or other material that would adversely affect the market value of the property.
- The Iris Ginza East is zoned Chuo-ku (central part in Tokyo). The Chuo-ku district allows for a wide variety of residential and commercial uses including office, retail, residential, entertainment and institutional. Apartments are a residential use. The Iris Ginza East is a legal, conforming use of the Chuo-ku district. The outgoing and disbursements from the rent include service charge, maintenance fee, utility charge, repair charge, etc.
- As of end of July 2012, the Subject's occupancy rate is approximately 94 percent. The annual rent in for 2011 and for the seven months ended 31 July 2012 are approximately JPY132 million and JPY78 million respectively, or JPY10,997,000 and JPY11,142,000 on a monthly basis respectively.
- This valuation is subject to following key assumptions:

Key Valuation Assumptions

Discount Rate	4.9%
Capitalization Rate	5.1%
Effective Gross Income	JPY141,158,350
Net Cash flow	JPY110,937,744

Real Estate Valuation Report

Iris Ginza East

Tokyo, Japan

Submitted to:

Keck Seng Investments (Hong Kong) Ltd

Prepared by:

AS Management Inc.
4-3-7-1F Shiba, Minato-ku, Tokyo

Nature on the Assignment

Purpose This report is prepared to undertake a market valuation of the subject property.

Property Rights Valued The property rights valued are the freehold interest in the property including land and building.

Discloser to Third Party No Yes (THE STOCK EXCHANGE OF HONG KONG LIMITED)

Public Announcement No Yes (THE STOCK EXCHANGE OF HONG KONG LIMITED)

The reason for applying Valuation Report which is not fully based on Japanese appraisal standard.

- The valuation report is used only internally.
- No plan of public announcement and already acquired approval from disclosure attention(s).
- By judging not to have impact on the decision-making of submitted attention(s) or third parties if publicly announced.
- Other reason:

Instruction of approval from publisher if the valuation report is disclosed to other than original attention.
Prior to publicly announced or disclosed to other than original attention, it is required to get approval from our real estate appraiser in charge via submitting letter of approval request in advance.

Identification of the Subject Property As-is basis

Special Assumptions and Limiting Conditions None

Date of Value 2012/7/31

Land & Building Use The ownership interest in tenant-occupied building and its site.

Date of Report 2012/10/5

Physical Condition		Site Inspection	
		Interior Inspection	Yes (2012/9/24) Yes (Common Area)
Size	Land	<input checked="" type="checkbox"/> Registered	<input type="checkbox"/> Surveyed
	Building	<input checked="" type="checkbox"/> Registered	<input type="checkbox"/> Surveyed
	Leased area	<input type="checkbox"/> Contract	<input checked="" type="checkbox"/> Rent-roll

Information Utilized Based on the material provided by the client and collected by AS Management

Statement Referred in This Report General Factor Area-specific factor Property-specific factor

Methodology of the Valuation Cost Approach Sales Comparison Approach Income Approach

Basis of Valuation The valuation is prepared in accordance with the International Valuation Standards Committee's (IVSC) definition of market value, which is
"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."

Any relationship or special interest between client and appraiser, appraisal company None

Between the appraiser in charge, the appraisal company and the subject property None

Between the appraiser in charge, the appraisal company and client None

Between the appraiser in charge, the appraisal company and the attention of this report None

Attention: Keck Seng Investments (Hong Kong) Ltd

4-3-7-1F Shiba, Minato-ku, Tokyo
AS Management Inc.

Licensed Real Estate Appraiser
Fumiaki Ishigami

fumiaki ishigami

As a result of investigation and analysis, the market value of the freehold interest of the property identified as the Iris Ginza East in July 2012 is as follows.

Opinion of Value	¥2,140,000,000
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Identification of subject property

1. Land

Location	Lot Number	Category of Land		Land Size	Owner
		Registered	Actual		
3chome, Minato, Chuo-ku, Tokyo (Postal Address: 3-1-3 Minato)	16-1,	Building Site	Building Site	506.89 m ²	Mitsubishi UFJ Trust Bank
	16-45	Building Site	Public Road	48.37 m ²	
	Total			555.26 m ²	

2. Building

Location	Building Number	Category	Structure, Completion date	Story	Gross Floor Area	Owner
16-1	16-1	Apartment	Steel-framed reinforced concrete Flat roof 2005/6/1	12F	354.34 m ²	Mitsubishi UFJ Trust Bank
				11F	354.34 m ²	
				10F	354.34 m ²	
				9F	354.34 m ²	
				8F	354.34 m ²	
				7F	354.34 m ²	
				6F	354.34 m ²	
				5F	354.34 m ²	
				4F	354.34 m ²	
				3F	354.34 m ²	
				2F	354.34 m ²	
				1F	350.56 m ²	
				Total		

■Property Description and Appliance of Valuation Method

The subject property comprises 77 rooms ranging from 1DK type to 1LDK type. The 1st floor is entrance hall and common area, 2nd to 12th floors are residence. Rooms are leased to individual or company. The property is also equipped with an automated car parking system that can accommodate up to 17 cars.

Current zoning use: Commercial Area, FAR 700%. The property is held for investment.

To evaluate the subject property, income approach was applied. Direct Capitalization Method and DCF Method were applied as income approach. Market data such as rent and cap rate were analyzed before applying such methods.

■Market Condition around the Subject Property

The subject property is located near the central business district of Tokyo.

Based on Rent Comparables, Market-derived Cap rate and hearing from local broker, supply and demand for apartment and trends in property yield are stable at the submarket.

Occupancy rates and rental rates for apartment are also stable in recent 6 months.

■Other Conditions

Based on property management report and survey of appraiser, building conditions are good and building services are appropriately available.

As of July end, the property had a pledge. The property rights valued are the freehold interest without pledges.

There is a plan to dispose of the subject property on September 26th, 2012.

Apartment Inventory, Iris Ginza East

Room Type	Number	Floor	Room Size (sqm)
1DK, 1LDK(Small)	55	2F-12F	40.08-42.91
1LDK (Large)	22	2F-12F	50.01-50.25
Total	77		

Typical leasing term at this apartment is a 2-years lease with every 2 years renewal option.

Rent Comparables

	Rent Comp #1	Rent Comp #2	Rent Comp #3	Rent Comp #4	
Location	2chome Minato Chuo-ku	2chome Shinkawa Chuo-ku	3chome Irifune Chuo-ku	3chome Minato Chuo-ku	
Property Type	2LDK	2DK	1LDK	1LDK	
Station/Distance	Shintomicho 700m	Shintomicho 200m	Shintomicho 330m	Shintomicho 500m	
Level / Story	7F/13F	8F/12F	6F/10F	2F/10F	
Completion Year	2004	2003	2008	2004	
Date of Contract	2012/6/26	2012/7/30	2012/4/29	2012/5/25	
Leased Area	m ²	50.38	47.35	42.58	40.24
	Tusbo	15.24	14.32	12.88	12.17
Rent+CAM (per Tsubo)	@11,352	@11,380	@12,810	@11,008	
Rent	Amount	173,000	163,000	160,000	124,000
	per Tusbo	@11,352	@11,380	@12,422	@10,187
CAM	Amount	0	0	5,000	10,000
	per Tsubo	@0	@0	@388	@822
Security Deposit (Months)	3.0	3.0	1.0	1.0	
Key Money	0.0	0.0	0.0	1.0	
Ranking Grade	Location	Slightly Inferior	Similar	Similar	Slightly Inferior
	Building	Similar	Similar	Similar	Similar

■ Analysis of Discount Rate, Cap Rate and Terminal Cap Rate

Discount Rate

Determination by a Built-up Rate

	Rate	Description
Base Rate	4.0%	
Property Type	0.8%	Residence
Area	0.1%	Minato, Chuo-ku
Location	0.0%	3chome, Minato (5 minutes walk from Shintomicho station)
Building Age	0.0%	7 years old
Building Grade	0.0%	
Ownership	0.0%	
Other	0.0%	
Built-up Rate	4.9%	

Cap Rate

Market- derived Cap rate

	Sales Comp#1	Sales Comp#2	Sales Comp#3	Sales Comp#4	
Name of Building	Residia Higashi Ginza	Castalia Shintomicho II	Park Axis Hacchobori	We Will Hacchobori	
Location	1chome Tsukiji Chuo-ku	2chome Irifune Chuo-ku	2chome Shinkawa Chuo-ku	4chome Hacchobori Chuo-ku	
Property Type	Residence	Residence	Residence	Residence	
Story	B1F - 15F	1F - 12F	B1F - 12F	B2F - 14F	
Year Built	2006	2003	2009	2008	
Gross Building Area	6,608㎡	1,419㎡	3,241㎡	4,082㎡	
Rentable Area	4,871㎡	1,245㎡	2,416㎡	3,066㎡	
Transaction Date	2007/4/12	2004/12/15	2010/1/8	2011/6/1	
Purchase Price	¥5,251,000,000	¥968,000,000	¥1,760,000,000	¥2,370,000,000	
Appraised NCF Cap Rate	4.60%	5.00%	5.50%	4.80%	
Appraised NCF Discount Rate	4.40%	4.90%	5.30%	4.50%	
Latest Appraisal Date	2012/7/31	2012/2/29	2012/2/29	2012/2/29	
Latest Appraisal Value	¥4,780,000,000	¥745,000,000	¥1,870,000,000	¥2,357,000,000	
Latest Appraisal NCF Cap Rate	5.00%	5.20%	5.20%	4.80%	
Ranking Grade	Location	Similar	Similar	Slightly inferior	Superior
	Building	Similar	Slightly inferior	Slightly superior	Slightly superior

■ Determination of Discount Rate, Cap Rate and Terminal Cap Rate

Discount Rate	4.90%
Cap Rate	5.10%
Terminal Cap Rate	5.30%

■ Operating Performance

Leasing Status, Iris Ginza East

Room Type	Number	Average rent per tsubo*	Occupancy
1DK, 1LDK(Small)	55	@12,362	92.8%
1LDK (Large)	22	@11,466	95.4%
Total	77	@12,062	93.7%

*As of July 2012, including CAM

Based on the monthly operation report provided from client, trailing 12 months operating performance is described below.

Income	Past 1 year	JPY/m ² /month	JPY/tsubo*/month	Description
Rent+CAM	131,497,963	3,263	10,786	
Rent	126,135,933	3,130	10,346	
CAM	5,362,030	133	440	
Utility	0	-	-	
Parking Lot	5,606,032	-	-	
Motor cycle parking	94,516	-	-	
Other	505,503	-	-	
Key Money	3,411,000	-	-	
Contract Renewal Fee	3,509,250	-	-	
Restoration Fee	2,765,991	-	-	
Total Income	147,390,255	-	-	

* Area is net rentable area including vacant space

Expenses	Past 1 year	JPY/m ² /month	JPY/tsubo*/month	Description
Maintenance	-3,360,000	-83	-276	
Utility	-1,659,026	-41	-136	
Repairs (Minor)	-865,410	-21	-71	
Restoration Costs	-4,161,943	-103	-341	
Property Management Fee	-4,113,961	-102	-337	
Leasing Management Fee	-3,907,500	-97	-321	
Tenant Recruitment	-5,257,500	-130	-431	
Contract Renewal Commission	-2,110,500	-52	-173	
Property Tax Land	-550,009	-14	-45	
Property Tax Building	-6,565,741	-163	-539	
Property Tax Depreciable Asset	-335,558	-8	-28	
Insurance	-386,310	-10	-32	
Other (CATV)	-432,000	-11	-35	
Other	-564,958	-14	-46	
Capital Expenditure	-753,000	-19	-62	
Total Operating Expenses	-35,023,416	-869	-2,873	

* Area is net rentable area including vacant space

Net Income	112,366,839			
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■ Direct Capitalization Method

Rent assumption

Revenue is based on stabilized Mark-to-Market rent which is considered with Rent Comparables and actual rent.

Floor	Type	Rentable Area (Tsubo)	Monthly Rent (JPY / Tsubo)	Monthly Rent JPY	CAM (JPY / Tsubo)	Monthly CAM JPY	Security Deposit (Months)	Rent+CAM (JPY/Tsubo)
2F-12F	1DK, 1LDK(Small)	682.37	11,127	7,593,000	806	550,000	1	11,933
2F-12F	1LDK (Large)	333.62	10,317	3,442,000	659	220,000	1	10,977
Total		1,015.99	10,861	11,035,000	758	770,000		11,619

Calculation of Effective Gross Income

Item	Amount	Assumptions
Rent	132,420,000 Yen	Monthly Rent 11,035,000 Yen × 12 Month
CAM	9,240,000 Yen	Monthly CAM 770,000 Yen × 12 Month
Utility	0 Yen	None
Parking Lot	6,324,000 Yen	# of Space 17 × Yen/Space 31,000 × 12 Month
Other	180,000 Yen	Motorcycle parking (assumed 3 units occupied @JPY5,000 per month)
Key Money		Yen None
Contract Renewal Fee		Rate Yearly Renewal Rate
1DK, 1LDK(Small)	1,898,250 Yen	1 month rent 25%
1LDK (Large)	860,500 Yen	1 month rent 25%
Potential Gross Income	150,922,750 Yen	
Vacancy Loss		
1DK, 1LDK(Small)	5,862,960 Yen	97,716,000 × 6.0%
1LDK (Large)	2,636,640 Yen	43,944,000 × 6.0%
Parking Lot	1,264,800 Yen	6,324,000 × 20.0%
Utility	0 Yen	0 × 0.0%
Total	9,764,400 Yen	
Collection Loss	0 Yen	Assumed none considered with the deposited money
Effective Gross Income	141,158,350 Yen	

Calculation of Operating Expenses

Item	Amount	Assumptions
Maintenance	3,360,000 Yen	276Yen/Tsubo × NRA × 12months Based on track record (PM Report) provided by client and standard amount of similar size building.
Utility	1,584,937 Yen	130Yen/Tsubo × NRA × 12months Based on track record (PM Report) provided by client and standard amount of similar size building.
Repairs	2,621,243 Yen	215Yen/Tsubo × NRA × 12months Based on track record (PM Report) provided by client and standard amount of similar size building.
Property Management Fee	4,234,751 Yen	EGI (Excluding Key money & Renewal fee) × 3%
Tenant Recruitment	2,758,750 Yen	One month of new market rent for newly contracted area. Turnover ratio 1DK, 1LDK(Small) 25% 1LDK (Large) 25%
Contract Renewal Commission	1,379,375 Yen	50% of Contract Renewal Fee
Property Tax		
Land	550,009 Yen	Actual amount of year 2012 based on the information provided by client.
Building	6,565,741 Yen	Actual amount of year 2012 based on the information provided by client.
Depreciable Asset	335,558 Yen	Based on actual amount of year 2012.
Insurance	386,310 Yen	Based on actual amount of year 2012.
Other	2,926,800 Yen	Advertisement cost (120,000yen per room × turnover ratio × 77rooms) CATV (36,000yen per month), Internet (15,400yen per month)
Operating Expenses	26,703,474 Yen	

Calculation of Net Operating Income

Effective Gross Income	141,158,350 Yen
Operating Expenses	26,703,474 Yen
Net Operating Income	114,454,876 Yen

Non-Operating Revenue and Expenses

Operating profit on Deposit	443,868 Yen	Security deposit after vacancy adjustment	Yield
		22,193,400 Yen	2.0%
Capital Expenditure	3,961,000 Yen	Based on Engineering Report provided by client.	
Net Cash Flow	110,937,744 Yen		

■ Value indicated by the Direct Capitalization Method

Value was derived by dividing subject's Net Cash Flow with Cap Rate

Net Cash Flow	Cap Rate	Value
110,937,744	÷ 5.10%	2,180,000,000

DCF Method	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
① Rent and CAM											
1DK, 1LDK(Small) Rent	94,609,872	93,379,944	92,166,004	91,116,000	91,116,000	91,116,000	91,116,000	91,116,000	91,116,000	91,116,000	91,116,000
CAM	5,490,240	5,841,615	6,215,479	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000
1LDK (Large) Rent	43,421,076	42,682,918	41,957,308	41,304,000	41,304,000	41,304,000	41,304,000	41,304,000	41,304,000	41,304,000	41,304,000
CAM	1,881,600	2,107,392	2,360,279	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000
② Utility	0	0	0	0	0	0	0	0	0	0	0
③ Parking Lot	6,084,000	6,084,000	6,084,000	6,324,000	6,324,000	6,324,000	6,324,000	6,324,000	6,324,000	6,324,000	6,324,000
④ Other	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Key Money	0	0	0	0	0	0	0	0	0	0	0
Renewal Fee	2,875,645	2,834,643	2,794,286	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750
Potential Gross Income (①-④) Total	154,542,433	153,110,512	151,757,306	150,922,750	150,922,750	150,922,750	150,922,750	150,922,750	150,922,750	150,922,750	150,922,750
1DK, 1LDK(Small)	-6,606,607	-5,953,294	-5,902,889	-5,862,960	-5,862,960	-5,862,960	-5,862,960	-5,862,960	-5,862,960	-5,862,960	-5,862,960
1LDK (Large)	-2,401,042	-2,687,419	-2,659,055	-2,636,640	-2,636,640	-2,636,640	-2,636,640	-2,636,640	-2,636,640	-2,636,640	-2,636,640
Parking Lot	-1,143,792	-1,216,800	-1,216,800	-1,264,800	-1,264,800	-1,264,800	-1,264,800	-1,264,800	-1,264,800	-1,264,800	-1,264,800
Utility	0	0	0	0	0	0	0	0	0	0	0
Total	-10,151,441	-9,857,513	-9,778,744	-9,764,400	-9,764,400	-9,764,400	-9,764,400	-9,764,400	-9,764,400	-9,764,400	-9,764,400
Collection loss	0	0	0	0	0	0	0	0	0	0	0
⑦ Collection loss	0	0	0	0	0	0	0	0	0	0	0
① Effective Gross Income	144,390,992	143,252,999	141,978,562	141,158,350	141,158,350	141,158,350	141,158,350	141,158,350	141,158,350	141,158,350	141,158,350
② Building Maintenance Fee	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000
③ Utility	1,584,937	1,584,937	1,584,937	1,584,937	1,584,937	1,584,937	1,584,937	1,584,937	1,584,937	1,584,937	1,584,937
④ Repair (Minor)	2,621,243	2,621,243	2,621,243	2,621,243	2,621,243	2,621,243	2,621,243	2,621,243	2,621,243	2,621,243	2,621,243
⑤ PM Fee	4,331,730	4,297,590	4,259,357	4,234,751	4,234,751	4,234,751	4,234,751	4,234,751	4,234,751	4,234,751	4,234,751
⑥ Tenant Recruitment	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750	2,758,750
⑦ Renewal Commission	1,437,823	1,417,322	1,397,118	1,379,375	1,379,375	1,379,375	1,379,375	1,379,375	1,379,375	1,379,375	1,379,375
⑧ Property Tax	6,565,741	6,565,741	6,565,741	6,368,769	6,368,769	6,368,769	6,177,706	6,177,706	6,177,706	5,992,375	5,992,375
⑨ Depreciable Asset	335,558	335,558	335,558	335,558	335,558	335,558	335,558	335,558	335,558	335,558	335,558
⑩ Insurance	386,310	386,310	386,310	386,310	386,310	386,310	386,310	386,310	386,310	386,310	386,310
⑪ Other	2,926,800	2,926,800	2,926,800	2,926,800	2,926,800	2,926,800	2,926,800	2,926,800	2,926,800	2,926,800	2,926,800
⑫ Operating Expense	26,858,901	26,804,260	26,745,823	26,506,502	26,506,502	26,506,502	26,315,438	26,315,438	26,315,438	26,130,107	26,130,107
(3) Net Operating Income (NOI) (1)-(12)	117,532,091	116,448,739	115,232,739	114,651,848	114,651,848	114,651,848	114,842,912	114,842,912	114,842,912	115,028,243	115,028,243
(4) Operating Profit on Deposit	16,033,787	15,802,035	15,573,692	15,372,737	15,372,737	15,372,737	15,372,737	15,372,737	15,372,737	15,372,737	15,372,737
Operating Profit	320,676	316,041	311,474	307,455	307,455	307,455	307,455	307,455	307,455	307,455	307,455
(5) Capital Expenditure (CAPEX)	3,961,000	3,961,000	3,961,000	3,961,000	3,961,000	3,961,000	3,961,000	3,961,000	3,961,000	3,961,000	3,961,000
(6) Net Cash Flow (NCF) (3)-(4)-(5)	113,891,767	112,803,780	111,583,213	110,998,303	110,998,303	110,998,303	111,189,367	111,189,367	111,189,367	111,374,698	111,374,698
(7) Compound Interest Present Value Rate	0.9533	0.9088	0.8663	0.8258	0.7873	0.7505	0.7154	0.6820	0.6502	0.6198	0.6198
(8) Present Value of NCF (6)*(7)	108,573,022	102,516,076	96,664,537	91,662,339	87,388,964	83,304,227	79,544,873	75,831,148	72,285,326	69,030,038	69,030,038
⑬ OER (2)+(1)	18.60%	18.71%	18.84%	18.78%	18.78%	18.78%	18.64%	18.64%	18.64%	18.51%	18.51%
Name	Comment										
DR: Discount Rate	4.9% Assumes Real estate investment base rate and Subject's intrinsic characteristics.										
Terminology	TCR : Terminal Cap Rate 5.3% Assumes uncertainty 10 years (Market Volatility Risk, Liquidity Risk etc). S : Sales Cost 2.0% Assumes a Sales cost of 2% Investment Yield of Deposit 2.0% Based on Long Term Government Bonds										
Value indicated by DCF Method	① Total Present Value of annual NCF 866,810,610 (40.51%) ② Resale Value (NCF in year 11 + TOR) 2,101,409,390 ③ Sales Cost (2)*2% 42,028,188 ④ Reversionary Value (2)-(3) 2,059,381,202 ⑤ Current Reversionary Value (④*Present Value Rate) 1,276,404,469 (59.49%) ⑥ Value Indicated by DCF (①+⑤) 2,140,000,000 (100.00%)										

Assumption of DCF Method (Effective Gross Income)														
Item	Assumptions	Beginning (Monthly)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
① Rent and CAM	Year 1: Adopted actual rent (Assumed rent was used for vacant space)	Rent	-1.3%	-1.3%	-1.3%	-1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Year 2 onwards: The volatility rate was calculated based on the assumption that rent is stabilized to market rent considering average turnover rate of tenants, actual lease period and tenant type.	CAM	6.4%	6.4%	6.2%	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		Rent+CAM	@12,336	@12,225	@12,015	@11,933	@11,933	@11,933	@11,933	@11,933	@11,933	@11,933	@11,933	@11,933
		(per Tsubo)	Volatility	-0.9%	-0.9%	-0.9%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
② Utility	Year 1: Adopted actual rent (Assumed rent was used for vacant space)	Rent	-1.7%	-1.7%	-1.7%	-1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Year 2 onwards: The volatility rate was calculated based on the assumption that rent is stabilized to market rent considering average turnover rate of tenants, actual lease period and tenant type.	CAM	12.0%	12.0%	12.0%	11.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		Rent+CAM	@11,453	@11,316	@11,188	@10,977	@10,977	@10,977	@10,977	@10,977	@10,977	@10,977	@10,977	@10,977
		(per Tsubo)	Volatility	-1.2%	-1.1%	-1.1%	-0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
③ Parking Lot	None	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Assumed that rent will be stabilized to market level by year 3	507,000	0.0%	0.0%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Motorcycle parking (assumed 3 units occupied, 5,000yen per unit)	15,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	None	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
④ Key Money	1 month of renewed rent as a contract renewal fee.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
	Year 1 onwards: Assumed one time every 4 year, which equals to 25%.	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
	Year 1: Adopted current vacancy rate (7.2%) for 6 month and adopted market vacancy rate for remaining 6 months.	6.6%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
⑤ Vacancy Loss	Year 2 onwards: The volatility rate was calculated based on the assumption that the vacancy rate will be stabilized to market rate considering current vacancy rate, average turnover rate of tenants.	6.6%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
	Year 1: Adopted current vacancy rate (4.6%) for 6 month and adopted market vacancy rate for remaining 6 months.	5.3%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
	Year 2 onwards: Assumed the vacancy rate to be stabilized to market rate considering current vacancy rate, average turnover rate of tenants.	18.8%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
	Year 1: Adopted current vacancy rate (17.6%) for 6 month and adopted market vacancy rate for remaining 6 months.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
⑥ Collection loss	Year 2 onwards: Assumed the vacancy rate to be stabilized to market rate.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Assumed none considered with the deposited money	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Utility	None	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Assumed none considered with the deposited money	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

Assumption of DCF Method (Expenses)													
Item	Assumptions	Year											
		Year 1 Year amount / Volatility	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
① Building Maintenance Fee	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	3,360,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
② Utility	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	1,584,937	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
③ Repair	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	2,621,243	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
④ P.M Fee	EGI (Excluding Key money & Renewal fee) x 3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑤ Tenant Recruitment	$\frac{1DK, 1LDK(Small)}{1LDK (Large)}$ One month of new market rent for newly contracted area.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑥ Renewal Commission	Assumed 50% of Renewal Fee to be paid to Property Manager.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑦ Property Tax	Land Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	550,009	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑧ Depreciable Asset	Building Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed tax abatement of -3% in Yr.1, 4, 7 and 10.	6,565,741	-3.0%	0.0%	0.0%	-3.0%	0.0%	0.0%	-3.0%	0.0%	0.0%	-3.0%	0.0%
⑨ Insurance	Depreciable Asset Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	335,558	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
⑩ Other	Year 1: Assumed same amount as Direct capitalization. Year 2 onwards: Assumed volatility rate to be flat.	386,310	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Balance of Deposit	Assumed same amount as Direct capitalization. Advertisement cost (120,000yen per room x turnover ratio x 77rooms) CATV (36,000yen per month), Internet (15,400yen per month)	2,926,800	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Expenditure (CAPEX)	$\frac{1DK, 1LDK(Small)}{1LDK (Large)}$ Year 1: Beginning is based on actual deposit amount. Year 2 onwards: Assumed a volatility rate in line with rental levels. Based on Engineering Report provided from client.	10,340,000	-1.3%	-1.3%	-1.3%	-1.1%	0.0%	-1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
		5,929,000	-1.7%	-1.7%	-1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		3,951,000											

■Correlation and Final Estimate of Value

The final step in the valuation process is the correlation of the indications of value derived by Direct Capitalization Method and DCF Method.

We have obtained following value indications.

Direct Capitalization Method	2,180,000,000 Yen
DCF Method	2,140,000,000 Yen

The purpose of the valuation, the type of property, and the adequacy of the data were taken into account throughout valuation process. Most important is which method most clearly reflects the actions of buyers and sellers in the market place.

The value indicated by the DCF Method correctly reflects the value of the subject property through consideration of its net income during holding period, discount rate and terminal cap rate. Although many assumptions are used throughout this approach, it is deemed to simulate cash flow forecast considering market rental levels and its actual rental levels.

Direct Capitalization Method indicates market value with stabilized cash flow estimation.

The value indicated by the income approach was based on the DCF Methods to consider the changeable cash flows, which is well supported by the direct capitalization method.

Value indicated by the income approach	2,140,000,000 Yen
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■Reconciliation of the Indicated Value and Determination of the Value

Determined final opinion of value by adopting above indicated value.

Final opinion of value	2,140,000,000 Yen
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- Appendix Rent-roll
- Wide Area Map
- Detailed Map
- Floor Plans

Appendix Rent-roll As of July 2012

Floor #	Tenant	Use	Type	Leased area Sqm	Leased area Tsubo	Actual					Valuation						
						Rent	CAM	Rent +CAM	per Tsubo	Deposit	Leased date	Rent	CAM	Rent +CAM	per Tsubo	Vacancy	Deposit
2	201 Individual	Residence	1LDK(2)	50.25	15.20	161,000	-	161,000	10,892	483,000	2005/7/12	147,000	10,000	157,000	10,329	6.00%	314,000
2	202 Individual	Residence	1LDK(1)	40.17	12.15	146,000	-	146,000	12,015	146,000	2005/8/1	127,000	10,000	137,000	11,274	6.00%	274,000
2	203 Individual	Residence	1DK	41.52	12.56	148,000	10,000	148,000	11,784	138,000	2012/3/10	131,000	10,000	141,000	11,226	6.00%	282,000
2	204 Company	Residence	1LDK(2)	50.01	15.13	171,000	10,000	171,000	11,904	161,000	2010/1/22	147,000	10,000	157,000	10,378	6.00%	314,000
2	205 Individual	Residence	1DK	40.39	12.22	147,000	10,000	147,000	12,031	137,000	2012/1/17	128,000	10,000	138,000	11,295	6.00%	276,000
2	206 Individual	Residence	LDK+DEN	40.08	12.12	146,000	10,000	146,000	12,042	136,000	2012/3/1	127,000	10,000	137,000	11,300	6.00%	274,000
2	207 Individual	Residence	LDK+DEN	42.91	12.98	153,000	10,000	153,000	11,787	143,000	2011/1/29	136,000	10,000	146,000	11,248	6.00%	292,000
3	301 Company	Residence	1LDK(2)	50.25	15.20	170,000	-	170,000	11,184	340,000	2009/1/25	152,000	10,000	162,000	10,657	6.00%	324,000
3	302 Individual	Residence	1LDK(1)	40.17	12.15	161,000	10,000	161,000	13,249	322,000	2008/8/2	131,000	10,000	141,000	11,604	6.00%	282,000
3	303 Individual	Residence	1DK	41.52	12.56	146,000	10,000	146,000	11,624	136,000	2010/10/23	135,000	10,000	145,000	11,545	6.00%	290,000
3	304 Individual	Residence	1LDK(2)	50.01	15.13	173,000	10,000	173,000	11,436	163,000	2011/3/11	151,000	10,000	161,000	10,642	6.00%	322,000
3	305 Individual	Residence	1DK	40.39	12.22	145,000	10,000	145,000	11,868	135,000	2009/12/28	132,000	10,000	142,000	11,622	6.00%	284,000
3	306 Company	Residence	LDK+DEN	40.08	12.12	147,000	-	147,000	12,125	294,000	2005/8/12	131,000	10,000	141,000	11,630	6.00%	282,000
3	307 Individual	Residence	LDK+DEN	42.91	12.98	139,000	10,000	139,000	10,709	129,000	2009/8/27	140,000	10,000	150,000	11,556	6.00%	300,000
4	401 Individual	Residence	1LDK(2)	50.25	15.20	172,000	10,000	172,000	11,315	162,000	2011/8/20	153,000	10,000	163,000	10,723	6.00%	326,000
4	402 Individual	Residence	1LDK(1)	40.17	12.15	145,000	10,000	145,000	11,933	135,000	2011/1/8	132,000	10,000	142,000	11,686	6.00%	284,000
4	403 Individual	Residence	1DK	41.52	12.56	146,000	10,000	146,000	11,624	136,000	2009/8/9	137,000	10,000	147,000	11,704	6.00%	294,000
4	404 Individual	Residence	1LDK(2)	50.01	15.13	172,000	-	172,000	11,370	344,000	2009/1/17	153,000	10,000	163,000	10,775	6.00%	326,000
4	405 Individual	Residence	1DK	40.39	12.22	149,000	10,000	149,000	12,195	139,000	2012/3/17	133,000	10,000	143,000	11,704	6.00%	286,000
4	406 Individual	Residence	LDK+DEN	40.08	12.12	148,000	10,000	148,000	12,207	138,000	2011/3/25	132,000	10,000	142,000	11,712	6.00%	284,000
4	407 Company	Residence	LDK+DEN	42.91	12.98	155,000	10,000	155,000	11,941	290,000	2012/2/10	141,000	10,000	151,000	11,633	6.00%	302,000
5	501 Individual	Residence	1LDK(2)	50.25	15.20	156,000	10,000	156,000	10,263	146,000	2009/9/1	155,000	10,000	165,000	10,855	6.00%	330,000
5	502 Individual	Residence	1LDK(1)	40.17	12.15	142,000	10,000	142,000	11,686	132,000	2009/9/25	134,000	10,000	144,000	11,850	6.00%	288,000
5	503 Individual	Residence	1DK	41.52	12.56	148,000	10,000	148,000	11,784	138,000	2010/6/19	138,000	10,000	148,000	11,784	6.00%	296,000
5	504 Company	Residence	1LDK(2)	50.01	15.13	175,000	10,000	175,000	11,568	330,000	2010/10/28	154,000	10,000	164,000	10,841	6.00%	328,000
5	505 Individual	Residence	1DK	40.39	12.22	150,000	10,000	150,000	12,277	140,000	2011/1/27	134,000	10,000	144,000	11,786	6.00%	288,000
5	506 Individual	Residence	LDK+DEN	40.08	12.12	149,000	10,000	149,000	12,289	139,000	2012/3/21	133,000	10,000	143,000	11,795	6.00%	286,000
5	507 Company	Residence	LDK+DEN	42.91	12.98	159,000	-	159,000	12,249	318,000	2005/10/24	143,000	10,000	153,000	11,787	6.00%	306,000
6	601 Individual	Residence	1LDK(2)	50.25	15.20	171,000	-	171,000	11,250	342,000	2005/9/1	155,000	10,000	165,000	10,855	6.00%	330,000
6	602 Individual	Residence	1LDK(1)	40.17	12.15	140,000	10,000	150,000	12,344	140,000	2011/1/12/4	138,000	10,000	148,000	11,784	6.00%	296,000
6	603 vacant	Residence	1DK	41.52	12.56	-	-	-	-	-	-	138,000	10,000	148,000	11,784	6.00%	296,000
6	604 Individual	Residence	1LDK(2)	50.01	15.13	173,000	10,000	173,000	11,436	163,000	2012/1/15	154,000	10,000	164,000	10,841	6.00%	328,000
6	605 Individual	Residence	1DK	40.39	12.22	151,000	10,000	151,000	12,359	141,000	2011/5/1	134,000	10,000	144,000	11,786	6.00%	288,000
6	606 Company	Residence	LDK+DEN	40.08	12.12	150,000	10,000	150,000	12,372	280,000	2012/3/10	133,000	10,000	143,000	11,795	6.00%	286,000
6	607 Individual	Residence	LDK+DEN	42.91	12.98	157,000	10,000	157,000	12,095	147,000	2011/3/20	143,000	10,000	153,000	11,787	6.00%	306,000
7	701 Company	Residence	1LDK(2)	50.25	15.20	175,000	10,000	175,000	11,513	165,000	2012/3/18	157,000	10,000	167,000	10,986	6.00%	334,000
7	702 vacant	Residence	1LDK(1)	40.17	12.15	-	-	-	-	-	-	135,000	10,000	145,000	11,933	6.00%	290,000
7	703 Individual	Residence	1DK	41.52	12.56	153,000	10,000	153,000	12,182	143,000	2011/6/20	140,000	10,000	150,000	11,943	6.00%	300,000
7	704 Company	Residence	1LDK(2)	50.01	15.13	177,000	10,000	177,000	11,700	334,000	2011/2/1	156,000	10,000	166,000	10,973	6.00%	332,000
7	705 Individual	Residence	1DK	40.39	12.22	152,000	10,000	152,000	12,441	142,000	2012/1/31	136,000	10,000	146,000	11,950	6.00%	292,000
7	706 Individual	Residence	LDK+DEN	40.08	12.12	155,000	-	155,000	12,784	310,000	2006/9/16	145,000	10,000	155,000	11,960	6.00%	290,000
7	707 Individual	Residence	LDK+DEN	42.91	12.98	163,000	-	163,000	12,558	326,000	2006/4/14	144,000	10,000	154,000	11,864	6.00%	308,000
8	801 Individual	Residence	1LDK(2)	50.25	15.20	176,000	10,000	176,000	11,578	166,000	2012/3/10	158,000	10,000	168,000	11,052	6.00%	336,000
8	802 Individual	Residence	1LDK(1)	40.17	12.15	149,000	10,000	149,000	12,262	139,000	2011/2/1	136,000	10,000	146,000	12,022	6.00%	292,000
8	803 Individual	Residence	1DK	41.52	12.56	154,000	10,000	154,000	12,261	144,000	2011/6/19	141,000	10,000	151,000	12,015	6.00%	302,000
8	804 Individual	Residence	1LDK(2)	50.01	15.13	175,000	10,000	175,000	11,568	165,000	2011/3/23	157,000	10,000	167,000	11,039	6.00%	334,000
8	805 vacant	Residence	1DK	40.39	12.22	-	-	-	-	-	-	137,000	10,000	147,000	12,031	6.00%	294,000
8	806 Company	Residence	LDK+DEN	40.08	12.12	152,000	10,000	152,000	12,537	568,000	2012/4/4	136,000	10,000	146,000	12,042	6.00%	292,000
8	807 Individual	Residence	LDK+DEN	42.91	12.98	159,000	10,000	159,000	12,249	149,000	2012/1/15	146,000	10,000	156,000	12,018	6.00%	312,000
9	901 vacant	Residence	1LDK(2)	50.25	15.20	-	-	-	-	-	-	160,000	10,000	170,000	11,184	6.00%	340,000
9	902 Individual	Residence	1LDK(1)	40.17	12.15	153,000	10,000	153,000	12,591	143,000	2012/6/30	138,000	10,000	148,000	12,184	6.00%	296,000
9	903 Individual	Residence	1DK	41.52	12.56	150,000	10,000	150,000	11,943	140,000	2011/12/23	142,000	10,000	152,000	12,102	6.00%	304,000
9	904 Company	Residence	1LDK(2)	50.01	15.13	176,000	-	176,000	11,634	176,000	2012/6/30	159,000	10,000	169,000	11,171	6.00%	338,000

Appendix Rent-roll As of July 2012

Floor #	Tenant	Use	Type	Leased area Sqm	Leased area Tsubo
9	905 Individual	Residence	1DK	40.39	12.22
9	906 Company	Residence	LDK+DEN	40.08	12.12
9	907 Company	Residence	LDK+DEN	42.91	12.98
10	1001 Individual	Residence	1LDK(2)	50.25	15.20
10	1002 Individual	Residence	1LDK(1)	40.17	12.15
10	1003 Individual	Residence	1DK	41.52	12.56
10	1004 Company	Residence	1LDK(2)	50.01	15.13
10	1005 vacant	Residence	1DK	40.39	12.22
10	1006 Company	Residence	LDK+DEN	40.08	12.12
10	1007 Individual	Residence	LDK+DEN	42.91	12.98
11	1101 Individual	Residence	1LDK(2)	50.25	15.20
11	1102 Individual	Residence	1LDK(1)	40.17	12.15
11	1103 Company	Residence	1DK	41.52	12.56
11	1104 Individual	Residence	1LDK(2)	50.01	15.13
11	1105 Individual	Residence	1DK	40.39	12.22
11	1106 Individual	Residence	LDK+DEN	40.08	12.12
11	1107 Individual	Residence	LDK+DEN	42.91	12.98
12	1201 Individual	Residence	1LDK(2)	50.25	15.20
12	1202 Company	Residence	1LDK(1)	40.17	12.15
12	1203 Individual	Residence	1DK	41.52	12.56
12	1204 Individual	Residence	1LDK(2)	50.01	15.13
12	1205 Individual	Residence	1DK	40.39	12.22
12	1206 Company	Residence	LDK+DEN	40.08	12.12
12	1207 Individual	Residence	LDK+DEN	42.91	12.98
Total	77 units			3,358.63	1,015.99
Occupied Area				3,145.91	951.64
Vacant Area				212.72	64.35
Vacancy Rate					6.3%

Parking	Tenant	# of Space
P-1	Individual	1
P-2	Company	1
P-3	Company	1
P-4	Company	1
P-5	vacant	1
P-6	Company	1
P-7	vacant	1
P-8	Company	1
P-9	Company	1
P-10	Company	1
P-11	Company	1
P-12	Company	1
P-13	vacant	1
P-14	Individual	1
P-15	Company	1
P-16	Company	1
P-17	Company	1
	Vacant Lot	3
Total Lots		17
Vacancy		3
Vacancy Rate		17.6%

Actual

Rent	CAM	Rent +CAM	per Tsubo	Deposit	Leased date
142,000	10,000	152,000	12,441	142,000	2009/12/18
159,000	-	159,000	13,114	318,000	2005/11/1
167,000	-	167,000	12,866	167,000	2008/8/22
179,000	-	179,000	11,776	358,000	2005/7/30
174,000	-	174,000	14,319	348,000	2009/4/15
160,000	-	160,000	12,739	320,000	2006/6/24
179,000	-	179,000	11,832	537,000	2005/12/14
-	-	-	-	-	-
140,000	10,000	150,000	12,372	280,000	2011/9/10
151,000	10,000	161,000	12,403	151,000	2011/12/13
169,000	10,000	179,000	11,776	507,000	2012/6/16
145,000	10,000	155,000	12,756	145,000	2012/7/29
147,000	10,000	157,000	12,500	294,000	2011/12/10
168,000	10,000	178,000	11,766	168,000	2011/8/23
161,000	-	161,000	13,177	322,000	2007/10/13
146,000	10,000	156,000	12,867	146,000	2009/12/25
151,000	10,000	161,000	12,403	151,000	2011/1/19
170,000	10,000	180,000	11,842	170,000	2011/7/1
146,000	10,000	156,000	12,838	292,000	2012/6/24
147,000	10,000	157,000	12,500	147,000	2009/10/22
183,000	-	183,000	12,097	549,000	2005/7/27
146,000	10,000	156,000	12,768	146,000	2010/6/16
140,000	10,000	150,000	12,372	280,000	2009/12/10
179,000	-	179,000	13,790	358,000	2008/12/13
10,959,000	520,000	11,479,000	12,062	16,269,000	

Monthly Rent	Rent per Lot	Deposit
42,000	42,000	42,000
25,000	25,000	25,000
25,000	25,000	25,000
25,000	25,000	25,000
-	-	-
25,000	25,000	25,000
-	-	-
42,000	42,000	-
25,000	25,000	25,000
25,000	25,000	25,000
25,000	25,000	25,000
42,000	42,000	42,000
25,000	25,000	25,000
36,000	38,000	38,000
-	-	-
414,000	29,571	372,000

Valuation

Rent	CAM	Rent +CAM	per Tsubo	Vacancy	Deposit
138,000	10,000	148,000	12,113	6.00%	296,000
137,000	10,000	147,000	12,125	6.00%	294,000
147,000	10,000	157,000	12,095	6.00%	314,000
161,000	10,000	171,000	11,250	6.00%	342,000
139,000	10,000	149,000	12,262	6.00%	298,000
144,000	10,000	154,000	12,261	6.00%	308,000
160,000	10,000	170,000	11,237	6.00%	340,000
140,000	10,000	150,000	12,277	6.00%	300,000
139,000	10,000	149,000	12,289	6.00%	298,000
148,000	10,000	158,000	12,172	6.00%	316,000
163,000	10,000	173,000	11,381	6.00%	346,000
140,000	10,000	150,000	12,344	6.00%	300,000
145,000	10,000	155,000	12,341	6.00%	310,000
162,000	10,000	172,000	11,370	6.00%	344,000
141,000	10,000	151,000	12,359	6.00%	302,000
140,000	10,000	150,000	12,372	6.00%	300,000
150,000	10,000	160,000	12,326	6.00%	320,000
164,000	10,000	174,000	11,447	6.00%	348,000
142,000	10,000	152,000	12,509	6.00%	304,000
146,000	10,000	156,000	12,421	6.00%	312,000
164,000	10,000	174,000	11,502	6.00%	348,000
142,000	10,000	152,000	12,441	6.00%	304,000
141,000	10,000	151,000	12,454	6.00%	302,000
151,000	10,000	161,000	12,403	6.00%	322,000
11,035,000	770,000	11,805,000	11,619		23,610,000

1. RESPONSIBILITY STATEMENT

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares, underlying shares (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors or Listed Issuer (the "Model Code") are as follows:

Number of ordinary shares (unless otherwise specified)

Long positions:

Name of Company	Name of Directors	Personal Interests ⁽¹⁾	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Limited	Ho Kian Guan	276,480	197,556,320 ⁽²⁾	197,832,800	58.15
	Ho Kian Hock	480	197,556,320 ⁽²⁾	197,556,800	58.07
	Ho Kian Cheong	55,160,480	–	55,160,480	16.21
	Tse See Fan Paul	288,720	–	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000 ⁽³⁾	900,000	0.26
	Kwok Chi Shun Arthur	202,000	–	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	–	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Hock	–	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	–	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Hock	–	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd – paid in registered capital in US\$	Ho Kian Guan	–	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Hock	–	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Cheong	1,017,120	–	1,017,120	6.24
	Kwok Chi Shun Arthur	–	489,000 ⁽⁷⁾	489,000	3.00

Name of Company	Name of Directors	Personal Interests ⁽¹⁾	Corporate Interests	Total	% Interest
Golden Crown Development Ltd – common shares	Ho Kian Guan	–	56,675,000 ⁽⁸⁾	56,675,000	80.96
	Ho Kian Hock	–	56,675,000 ⁽⁸⁾	56,675,000	80.96
	Ho Kian Cheong	1,755,000	–	1,755,000	2.51
	Tse See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	–	100,000 ⁽⁹⁾	100,000	100.00
	Ho Kian Hock	–	100,000 ⁽⁹⁾	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	–	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Hock	–	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Cheong	195	–	195	1.95
	Kwok Chi Shun Arthur	–	5,500 ⁽¹¹⁾	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	Ho Kian Guan	–	9,010,000 ⁽¹²⁾	9,010,000	100.00
	Ho Kian Hock	–	9,010,000 ⁽¹²⁾	9,010,000	100.00
KSF Enterprises Sdn Bhd – preferred shares	Ho Kian Guan	–	24,000,000 ⁽¹³⁾	24,000,000	100.00
	Ho Kian Hock	–	24,000,000 ⁽¹³⁾	24,000,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000 ⁽¹⁴⁾	4,950,000	55.00
	Ho Kian Hock	–	4,950,000 ⁽¹⁴⁾	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	1,485,000 ⁽¹⁵⁾	1,485,000	55.00
	Ho Kian Hock	–	1,485,000 ⁽¹⁵⁾	1,485,000	55.00

Notes:

1. This represents interests held by the relevant directors as beneficial owners.
2. This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly. Ho Kian Guan, Ho Kian Hock, Tse See Fan Paul and Chan Lui Ming Ivan are directors of Kansas Holdings Limited and Ho Kian Guan, Ho Kian Hock and Tse See Fan Paul are directors of Goodland Limited.
3. This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.
4. This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
5. This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
6. This represents US\$8,965,000 (55%) indirectly contributed by the Company and US\$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
7. This represents interests held by AKA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.

8. This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
9. This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
10. This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
11. This represents interests held by Larfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
12. This represents 2,252,500 ordinary shares (25%) directly held by the Company, 2,252,499 ordinary shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 4,505,001 ordinary shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
13. This represents 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
14. This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
15. This represents 1,350,000 preferred shares (50%) indirectly held by the Company and 135,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, there existed the following arrangements for an indefinite period:

- (a) Pursuant to an agreement dated 1 January 1992, Goodland Limited (“**Goodland**”) acts as the project manager of Golden Crown Development Limited for its Ocean Gardens development in Taipa Island, Macau for a management fee and is also responsible for marketing the development.
- (b) Pursuant to an agreement dated 1 January 1992, Goodland provides management services to Ocean Incorporation Ltd in return for a management fee.

The management fees with respect to the above arrangements amounted to HK\$3,204,000 for the year ended 31 December 2011.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

One of the direct competitors of the Group's hotel in Wuhan, Holiday Inn Wuhan Riverside, is the Shangri-La Hotel, Wuhan whose majority owner and operator is Shangri-La Asia Limited ("SAL").

Mr Ho Kian Guan is a non-executive director of SAL, a company whose shares are listed on the Hong Kong Stock Exchange and Mr Ho Kian Hock is his alternate on the board of SAL.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any Director and any member of the Group which is not determinable within one year without payment of compensation other than by statutory compensation.

6. MATERIAL CONTRACTS

Save and except the Sale and Purchase Agreement, details of which are disclosed in the letter from the Board set out in this circular, no contracts, not being contracts entered in the ordinary course of business of the Group, have been entered into by members of the Group within two years immediately preceding the date of this circular and up to and including the Latest Practicable Date which are or may be material.

7. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Company were made up.

8. LITIGATION

A subsidiary of the Group is involved in litigation arising in its hotel and club operation in Vietnam, where a customer claimed for winnings out of a malfunctioning slot machine. The directors are of the opinion that it is too early to evaluate the outcome of the claims and that the amounts cannot be reliably estimated at this point of time.

9. EXPERTS' QUALIFICATION AND CONSENT

AS Management Inc. has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
AS Management Inc.	Japanese licensed real estate appraiser

10. DIRECTORS' AND EXPERTS' INTERESTS IN GROUP ASSETS

As at the Latest Practicable Date, each of the Directors and AS Management Inc. did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2011, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. GENERAL

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The former company secretary of the Company, Ms YUEN Chiu Yuk, Ida, has ceased serving as the company secretary with effect from 31 August 2012. The Company is in the process of identifying a suitable candidate to take up the position of company secretary and further announcement will be made after confirmation of such appointment.
- (c) The registered office of the Company is at Room 2902 West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (d) The share registrar of the Company is Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2902 West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any business day (Saturdays excluded) from the date of this circular up to any including 9 November 2012 (14 days after the date of this circular):

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2011;
- (c) the valuation report issued by AS Management Inc. on the Properties as set out in Appendix II to this circular;

- (d) the written consents referred to in the paragraph headed “Experts’ Qualification and Consent” in this Appendix;
- (e) the Sale and Purchase Agreement; and
- (f) this circular.