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中國奧園集團股份有限公司 China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF INTERESTS IN SUBSIDIARIES

Capitalised terms used in this cover page have the same meanings as defined in this circular unless otherwise provided.

A letter from the Board is set out on pages 5 to 28 of this circular.

References to time and dates in this circular are to Hong Kong time and dates.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

Hong Kong, 23 September 2022

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“Ace Rise”	Ace Rise Profits Limited, a company incorporated in the British Virgin Islands with limited liability
“APGA”	Aoyuan Property Group (Australia) Pty Ltd ACN 600 594 125, a company incorporated under the laws of Australia with limited liability
“APGA Deed”	the conditional share sale deed dated 23 June 2022 and entered into between the Vendor and Purchaser B in relation to the sale and purchase of the APGA Shares
“APGA Disposal”	disposal of the APGA Shares pursuant to the terms and conditions of the APGA Deed
“APGA Group”	APGA and its subsidiaries
“APGA Shareholders’ Deed”	the shareholders’ deed dated 24 June 2022 and amended by a deed of variation dated 4 August 2022 entered into among the Vendor, Purchaser B and APGA in relation to APGA
“APGA Shares”	49% of the issued share capital in APGA to be disposed of by the Vendor under the APGA Deed
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Sydney, Australia
“Company”	China Aoyuan Group Limited (中國奧園集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 3883)

DEFINITIONS

“Company A”	A.C.N. 657 824 701 Pty Ltd ACN 657 824 701, a company incorporated under the laws of Australia with limited liability
“Company A Deed”	the conditional share sale deed dated 23 June 2022 and entered into between the Vendor and Purchaser A in relation to the sale and purchase of the Company A Shares
“Company A Disposal”	the sale and purchase of the Company A Shares pursuant to the terms and conditions of the Company A Deed
“Company A Shares”	100% of the issued share capital in Company A to be disposed of by the Vendor under the Company A Deed
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the APGA Shares and the Company A Shares by the Vendor to the Purchasers pursuant to the Share Sale Deeds
“Disposal Group”	APGA Group and Company A
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company

DEFINITIONS

“Joy Pacific”	Joy Pacific Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Latest Practicable Date”	19 September 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liaw”	Mr. Adrian Liaw
“PRC”	The People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser A”	Silver Mako Pty Limited ACN 658 173 614, a proprietary company limited by shares registered in New South Wales under the laws of Australia
“Purchaser B”	Company B (Aust) Pty Limited ACN 658 173 687, a proprietary company limited by shares registered in New South Wales under the laws of Australia
“Purchasers”	collectively, Purchaser A and Purchaser B
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Share Sale Deeds”	collectively, the APGA Deed and the Company A Deed
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Vendor”	Grand First Holdings Limited (太豐集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“A\$” or “AUD”	Australian dollars, the lawful currency of Australia
“USD”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

In this circular, translation of A\$ into HK\$ based on the exchange rate of A\$1.00 to HK\$5.41. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Australian dollars have been, could have been or may be converted at such or any other rate or at all.

LETTER FROM THE BOARD



中國奧園集團股份有限公司 China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

Executive Directors:

Mr. Guo Zi Wen (chairman)
Mr. Guo Zi Ning (vice chairman and
chief executive officer)
Mr. Ma Jun (co-president)
Mr. Chen Zhi Bin (co-president and
chief financial officer)

Independent Non-executive Directors:

Mr. Tsui King Fai
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor

Registered Office:

Cricket Square
Hutchins Drive
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Tsim Sha Tsui, Kowloon
Hong Kong

23 September 2022

To the Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF INTERESTS IN SUBSIDIARIES

INTRODUCTION

Reference is made to the announcements of the Company dated 23 June 2022, 14 July 2022, 8 August 2022 and 31 August 2022 in relation to the Share Sale Deeds and the transactions respectively contemplated thereunder.

On 23 June 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the APGA Deed with Purchaser B and the Company A Deed with Purchaser A.

LETTER FROM THE BOARD

All the conditions precedent under the Share Sale Deeds had been fulfilled and completion of the Disposal took place on 8 August 2022.

The purposes of this circular are to provide you with: (i) a letter from the Board containing further details of the Share Sale Deeds and the transactions respectively contemplated thereunder; and (ii) other information as required under the Listing Rules.

BACKGROUND

Prior to entering into of the Share Sale Deeds, the Group, with the primary intention of realising its entire Australian assets portfolio for immediate cash inflow, underwent an offer solicitation process (the “**Offer Solicitation Process**”) through its own business network and financial intermediaries, to seek for prospective buyers for its Australian assets.

The Offer Solicitation Process included systematic selection and screening procedures based on the following pre-set selection criteria to best serve the Group’s interests:

- (i) preference shall be given to offer made for all of the Group’s assets in Australia, such that the Group would be able to dispose of these assets more efficiently;
- (ii) preference shall be given to offer which is subject to less conditions precedent and whose conditions precedent are easier to fulfill, thus minimising completion risk;
- (iii) preference shall be given to offer that would generate the most net cash inflow for the Group at completion; and
- (iv) preference shall be given to offer proposition on terms and conditions which would be more manageable, and with the least exposure to claims by the buyer post completion.

Following selection, screening and further communications between potential purchasers and the Company, four formal offers were received, including the effective management buy-out offer from an entity controlled by Mr. Liaw (“**Mr. Liaw’s Offer**”). After considering the merits of all formal offers received, the Board was of the view that Mr. Liaw’s Offer was the most favourable to the Group for the following reasons and unanimously resolved to pursue Mr. Liaw’s Offer:

- (a) the purchaser would assume all the assets and liabilities of the APGA Group. The Group would not be required to repay the loans and liabilities in connection with its business and operations in Australia;

LETTER FROM THE BOARD

- (b) the net cash proceeds receivable by the Group under Mr. Liaw's Offer would be A\$105 million, which was A\$5 million less than the highest offer. However, the consideration under the highest offer was paid by instalments and payment of the second instalment was subject to unneglectable uncertainties. Besides, Mr. Liaw's offer was the only offer which fulfilled all other three selection criteria as disclosed above;
- (c) Mr. Liaw's Offer was made not subject to the performance of any due diligence investigation, or any warranties or assurances on the business and operations of the APGA Group; and
- (d) it was expected that no specific regulatory approval in Australia would be required for the transactions contemplated under Mr. Liaw's Offer.

The terms of the APGA Deed and the Company A Deed were arrived at after further arm's length negotiations between the Group and Mr. Liaw.

Pursuant to the APGA Deed, the Vendor has conditionally agreed to sell, and Purchaser B has conditionally agreed to purchase, the APGA Shares, representing 49% of the issued share capital of APGA, at the consideration of A\$1.00 (equivalent to approximately HK\$5.41) in cash.

Pursuant to the Company A Deed, the Vendor has conditionally agreed to sell, and Purchaser A has conditionally agreed to purchase, the Company A Shares, representing 100% of the issued share capital of Company A, at the consideration of A\$1.00 (equivalent to approximately HK\$5.41) in cash.

Summarised below are the principal terms of the Share Sale Deeds:

THE APGA DEED

Date

23 June 2022

Parties

- (a) Vendor: Grand First Holdings Limited
- (b) Purchaser: Company B (Aust) Pty Limited ACN 658 173 687

Assets to be disposed of

Pursuant to the terms and conditions of the APGA Deed, the Vendor has conditionally agreed to sell, and Purchaser B has conditionally agreed to purchase, the APGA Shares.

LETTER FROM THE BOARD

Consideration and payment terms

The consideration for the disposal of the APGA Shares is A\$1.00 (equivalent to approximately HK\$5.41). The consideration shall be paid by Purchaser B to the Vendor in cash on completion of the APGA Disposal.

Conditions precedent

Completion of the APGA Disposal is conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

- (a) Purchaser B has received evidence acceptable to it that any approval from the board of directors and shareholders of the Company have been obtained and have not been withdrawn or revoked;
- (b) Purchaser B has received evidence acceptable to it that no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction, no preliminary or final decision, determination, or order issued by any regulatory authority and no other legal or regulatory restraint or action preventing any of the transactions contemplated by the APGA Deed is in effect;
- (c) Purchaser B has received evidence acceptable to it that all the steps in relation to the Shareholder's Loans Restructuring (as defined below) have been implemented in accordance with the relevant plan as agreed by the parties and on the terms of the relevant documents;
- (d) Purchaser B, the Vendor and APGA have entered into the APGA Shareholders' Deed;
- (e) the Vendor has obtained irrevocable waiver in respect of options, rights of pre-emption, rights of first or last refusal or other third party rights or consent over the sale or transfer of any of the APGA Shares (if any);
- (f) APGA has secured external funding to pay A\$105 million (equivalent to approximately HK\$568.1 million) (the "**Relevant Amount**") to the Vendor, on terms and conditions satisfactory to Purchaser A (as disclosed in the paragraph headed "Restructuring of the Shareholder's Loans" below); and
- (g) APGA has paid the Relevant Amount to the Vendor, causing all indebtedness owed from it to the Vendor to be discharged and extinguished in full.

The conditions set out in: paragraph (d) may be waived by the Vendor and Purchaser B; paragraphs (b), (c), (e), (f) and (g) may be waived by Purchaser B; and paragraph (a) cannot be waived.

LETTER FROM THE BOARD

THE COMPANY A DEED

Date

23 June 2022

Parties

- (a) Vendor: Grand First Holdings Limited
- (b) Purchaser: Silver Mako Pty Limited ACN 658 173 614

Assets to be disposed of

Pursuant to the terms and conditions of the Company A Deed, the Vendor has conditionally agreed to sell, and Purchaser A has conditionally agreed to purchase, the Company A Shares.

Consideration and payment terms

The consideration for the disposal of the Company A Shares is A\$1.00 (equivalent to approximately HK\$5.41). The consideration shall be paid by Purchaser A to the Vendor in cash on completion of the Company A Disposal.

Conditions precedent

Completion of the Company A Disposal is conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

- (a) the conditions precedent in the APGA Deed have been satisfied or waived in accordance with its terms;
- (b) Purchaser A has received evidence acceptable to it that any approval from the board of directors and shareholders of the Company have been obtained and have not been withdrawn or revoked;
- (c) Purchaser A has received evidence acceptable to it that no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction, no preliminary or final decision, determination, or order issued by any regulatory authority and no other legal or regulatory restraint or action preventing any of the transactions contemplated by the Company A Deed is in effect;

LETTER FROM THE BOARD

- (d) Purchaser A has received evidence acceptable to it that all the steps in relation to the Shareholder's Loans Restructuring (as defined below) have been implemented in accordance with the relevant plan as agreed by the parties and on the terms of the relevant documents;
- (e) the Vendor has obtained irrevocable waiver in respect of any options, rights of pre-emption, rights of first or last refusal or other third party rights or consent over the sale or transfer of any of the Company A Shares (if any);
- (f) APGA has secured external funding to pay the Relevant Amount to the Vendor, on terms and conditions satisfactory to Purchaser A (as disclosed in the paragraph headed "Restructuring of the Shareholder's Loans" below); and
- (g) APGA has paid the Relevant Amount to the Vendor, causing all indebtedness owed from it to the Vendor to be discharged and extinguished in full.

The conditions set out in: paragraph (a) may be waived by the Vendor and Purchaser A; paragraphs (c) to (g) may be waived by Purchaser A; and paragraph (b) cannot be waived.

RESTRUCTURING OF THE SHAREHOLDER'S LOANS

As at 31 May 2022, the aggregate sum of the Shareholder's Loans owed by APGA to the Vendor (including the principal amount and interest) was approximately A\$384.6 million. As one of the conditions precedent to the completion of the Disposal pursuant to the Share Sale Deeds, the Vendor and the Disposal Group shall restructure the Shareholder's Loans (the "**Shareholder's Loans Restructuring**"), pursuant to which the entire Shareholder's Loans shall be, in substance, assigned to Purchaser A by the Vendor and, in return, the Vendor shall receive the Relevant Amount in cash from APGA. Under the Shareholder's Loan Restructuring, the funding of the Relevant Amount secured by APGA for the repayment of the Shareholder's Loans is arranged by the Purchaser(s) and borrowed by Purchaser A, Company A and/or APGA (as the case may be) under bank facilities or other arrangements providing financial accommodation on terms and conditions satisfactory to Purchaser A.

As at the Latest Practicable Date, the Shareholder's Loans Restructuring had completed. The Group had received total cash proceeds of A\$105,000,002 (equivalent to approximately HK\$568.1 million) under the Disposal, resulting from the settlement of the Shareholder's Loans, together with the disposal by the Vendor of its 49% equity interest in APGA and 100% equity interest in Company A at the total consideration of A\$2 (equivalent to approximately HK\$10.82).

LETTER FROM THE BOARD

BASIS OF THE CONSIDERATION

Prior to entering into the Share Sale Deeds, the Group has engaged an independent valuer to conduct a valuation on 100% of the equity interest in APGA as at 31 March 2022 (the “**Valuation**”) (*Note 1*), being the date of Valuation, on the basis that the Shareholder’s Loans are excluded from being treated as liabilities of APGA since the Shareholder’s Loans will be, in substance, assigned to Purchaser A upon the Disposal pursuant to the Shareholder’s Loans Restructuring.

Having considered that (i) it had been the intention of the Group and Mr. Liaw for the sale and purchase of the entirety of the Group’s Australian assets since Mr. Liaw’s Offer was made and the total offer price was decided; (ii) the commercial decision of the Group was to realise its entire Australian assets portfolio for immediate cash inflow, while by disposing of 49% equity interest in APGA instead of 100% would not be subject to government, regulatory or other approvals in Australia and thereby saving time and reducing the completion risk; (iii) to reflect the above intention, by operation of the terms of the APGA Shareholders’ Deed, despite remaining as a 51% shareholder of APGA, the Group will not have control over the composition of the board of APGA or over the affairs and operations of APGA after completion of the Disposal, as further elaborated in the section headed “The APGA Shareholders’ Deed” below; and (iv) being a passive shareholder of APGA after completion of the Disposal will not have any financial impact on the Group, as the Group will no longer have capital commitment or any onerous obligation in APGA, while the chance of receiving surplus funds from APGA’s distributable profits is minimal based on current assessment of the financial performance of APGA Group, the Directors are of the view that the Disposal is a de facto disposal of the entire interests in APGA by the Group, and therefore comparing the total cash proceeds receivable by the Group under the Disposal against the valuation of 100% of the equity interest of APGA (instead of 49% of the equity interest of APGA) under the APGA Deed is appropriate.

On the basis that the Valuation which was carried out on the basis of the market value (the “**Market Value**”) (*Note 2*) and the estimated realisation price (the “**ERP**”) (*Note 3*) on 100% of the equity interest in APGA and the Shareholder’s Loans are excluded from being treated as liabilities of APGA since the Shareholder’s Loans will be, in substance, assigned to the Purchaser A upon the Disposal, the Market Value and the ERP are approximately A\$169 million and A\$132 million, respectively. The total cash proceeds received by the Group under the Disposal of A\$105,000,002, comprising the consideration for the sale and purchase of the APGA Shares and Company A Shares and the repayment of the Shareholder’s Loans, represents a discount of approximately 37.9% to the Market Value and a discount of approximately 20.5% to the ERP. The Board considered that the ERP is a more appropriate benchmark to measure the total cash proceeds against with, as the Disposal is effectively a sale of all the property projects of the APGA Group on hand in one transaction at the same time and attractive concession on the ERP price would be expected by bulk buyers. The independent valuer is of the view that based on their experience, such discount in the transaction price is likely to range from 10-30% of the ERP/assessed in one line value depending on the type and quality of property and market condition in the Australia property market. Given that (i) the property projects of the APGA Group on hand comprise of approximately 300 apartment units and three pieces of land; and (ii) the sale of all of the above properties in a single transaction, the Board considered a quick sale discount of this magnitude to the ERP is not unreasonable.

LETTER FROM THE BOARD

Notes:

- (1) Pursuant to Rule 5.07 of the Listing Rules, the valuation report on 100% of the equity interest in APGA as at 30 June 2022 is also included in part (ii)(a) of Appendix II to this circular for reference.
- (2) Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length negotiation, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- (3) ERP is defined as the estimated value for which an asset or liability should exchange on the valuation date assuming a shorter period, considered less than standard market period, in which to achieve a sale.

The ERP approach focuses on "in one line" assessment, especially for the three completed projects of the APGA Group currently on hand with residual stocks (for details, please refer to the paragraph headed "Information on the Disposal Group – Corporate information – APGA" below). In the ERP approach, it is assumed all the residual stock units are to be liquidated not only in a period shorter than the standard marketing period but also in one bulk transaction, therefore a further discount. For example, the three completed projects as referred to above involving over 300 apartment units need to be sold to one buyer in current market via one bulk transaction as soon as possible, which is much harder to achieve than taking a standard selling period to sell apartment individually to many different buyers.

With market condition constraints, sales evidence in the particular neighbourhood, and industry experience and other factors considered, the property valuer has reasonably assumed that the completed projects are based on a 5 to 23 months sell-down period due to the volume of residual stock and for the projects under development are 1.5 to 3 months. These assumptions are inputs in the hypothetical feasibility model or cash flow model to return the ERP value.

COMPLETION

The APGA Disposal

Pursuant to the APGA Deed, completion of the APGA Disposal shall take place (i) on the later of: (a) 29 July 2022; and (b) the date which is five (5) Business Days after all of the conditions above have been satisfied or waived (as the case may be); and (ii) one hour after completion of the Company A Disposal has occurred in accordance with the terms of the Company A Deed.

The Company A Disposal

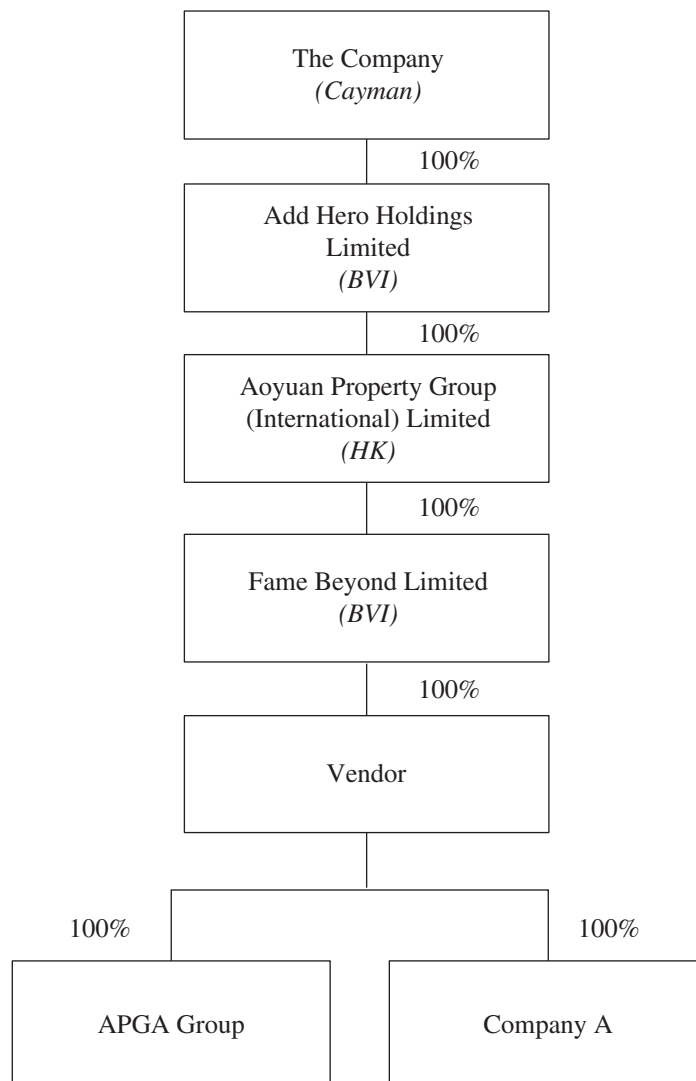
Pursuant to the Company A Deed, completion of the Company A Disposal shall take place on the later of: (i) 29 July 2022; and (ii) the date which is five (5) Business Days after all of the conditions above have been satisfied or waived (as the case may be). In connection with the above schedule of completion, if the Company A Deed is terminated, or completion occurs in accordance with the terms of the Company A Deed but completion of the APGA Deed does not occur in accordance with the terms of the APGA Deed on the date of completion, then: (i) completion under the Company A Deed is taken not to have occurred; (ii) the Vendor must promptly procure payment of the Relevant Amount to Purchaser B; and (iii) the parties must take all steps within their control to unwind each step taken prior to completion under the Shareholder's Loans Restructuring and other related documents.

As all of the conditions under the APGA Deed and Company A Deed had been fulfilled, completion of the Disposal took place on 8 August 2022 and the Vendor had received the consideration amount from the Purchasers and the Relevant Amount from APGA.

LETTER FROM THE BOARD

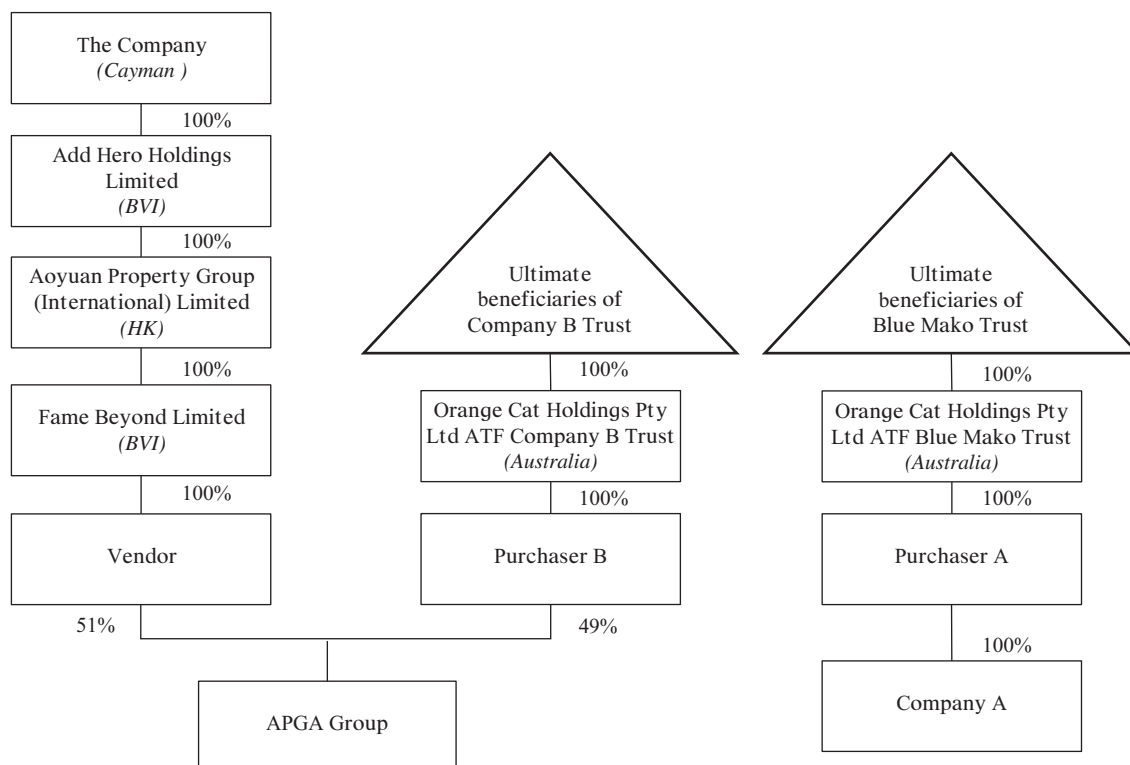
The following diagrams respectively illustrate the shareholding structure of APGA and Company A prior to and after completion of the Disposal:

(i) Prior to completion of the Disposal



LETTER FROM THE BOARD

(ii) After completion of the Disposal



After completion of the Disposal, the Company indirectly holds 51% of the issued share capital in APGA and ceases to hold any interest in Company A. By operation of the terms of the APGA Shareholders' Deed which was entered into among the Vendor, Purchaser B and APGA as summarised in the section headed "The APGA Shareholders' Deed" below, the Vendor, despite its holding of 51% of the issued share capital of APGA after completion, has only been left with residual power in the affairs and management decisions of the APGA Group and no longer have control of the APGA Group. Accordingly, the Disposal Group has ceased to be subsidiaries of the Company and therefore their results will no longer be consolidated into the financial statements of the Group.

The 51% of the issued share capital of APGA will be treated as interests in associates in the consolidated financial statements of the Group. The auditors of the Company have agreed on the above accounting treatment that the Company does not have control over APGA Group by virtue of the operation of the terms of the APGA Shareholders' Deed despite holding 51% of the issued shares of APGA.

As at the Latest Practicable Date, the Company had no plan to sell the remaining equity interest in APGA.

LETTER FROM THE BOARD

THE APGA SHAREHOLDERS' DEED

On 24 June 2022, the Vendor, Purchaser B and APGA entered into the APGA Shareholders' Deed to regulate their respective rights and obligations in relation to the management, operation and affairs of APGA after Purchaser B becomes a shareholder of APGA. The parties further entered into a deed of variation to amend certain terms of the Shareholders' Deed on 4 August 2022. The APGA Shareholders' Deed shall take effect from the date of completion of the Disposal (the "**Effective Date**", which is 8 August 2022). The principal terms of the APGA Shareholders' Deed are set out below.

Objectives

The parties to the APGA Shareholders' Deeds agree that the primary objectives in entering into the APGA Shareholders' Deed include, among others:

- (a) the APGA Group will carry on the business of selling, developing, managing and delivering real estate projects in Australia in accordance with the provisions of the APGA Shareholders' Deed;
- (b) on and from the Effective Date, the APGA Group will carry on its business in accordance with the business plan;
- (c) on and from the Effective Date, the APGA Group will not pursue any new projects, investments or other opportunities to develop or expand its business, including entering into any new contracts related to property development other than those related to the completion and sale of the existing projects and related matters;
- (d) the brands used in the business will be modified and replaced with a brand agreed by the board of APGA; and
- (e) following the completion and sale of the existing projects by the APGA Group, the business will cease and subject to the provisions of the APGA Shareholders' Deed, the intention of the parties is that APGA will be wound up.

Board composition and management

- (a) The overall direction and management of APGA is vested in its board of directors.
- (b) The board of APGA must be constituted by a maximum of four directors and a minimum of three directors. At the Effective Date, the board consists of three nominee directors, including Mr. Liaw and two other existing director and senior management of APGA. Purchaser B and the Vendor each have the right to appoint, remove and replace two directors.

LETTER FROM THE BOARD

- (c) In respect of a resolution which relates to most of the matters of APGA, the nominee director or nominee directors appointed by the same shareholder that appointed the director (the “**Appointer**”) who are present at the relevant board meeting are entitled (in aggregate) to one vote for each director that Appointer may appoint to the board (irrespective of the number of directors actually appointed by the Appointer).
- (d) A shareholder must not appoint, remove or replace a director if that appointment, removal or replacement will result in a breach of or constitute a default by a group company under the constitution of each group company and any agreements to which a group company is a party.
- (e) The chairperson of the board is to be appointed, removed and replaced by Purchaser B. Mr. Liaw will be appointed as the chairman of APGA as from the Effective Date.
- (f) Certain actions of APGA require approval by 75% of votes cast by directors including but not limited to disposal of subsidiary or acquisition of new subsidiary, declaration and payment of dividends or other distributions, appointment, removal and replacement of persons to the board of directors of most of the subsidiaries and certain senior executives of APGA, approving borrowings and/or expenditures exceeding a particular amount, creating or varying any encumbrances over the assets of the APGA Group other than in the ordinary course of business, and changing the name of any company in the APGA Group or the brands used in their business.
- (g) As at the Effective Date, the APGA board shall appoint Mr. Liaw as the chief executive officer of APGA, who has overall authority to manage the day-to-day business and operation of APGA.

LETTER FROM THE BOARD

- (h) Certain matters of APGA require approval by 75% of votes cast by its shareholders, including but not limited to issuance or grant of right to issue any securities, variation of rights attaching to any securities, alteration of share capital, alteration of the constitution, material change of business or cessation of business, winding up of APGA, and appointment of administrator and receiver or liquidator.

Disposal of shares

A shareholder may only dispose of its shares in APGA if:

- (a) each other shareholder consents (in its absolute discretion) to such disposal;
- (b) a deadlock situation arises at the board level or the shareholders' level, where a resolution requiring affirmative votes of 75% or more cast by the directors, or unanimous or special resolution of shareholders (as the case may be) cannot be passed in accordance with the terms of the APGA Shareholders' Deed and cannot be resolved by the mechanism provided therein, Purchaser B or its nominee may give each shareholder notice offering to purchase all of that shareholder's shares pursuant to the terms of the APGA Shareholders' Deed;
- (c) if an event of default as described in the APGA Shareholders' Deed occurs in relation to a shareholder other than Purchaser B, Purchaser B or its nominee(s) may purchase all of that shareholder's shares, each pursuant to the terms of the APGA Shareholders' Deed; or
- (d) it notifies APGA and the other shareholders its intention to transfer all or part of its shares with details of the proposed transfer, the other shareholders may exercise their right to acquire all or part of such sale shares pro rata to their shareholding in APGA. At any time within 90 business days after completion of the above offer process, the selling shareholder may offer all of the sale shares to a qualified buyer on terms no more favourable to the qualified buyer than the terms set out in the sale notice to the other shareholders. "Qualified buyer" means (i) if the selling shareholder is Purchaser B, any person; and (ii) if the selling shareholder is a shareholder other than Purchaser B, a person which Purchaser B has approved in its absolute discretion. For the avoidance of doubt, this provision does not apply if the disposal has been consented to by all other shareholders pursuant to (a) above.

LETTER FROM THE BOARD

Dividends and distributions

As at the Effective Date, the dividend policy of APGA is to distribute to its shareholders surplus funds from its distributable profits, subject to: (a) the recognition of profit and availability of cash for distribution; (b) any banking or other funding requirements by which it is bound from time to time; (c) the operating and working capital requirements, including for funding payment of taxes; and (d) the requirements of applicable laws.

Funding

Each shareholder agrees it is not required to provide to, or on behalf of, any company within the APGA Group any funds of any nature including by way of loans or subscription for securities; or any form of financial accommodation or guarantee or any other similar commitment or comfort.

Implications of the APGA Shareholders' Deed

By operation of the terms of the APGA Shareholders' Deed as disclosed in the paragraph headed "Board composition and management" above, in particular:

- (a) given that the board of APGA has a maximum of four directors and a minimum of three directors, and Purchaser B and the Vendor each have the right to appoint two directors, the requisite 75% approval threshold of the board for certain actions of APGA means that any resolution related to such matters will require unanimous vote of all directors appointed by both parties, notwithstanding that the Vendor has a simple majority of the issued shares of APGA;
- (b) certain matters of APGA require approval by 75% of votes cast by its shareholders which means that unanimous approval of the Vendor and Purchaser B is required given their 51:49 shareholding proportion; and
- (c) given the 51:49 shareholding proportion, the board composition and the voting mechanisms as set out in paragraphs (a) and (b) above,

the Vendor, despite its holding of 51% of the issued share capital of APGA after completion of the Disposal, would not have control over the composition of the board of APGA or over the affairs and operations of APGA. Accordingly, the APGA Group has ceased to be subsidiaries of the Company and therefore its results will no longer be consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

INFORMATION ON THE DISPOSAL GROUP

Corporate information

APGA

APGA is a proprietary company limited by shares registered in New South Wales under the laws of Australia on 8 July 2014. APGA is principally engaged in investment holding and its subsidiaries are principally engaged in property development in the greater Sydney area of Australia. As at the Latest Practicable Date, APGA has 24 subsidiaries engaged in ten projects, four of which have been completed and sold. Of the six property projects that the APGA Group currently has on hand (collectively, the “**Properties**”), three are completed developments and the remaining three are still under development.

Prior to completion of the APGA Disposal, the entire issued share capital of APGA was owned by the Vendor. The principal subsidiaries of APGA are set out in the table below:

Name of subsidiary	Place of incorporation	Attributable effective equity interest held by APGA	Issued and fully paid share capital/ registered share capital	Principal activities
Prime Development Project Pty Ltd	Australia	100%	A\$10,000	Operation and administration
Prime Gordon Pty Ltd	Australia	100%	A\$1,000	Property development, the development project in Gordon, Australia was completed in 2020.
Prime Burwood Pty Ltd	Australia	100%	A\$1,000	Property development, the development project in Burwood, Australia was completed in 2021.
Prime Hurstville Pty Ltd	Australia	100%	A\$1,000	Property development, owner of a new mixed-use development project in Hurstville, Australia and the pre-sale has been launched in 2021.

LETTER FROM THE BOARD

Name of subsidiary	Place of incorporation	Attributable effective equity interest held by APGA	Issued and fully paid share capital/ registered share capital	Principal activities
Prime Moss Vale Pty Ltd	Australia	100%	A\$1,000	Property development, owner of an integrated residential community in Moss Vale which will be developed in six stages. Pre-sale of stage 1 has been launched in 2021.
Prime Woollooware 4 Pty Ltd	Australia	75%	A\$1,000	Property development, owner of a new mixed-use development project in Woollooware Bay, Australia which was launched in 2019.
Prime Parramatta Development Pty Ltd	Australia	100%	A\$1,000	Property development, the development project in Parramatta, Australia was completed in 2021.

Company A

Company A is a proprietary company limited by shares registered in New South Wales under the laws of Australia on 7 March 2022. It is established as a special purpose vehicle solely for the purpose of undertaking the Shareholder's Loans Restructuring. Prior to completion of the Company A Disposal, the entire issued share capital of Company A was owned by the Vendor, and it was a fellow subsidiary of APGA. Save for its share capital, Company A did not hold any assets or liabilities or have any subsidiary prior to completion of the Company A Disposal.

LETTER FROM THE BOARD

Financial information

Set out below is certain consolidated financial information of the Disposal Group for the two financial years ended 31 December 2021 and 2020 prepared in accordance with the International Financial Reporting Standards:

	For the year ended	
	31 December	
	2021	2020
	Unaudited	Audited
	A\$'000	A\$'000
Total assets	732,534	824,757
Net (liabilities)/assets, excluding non-controlling interest	(27,837)	4,256
Revenue	246,226	492,953
(Loss)/gain before tax	(43,975)	20,444
(Loss)/gain after tax	(32,093)	13,249

As the 2021 annual results of the Company have yet been published as at the Latest Practicable Date, the above unaudited financial information of the Disposal Group for the year ended 31 December 2021 do not represent the financial information or financial position of the Disposal Group to be included in the consolidated financial statements of the Group which are subject to final audit and will be published as and when appropriate.

INFORMATION ON THE VENDOR AND THE GROUP

The Vendor is a limited liability company incorporated in Hong Kong. As at the Latest Practicable Date, the Vendor is an indirect wholly-owned subsidiary of the Company and principally engaged in investment holding.

The Group is principally engaged in the businesses of property development and investment, urban redevelopment, property management, cultural tourism, technology, etc.

INFORMATION ON THE PURCHASERS

Purchaser B is a proprietary company limited by shares registered in New South Wales under the laws of Australia on 21 March 2022. As at the Latest Practicable Date, the ultimate beneficial owner of Purchaser B is Company B Trust, a discretionary family trust of Mr. Liaw, interested in 100% of the issued shares of Purchaser B. Mr. Liaw is a director of certain companies within the APGA Group.

LETTER FROM THE BOARD

Purchaser A is a proprietary company limited by shares registered in New South Wales under the laws of Australia on 21 March 2022. As at the Latest Practicable Date, the ultimate beneficial owner of Purchaser A was Blue Mako Trust, a discretionary family trust of Mr. Liaw, interested in 100% of the issued shares of Purchaser A.

The Company confirmed that during the Offer Solicitation Process and up to the date of entering into of the Share Sale Deeds, the Purchasers and their representatives, including Mr. Liaw, had not been placed in a more advantageous position than the other bidders. To that end, Mr. Liaw has abstained from and has not been involved in any decision making processes of the Group (including at the level of the Disposal Group) and has not been privy to any confidential information of the Group (including at the level of the Disposal Group) in respect of (i) the offer solicitation, review and selection process; and (ii) the deliberations and evaluations by the management of the Company on the terms and conditions of the Disposal, the structure of the Disposal Group and the effects on the Group.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

The Shareholder's Loans Restructuring would result in the entire Shareholder's Loans owed by APGA to the Vendor being, in substance, assigned to Purchaser A for a payment of A\$105 million to the Vendor. The total cash proceeds received by the Vendor under the Disposal is A\$105,000,002, comprising the settlement of A\$105 million of the Shareholder's Loans funded by Purchaser A and the aggregate cash consideration of A\$2 under the Share Sale Deeds.

Based on the aggregate cash consideration of A\$2 under the Share Sale Deeds and taking into account the effect of the Shareholder's Loans Restructuring, the Company is expected to record a loss before related transaction costs from the Disposal of approximately A\$245.9 million, which is represented by the difference between the total proceeds received by the Group under the Disposal of A\$105,000,002 and the carrying value of the Disposal Group of approximately A\$350.9 million, representing the sum of (i) the net liability value of the Disposal Group attributable to the Group of approximately A\$33.7 million as at 31 May 2022; and (ii) the Shareholder's Loans of approximately A\$384.6 million as at 31 May 2022. The actual loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Disposal Group and the final amount of outstanding Shareholder's Loans at completion of the Disposal, and is subject to final audit.

LETTER FROM THE BOARD

The net proceeds from the Disposal after deducting transaction costs attributable to the Disposal are expected to be approximately A\$103.9 million, which is intended to be used in the following manner: (i) approximately 15% will be allocated to supporting the daily operating expenses of the Group's offshore operations; (ii) approximately 25% will be allocated to paying the professional fees and administrative expenses in relation to the potential debt restructuring plan of the Group, which primarily includes the service fees of the financial advisers and Hong Kong and foreign legal advisers of the Company and its creditors, which are budgeted for 18 months; and (iii) approximately 60% will be allocated to restructuring resource in accordance with the potential debt restructuring plan.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The independent non-executive Directors have considered the following factors after discussing with, and taking into account the view of, an independent financial adviser:

1. Liquidity issue of the Group

The Group has been adversely affected by the negative real estate market in the PRC, the relevant national macro-control policies and the difficulty of the companies within the real estate sector in accessing typical financing channels in the offshore capital markets since the second half of 2021. Consequently, the Group is currently in urgent need of additional capital to meet its financial obligations and cope with its liquidity issue.

Non-payment events

As disclosed in the Company's announcement of 2 December 2021, the Company has encountered credit ratings downgrades by rating agencies, leading to occurrence of certain trigger events under certain offshore financing arrangements under which the Company and/or members of the Group are a borrower or a guarantor. The Company has (i) received notice from creditors in respect of financings that have an aggregate principal amount of approximately USD651.2 million under which the Company and/or members of the Group are a borrower or a guarantor demanding payment as a result of the ratings downgrades; and (ii) the Company has not made such payments as at the Latest Practicable Date or reached an agreement with respect to alternative payment arrangements with such creditors.

As further disclosed in the Company's announcement of 28 December 2021, the Group was served a writ of summons and an indorsement of claim by certain creditors in relation to a debt in the amount of approximately USD131.0 million, together with interest accrued and costs. Such claim arose from the alleged events of default under a credit agreement triggered by certain non-payment events disclosed in the Company's announcement of 2 December 2021.

LETTER FROM THE BOARD

Decline in property contracted sales performance

The financial condition of the Group is further worsened by the slowing down of the Group's business, which is attributable to the continued market downturn and the dampening of purchasers' confidence in the PRC property market in the recent year. As disclosed in the Company's announcement of 19 January 2022, during the year ended 31 December 2021, the Group recorded unaudited property contracted sales of approximately RMB121.03 billion, representing an approximate decline of 9.0% as compared to the prior year. As further disclosed in the Company's announcement of 10 August 2022, the Group's accumulated unaudited property contracted sales for January to July 2022 was approximately RMB16.01 billion in total, representing a decline of approximately 79.3% as compared to the same period in the prior year. Therefore, revenue of the Group since the second half of 2021 has been adversely affected as the Group has been in difficulty to realise its inventories and dispose of its assets on reasonable terms and prices.

Deterioration in financial position

Based on the preliminary assessment of the Company's financial information which is subject to audit, as at 31 December 2021, there had been significant decrease in the bank and cash balances of the Group, which was attributable to (a) the slowing down in contracted sales of and cash collection by the Group due to the negative real estate market and (b) repayment of bank and other borrowings and senior notes and bonds during the second half of 2021.

In view of the above, the Group may experience difficulty in repaying its short-term liabilities when they become due. Nevertheless, the Group is already in short of cash to pay the professional fees and administrative expenses in relation to the potential debt restructuring plan of the Group, which is expected to increase further in the near future.

The above incidents and factors have seriously weakened the Group's overall financial position and reduced its ability to access financing since the second half of 2021.

LETTER FROM THE BOARD

2. Relief from on-going funding of the APGA Group

The APGA Group, as a newly established developer in Australia, has been able to deliver its projects as scheduled in the past two years, and is yet to deliver stable financial performance.

Property developments in Australia generally have a long development cycle. The APGA Group has substantial inventories available for sale, but the timing of their realisation is uncertain due to the market circumstances and financial weaknesses of the Group. As such, the completion risk is greater.

Of the Properties that the APGA Group currently has on hand, three are still under development, and therefore additional funding will be required to complete construction of these projects into saleable inventories. Due to liquidity issue, it is expected that the Group will no longer be able to fund the APGA Group in the near future. As the APGA Group has two construction loans from independent lenders in respect of some of its projects, the lack of new funding may eventually lead to the occurrence of an event of default or event of review under relevant construction loan agreements of the APGA Group, including failure to meeting the project completion timelines, cessation of the project company to carry on its business, or breach of relevant project documents by the project company. Under such circumstances, the lenders in respect of these construction loan agreements will be entitled to demand repayment of the loans, which will inevitably create further debt burden on the Group. The Disposal would provide a quick relief to the Group from the on-going funding of the three projects to completion and avoid the risk of default under the relevant construction loan agreements.

3. Total cash proceeds receivable by the Group

As disclosed in the preceding paragraphs, the Group has engaged an independent valuer to conduct a valuation on 100% of the equity interest in APGA as at 31 March 2022 on the basis of the Market Value and the ERP and the basis that the Shareholder's Loans are excluded from being treated as liabilities of APGA since the Shareholder's Loans would be, in substance, assigned to Purchaser A upon the Disposal pursuant to the Shareholder's Loans Restructuring.

In valuing the 100% equity interest in APGA, the equity valuer adopted the summation method of the cost approach to value the assets and liabilities of the APGA Group. Among the assets of the APGA Group, the Properties are the most substantial assets, and the Company has engaged the property valuer in Australia to value the Properties as at 31 March 2022 for the purpose of incorporation into the equity valuation to assess the reasonableness of the total cash proceeds receivable by the Group under the Disposal in the amount of A\$105,000,002.

LETTER FROM THE BOARD

Based on the Valuation, the Market Value and the ERP are approximately A\$169 million and A\$132 million, respectively. The total cash proceeds of A\$105,000,002 received by the Group, comprising the consideration for the sale and purchase of the APGA Shares and Company A Shares and the repayment of the Shareholder's Loans, represents a discount of approximately 37.9% to the Market Value and a discount of approximately 20.5% to the ERP.

The Directors, including the independent non-executive Directors, have reviewed the valuation report, including the valuation basis, valuation methodologies and assumptions applied in the Valuation, and considered it appropriate to rely on the Valuation in assessing whether the total cash proceeds receivable by the Group under the Disposal would be a fair and reasonable consideration for the Disposal. The Directors, including the independent non-executive Directors, considered that the ERP is a more appropriate benchmark to measure the total cash proceeds against with, as the Disposal is effectively a sale of all the Properties of the APGA Group in one transaction at the same time, and that the discount to the ERP of approximately 20.5% would be acceptable for the following reasons:

- (i) Given that (a) the Properties of the APGA Group on hand comprise of approximately 300 apartment units and three pieces of land; and (b) the sale of all the Properties in a single transaction, a quick sale discount to the ERP is not unreasonable, and attractive concession on the ERP price would be expected by bulk buyers; and
- (ii) the ERP and the Market Value of 100% equity interest in APGA included APGA Group's deferred tax assets of approximately A\$97 million arising from accumulated tax losses and deferred tax liabilities of approximately A\$63.7 million arising from temporary differences between the values of assets or liabilities in the balance sheet under accounting bases and their tax bases. Whether or not the APGA Group will be able to utilise the tax losses is uncertain as it depends on whether the APGA Group will have taxable profit in the future. Deferred tax liabilities, however, are future payment obligations in respect of taxes that are owed but are not due to be paid until a future date. Due to their respective natures, it is uncertain as to when, and if at all, the APGA Group would be able to realise the deferred tax assets. In this light, if one is to exclude all deferred tax assets value from the ERP of APGA, the downward adjustment would be up to A\$97 million, resulting in an adjusted ERP of A\$35 million only, much lower than the proceeds of A\$105 million.

LETTER FROM THE BOARD

In order to improve its liquidity and obtain financial resources to meet the financial needs of the Group, the Company has been actively seeking for potential purchasers in respect of its PRC and offshore assets on terms which are in the best interests of the Company and its stakeholders taken as a whole. The Disposal is part of such initiative. Notwithstanding that the Company would record a loss on the Disposal of approximately A\$245.9 million, which is significant in magnitude in the context of the Group's total investment in the APGA Group,

- (i) if the Group were to continue with its property development projects in Australia, the Group would need to inject further funding to support the APGA Group before the APGA Group would independently generate sufficient cashflows to meet its own needs, failing which, the Group would be subject to the risk of default under the relevant construction loan agreements;
- (ii) the offer from Mr. Liaw is already the most favourable offer among the offers received by the Group in the Offer Solicitation Process; and
- (iii) it appears that the Disposal would be the best option on hand to help alleviate the Group's current liquidity issue.

Having made prudent assessments on and considered all the circumstances and the factors described above as a whole, the Directors, including the independent non-executive Directors, are of the view that: (i) it would be beneficial for the Company and its stakeholders (including the Shareholders) as a whole to pursue the Disposal; (ii) the significant loss on the Disposal would be unavoidable; and (iii) the Disposal, including the total cash proceeds received by the Group under the Disposal, is on normal commercial terms, is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the ultimate beneficial owner of the Purchasers is a discretionary family trust of Mr. Liaw, who is a director of certain companies within the APGA Group and hence a connected person of the Company at subsidiary level. Each of the Purchasers is an associate of Mr. Liaw and thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Given that (i) the Purchasers are connected persons of the Company at the subsidiary level; (ii) the Board has approved the Share Sale Deeds and the Disposal; and (iii) all the independent non-executive Directors have confirmed that the terms of the Share Sale Deeds are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Nonetheless, as one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Share Sale Deeds, on an aggregate basis, is more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors have any material interest in the Share Sale Deeds and the transactions contemplated thereunder and none of them abstained from voting on the relevant Board resolutions.

WRITTEN SHAREHOLDER'S APPROVAL

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder or their respective associates has any material interest in the Share Sale Deeds and thus no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approval of the Share Sale Deeds and the Disposal.

As at the date of the Share Sale Deeds and the Latest Practicable Date, Joy Pacific directly and indirectly holds a total of 1,660,925,625 Shares, representing approximately 56.01% of the total number of issued shares of the Company. On 23 June 2022, the Company obtained the irrevocable and unconditional written approval from Joy Pacific for the Share Sale Deeds and the transactions contemplated thereunder. Accordingly, such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

Yours faithfully
China Aoyuan Group Limited
Guo Zi Wen
Chairman

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

(A) FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the two years ended 31 December 2019 and 31 December 2020 disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://en.aoyuan.com.cn/>) and can be accessed at the website addresses below:

- For the annual report of the Company for the year ended 31 December 2019 published on 20 April 2020, please see: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000912.pdf> (pages 199 to 542)
- For the annual report of the Company for the year ended 31 December 2020 published on 22 April 2021, please see: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042201535.pdf> (pages 185 to 450)

Details of the financial information of the Group for the year ended 31 December 2021 is still in the course of preparation. The timing for the release of the 2021 annual results is yet to be confirmed. The Board and the management of the Company will continue to work with its auditor closely to publish the 2021 annual results and despatch the 2021 Annual Report as soon as practicable.

(B) INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the despatch of this circular, the indebtedness of the Group was as follows:

(i) Bank and other borrowings

The Group had bank and other borrowings of approximately RMB76,946 million. Certain bank and other borrowings were secured by property, plant and equipment, right-of-use assets, investment properties, restricted bank deposits, properties for sale, equity interests in certain subsidiaries/guaranteed by the Group.

(ii) Senior notes and bonds

The Group had senior notes and bonds of approximately RMB31,575 million of which RMB24,286 million were unsecured and guaranteed by subsidiaries of the Company and RMB7,289 million were unsecured and unguaranteed.

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

(iii) Amounts due to non-controlling shareholders of subsidiaries

The Group had amounts due to non-controlling shareholders of subsidiaries of approximately RMB3,479 million of which RMB300 million were non-trade in nature, unsecured and guaranteed and RMB3,179 million were non-trade in nature, unsecured and unguaranteed.

(iv) Amounts due to joint ventures

The Group had amounts due to joint ventures of approximately RMB19,582 million which were non-trade in nature, unsecured and unguaranteed.

(v) Amounts due to associates

The Group had amounts due to associates of approximately RMB1,132 million which were non-trade in nature, unsecured and unguaranteed.

(vi) Lease liabilities

The Group had lease liabilities of approximately RMB481 million which were unsecured and unguaranteed.

(vii) Contingent liabilities

The Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to joint ventures and associates of the Group amounting to approximately RMB85,806 million.

The Directors confirm that, save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 July 2022, the Group did not have any material debt securities issued and outstanding, and authorized or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments or outstanding mortgages and charges or guarantees or other material contingent liabilities.

(C) WORKING CAPITAL

As set out in the announcement of the Company dated 22 November 2021, 2 December 2021, 19 January 2022, 25 March 2022, 1 April 2022 and 29 April 2022 in relation to, among other things, the liquidity issues faced by the Group, certain non-payments by the Group which had triggered events of default under its offshore financial indebtedness.

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

Since December 2021, the Group has not repaid any principal and interest instalment of senior notes and certain bank and other borrowings with repayment dates and maturity dates fall dues. As at 31 July 2022, the Group has failed to repay (i) USD919 million, equivalent to RMB6,199 million, of senior notes including principal and interest instalment with respective maturity dates due in January 2022 and (ii) certain bank and other borrowings with respective maturity dates due on or before 31 July 2022.

The event of non-payments on senior notes and certain offshore bank and other borrowings resulted events of default or cross-default under other offshore financial indebtedness of the Group. As at 31 July 2022, other than above-mentioned senior notes and bank and other borrowings, the Group has offshore financial indebtedness amounted RMB21,982 million with default or cross-default clauses which includes RMB3,895 million of bank and other borrowings and RMB18,087 million of senior notes.

Such conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In preparing the working capital forecast for the Group for the 12 months from the date of this circular, the Group was unable to obtain any legally binding agreements including: (i) written extension agreements with revised repayment schedule with relevant lenders in respect of overdue bank and other borrowings and senior notes; (ii) written agreements with relevant lenders in respect of senior notes and offshore financial indebtedness that they will not exercise their rights to demand immediate repayment of the relevant bank and other borrowings and senior notes prior to their scheduled contractual repayment dates, as triggered by cross-default derived from the non-payment of bank and other borrowings and senior notes; (iii) confirmations on the renewal of existing loans which are yet due but will be due for repayment within 12 months from the date of the circular. As such, based on the existing default/cross-default events occurred, the Group was unable to confirm that it would have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular as required under paragraph 30 of Appendix 1B to the Listing Rules. The Group has the following plans to ensure that it would have sufficient working capital for at least the next 12 months from the date of this circular:

- (i) The Group will continue to implement measures to ease its liquidity issue through active negotiations with senior notes holders and also lenders, especially in respect of the offshore financial indebtedness, with a view to reach agreement on the revised repayment schedule. In particular:
 - (a) The Group has constantly maintained active communication with the relevant banks and financial institutions to negotiate and restructure its offshore indebtedness which includes senior notes, syndicated facilities, bilateral facilities, unsecured financings and secured financings;

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

- (b) The Group has entered into contractual arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements of amounted RMB22,016 million; and
- (c) The Group has constantly maintained active communication with the relevant banks and financial institutions to negotiate the maturity date of certain onshore financial financing arrangements amounted RMB20,000 million.

The Group has also appointed financial advisers to assess the Group's capital structure and to facilitate the negotiation process with the senior notes holders and lenders;

- (ii) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures. Compared with 31 December 2021, (a) the headcount of the Group has decreased by 36% up to date of this circular and the Directors foresee the YoY of headcount will decrease by 40%; (b) the average staff cost of the Group up to date of this circular has decreased by 30% and the Directors foresee the YoY of staff cost will decrease by 35%; and (c) the Directors foresee the YoY of overhead expenses will decrease by 40%; and
- (iii) The Group will continue to seek opportunities to dispose its peripheral assets or businesses.

Taking into account the financial resources available to the Group, including the internally generated funds, the net proceeds from the Disposal and the existing borrowings, and based on the assumptions that the Group will be able to renew repayment schedules of bank and other borrowings and senior notes as forecast and the relevant lenders of the existing bank and other borrowings and senior note holders will not exercise their rights to demand immediate repayment of the relevant borrowings prior to their scheduled contractual repayment dates, as triggered by cross-default derived from the non-payment of senior notes and bank and other borrowings, in the absence of unforeseeable circumstances, the Directors, after due and careful consideration, are of the opinion that 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 event that none of the above plans could be effectively implemented, nor could it become successful, the Group will not have sufficient working capital for at least the next twelve months from the date of this circular. The Company will consider and seek for other appropriate alternative plan(s), including but not limited to potential equity or debt fund raising exercise, in order to ensure that the Group will have sufficient working capital. Further announcement(s) will be made by the Company when alternative plan(s) is/are implemented in the future.

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

(D) FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company has been facing liquidity pressures and difficulty in accessing typical financing channels amid the negative real estate market in the PRC and the relevant national macro-control policies put in place since 2021. To improve its liquidity and obtain financing to meet the financial needs of the Group, the Company has been actively seeking for potential purchasers in respect of its PRC and offshore assets on terms which are in the best interests of the Company and its stakeholders taken as a whole. The Disposal is part of such initiative.

The APGA Group, as a newly established developer in Australia, has been able to deliver its projects as scheduled in the past two years, and is yet to deliver stable financial performance. If it were given more time, it might be able to ride over to become a mature developer with more stabilised revenue and profitability. However, the Group's liquidity issue does not allow it to plough in additional funding to nurture the APGA Group further. The Group's urgency for cash warrants the realisation of its Australian assets.

The Company is expected to record a loss on the Disposal of approximately A\$245.9 million, which is significant in magnitude in the context of the Group's total investment in the Disposal Group. However, as discussed above, if the Group were to continue with its projects in Australia, the Group would need to inject further funding to support the Disposal Group before the Disposal Group would independently generate sufficient cashflows to meet its own needs. In the circumstances, it appears that the Disposal would be the best option on hand to help alleviate the Group's current liquidity crunch with immediate cash of A\$103.9 million. The Board (including the independent non-executive Directors) therefore considers that the resultant significant loss on disposal would be unavoidable.

Having made prudent assessments on the above and considered the prevailing market conditions, the Directors are of the view that it would be beneficial for the Company and its stakeholders (including the Shareholders) as a whole to pursue the Disposal and generate liquidity for the Group. The Board (including the independent non-executive Directors) is further of the view that the terms and conditions (including the consideration) of the Share Sale Deeds and the APGA Shareholders' Deed are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Disposal after deducting transaction costs attributable to the Disposal are expected to be approximately A\$103.9 million, which are intended to be used as general working capital of the Group and meeting the broader liquidity needs of the Group, including continuing to address the Group's financial situations. The Company has been and will continue to be in active communication with its creditors.

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

(E) MATERIAL ADVERSE CHANGE

Save as disclosed in: (i) the announcements of the Company dated 22 November 2021, 2 December 2021, 19 January 2022, 25 March 2022, 31 March 2022 and 29 April 2022 in relation to, among other things, the liquidity issues faced by the Group, certain non-payments by the Group which had triggered events of default under its offshore financial indebtedness and the delay in dispatch of 2021 annual report of the Company; (ii) the announcement of the Company dated 31 March 2022 in relation to, among other things, suspension of trading in the Shares on the Stock Exchange; (iii) the announcement of the Company dated 30 June 2022 in relation to, among other things, the resumption guidance; (iv) the announcement of the Company dated 5 August 2022 in relation to, among others things, business update of the Group; and (v) the announcement of the Company dated 31 August 2022 in relation to the delay in publication of the 2022 Interim Results and despatch of the 2022 Interim Report; as at the Latest Practicable Date, the Directors confirmed that there were no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date of which the latest published audited financial statements of the Group were made up.

(i)(a) *The following is the text of a valuation report on 100% of the equity interest in APGA as at 31 March 2022 prepared for the purpose of incorporation in this circular, received from the valuer, Savills Valuation and Professional Services Limited.*



The Board of Directors
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23 September 2022

Dear Sirs,

VALUATION OF 100% EQUITY INTEREST IN AOYUAN PROPERTY GROUP (AUSTRALIA) PTY LTD

In accordance with your instructions, we have undertaken a valuation on behalf of Aoyuan Property Group (International) Limited (the “**Company**”) to determine the Market Value (“**Market Value**”) and Estimated Realisable Price (“**ERP**”) (as defined below) of 100% equity interest (the “**Equity**”) in Aoyuan Property Group (Australia) Pty Ltd (the “**Target**”) as at 31 March 2022 (the “**Valuation Date**”).

1. BRIEF DESCRIPTION OF THE TARGET

The Target is an investment holding company. Its subsidiaries and affiliates are principally engaged in property development, holding and sales in Australia (together with the Target as the “**Group**”). The Target is a wholly owned subsidiary of the Company.

2. PURPOSE OF VALUATION AND STANDARD OF VALUE

The purpose of this valuation is to express an independent opinion of the Market Value and ERP of 100% equity interest in the Target as at the Valuation Date stated above for the purpose of your internal reference and potential public disclosure. We understand that the Company is contemplating to dispose of the Equity (the “**Contemplated Disposal**”), therefore certain special assumptions are required for your internal reference purpose in determining the Market Value and ERP of the Equity.

Our valuation is prepared in accordance with the International Valuation Standards (“**IVS**”) published by International Valuation Standards Council.

According to International Valuation Standards (“**IVS**”), Market Value is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

For your internal reference purpose, ERP is defined as “the estimated value for which an asset or liability should exchange on the valuation date assuming a short period, considered less than standard marketing period in which to achieve a sale”.

We acknowledge that this report may be made available to the Company for public circulation purpose. We however assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

3. SOURCES OF INFORMATION

For valuation purpose, we have relied on the following major documents and information in the valuation analysis. Certain documents and information have been provided by the Company. Other information is extracted from public sources. We have discussed with the management of the Company to assess the reasonableness and fairness of the documents and information adopted by us. While we have satisfied ourselves with the reasonableness and fairness of the documents and information adopted, we expressly disclaim any responsibility or liability for the accuracy of the said documents and information. The major documents and information include but not limited to the following:

- Background information of the Target’s business operations and relevant corporate information;
- Historical financial information of the Group;
- The economic outlook in general and the specific economic environment and elements affecting the Group, industry and market; and

- Property Valuation reports (“**Property Valuation Reports**”) for the Company’s internal reference purpose issued by Savills Valuations Pty Ltd, a professional property valuation firm based in Australia and independent from the Company and the Target.

4. VALUATION METHODOLOGY AND BASIS

In conducting the valuation, we have considered three generally accepted approaches, including income approach, market approach and cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation and the commonly adopted practice.

4.1 Market approach

According to the IVS, the market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In the business valuation context, the market approach valuation shall analyse recent transaction(s) in the equity interest of the valuation subject and/or comparable companies and benchmark the valuation subject with the selected comparable(s).

4.2 Cost approach

According to the IVS, the cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

In the business valuation context, cost approach is often presented as summation method, in which value of the business entity is derived from the sum of value of its existing assets less the value of its liabilities.

4.3 Income approach

According to the IVS, the income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

In the business valuation context, under income approach, value of the business entity is derived primarily from the present value of its future cash flow, typically through the use of discounted cash flow method.

5. VALUATION ANALYSES OF THE TARGET

The guideline transaction method of market approach is not adopted because there is no comparable transactions matching the characteristics of the Target as a whole, where each of the property held within the Group has specific characteristics that cannot be reflected by a transaction of equity in another company. The guideline company method of market approach using comparable companies is not adopted in this valuation for similar reason as it is difficult to identify appropriate comparable valuation multiples to reflect the characteristics of the properties held in the Group.

The income approach is not adopted as no detailed future cash flow forecast is available from the Target or the Company for this valuation purpose.

The summation method of the cost approach is adopted for the Target as an investment holding company as the value of an investment holding company comes from the value of its investment holdings. In the case of the Target, its investments through its subsidiaries are primarily property development companies, their value is mainly driven by the property development projects, hence the use of summation method under cost approach is appropriate to reflect each of their value. We would estimate the value of the investments held using appropriate approach and adopt their values to the line item of long-term investments on the Target's statement of financial position.

We have obtained the statement of financial position of the Target and the Group as at the Valuation Date, and note that the Target's assets and liabilities items are as follows:

Item	Assets	Item	Liabilities
1.	Property, plant and equipment;	11.	Deferred tax liabilities;
2.	Investment in subsidiaries;	12.	Other long term liabilities – Grand First;
3.	Deferred tax assets;	13.	Other long term liabilities – GIC;
4.	Intangible assets;	14.	Trade and other payables;
5.	Trade and other receivables;	15.	Unamortised establishment fees;
6.	Amount due from inter-group;	16.	Amount due to related parties; and
7.	Bank and cash;	17.	Tax liabilities
8.	Restricted bank deposits;		
9.	Unamortised establishment fees; and		
10.	Other current assets		

Based on discussion with the Company and our analysis, we understand that except for the investment in subsidiaries, intangible assets, other long term liabilities – Grand First and other long term liabilities – GIC which are discussed below, book value of other assets and liabilities items approximate Market Value and ERP as at the Valuation Date and no adjustment is necessary.

As certain subsidiaries engaging in property development/joint ventures are not wholly owned by the Target, we have adopted a bottom-up approach to calculate the attributable equity value of those companies to the Target where their Market Value is reflected through the line item “Investment in subsidiaries”.

We understand from the Company that the Target acted as the financing vehicle for its subsidiaries by making intercompany loans from capital obtained from Grand First Holding Limited (“**Grand First**”), its parent company, and external parties. As such, there are significant inter-group balances between the Target and its subsidiaries at company level before consolidation adjustments.

For the purpose of valuing the Target and based on your instructions, recoverability of those inter-group balances within the Group are not considered in our valuation as you considered that these inter-group balances will be fully eliminated in the consolidated financial statement of the Target. Please see Item 2) Investment in subsidiaries for more details and the relevant special assumption.

Item 2) Investment in subsidiaries

The investment in subsidiaries of the Target comprises the equity interest of the direct subsidiaries of the Target as follows:

Item	Name of subsidiaries	Principal activity
1	Prime Development Project Pty Ltd	Investment holding
2	Prime Capital Bluestone Pty Ltd	Investment holding
3	Aoyuan Real Estate Services Pty Ltd	Investment holding
4	Prime Centre Pty Ltd	Investment holding
5	Prime & Famous Pty Ltd	Investment holding
6	Prime Turrumurra Pty Ltd	Property development
7	Prime ESP 1 Pty Ltd	Investment holding
8	Prime Gordon Pty Ltd	Property development
9	Prime Burwood Pty Ltd	Property development
10	Prime Hurstville Pty Ltd	Property development
11	Prime Moss Vale Pty Ltd	Property development
12	Prime EBC Pty Ltd	Investment holding
13	Prime Melrose Property Pty Ltd	Investment holding
14	Prime Parramatta Pty Ltd	Investment holding
15	Prime Bargo Pty Ltd	Investment holding

Please refer to Appendix I for the group chart of the Target provided by the Company for the full list which include indirectly held subsidiaries.

The assets and liabilities items held by the above subsidiaries (including their subsidiaries) are in the following categories according to the management account provided by the Company as at the Valuation Date based on the consolidation package as at 31 December 2021 provided by the Target's auditor, and changes between 31 December 2021 and the Valuation Date:

Item	Assets	Item	Liabilities
I.	Property, plant and equipment;	XX.	Amount due to inter-group;
II.	Investment in joint ventures;	XXI.	Amount due to joint ventures;
III.	Investment in subsidiaries;	XXII.	Amount due to CCH;
IV.	Right of use assets (“ ROU Assets ”);	XXIII.	Deferred tax liabilities;
V.	Interest to Aoyuan;	XXIV.	Income tax payable;
VI.	Property development;	XXV.	Lease liabilities;
VII.	Development fee;	XXVI.	Trade payables;
VIII.	Inventory of finished goods;	XXVII.	Other payables;
IX.	Trade receivables;	XXVIII.	Welfare payable;
X.	Other receivables;	XXIX.	Development fee payable;
XI.	Amount due from inter-group;	XXX.	Accrued expenses;
XII.	Amount due from joint ventures;	XXXI.	Construction retention;
XIII.	Bank and cash;	XXXII.	Bank loans;
XIV.	Restricted bank deposits;	XXXIII.	Bank loan interest;
XV.	Prepaid tax;	XXXIV.	SG Loan;
XVI.	Prepaid income tax;	XXXV.	Debts;
XVII.	Deferred tax assets;	XXXVI.	Shareholder loans;
XVIII.	Provision; and	XXXVII.	Tax liabilities; and
XIX.	Other current assets	XXXVIII.	Provision for income tax

Based on discussion with the Company and our investigation, we understand that except for the investment in subsidiaries, interest to Aoyuan, property development and inventory of finished goods which are discussed below, book value of other assets and liabilities items approximate Market Value and ERP as at the Valuation Date and no adjustment is necessary.

Item III. Investment in subsidiaries

According to the information provided by the Company, investment in subsidiaries are held by Prime ESP 1 Pty Ltd, Prime EBC Pty Ltd and Prime Parramatta Pty Ltd which are property development companies. We adopt the same summation method described herein to value the assets and liabilities of the subsidiaries to calculate the Market Value and ERP of investment in subsidiaries.

Item V. Interest to Aoyuan

Based on discussion with the Company, the nature of this item is interest on amount due to the Target by the respective subsidiaries pertain to the property development which are capitalized as part of the cost of inventory or property development. As the value of properties are to be considered separately (see below), we do not assign any Market Value and ERP for these items as at the Valuation Date to avoid double counting.

Item VI. Property Development

The property development held by the subsidiaries are separately valued by Savills Valuations Pty Ltd., we have relied on the Property Valuation Reports as we are not experts in Australian property and adopted the Market Value and ERP from the Property Valuation Reports for property development.

Summary of the Market Value and ERP of property development held by the subsidiaries according to the Property Valuation Reports is as follows:

Name of subsidiaries	Project name	Address	Book value <i>(in AUD million)</i>	Market value <i>(in AUD million)</i>	ERP <i>(in AUD million)</i>
Prime Hurstville Pty Ltd	Mesa	61-75 Forest Road & 126 Durham Street, Hurstville	57.01	43.00	38.50
Prime Moss Vale Pty Ltd	Ashbourne Estate	141 Yarrawa Road and 32 Lovelle Street, Moss Vale	111.65	93.00	86.70
Prime Woollooware 4 Pty Ltd.	Woollooware Bay Town Centre	461 Captain Cook Drive, Woollooware	199.91	120.40	110.60

Please refer to the Property Valuation Reports for details of the relevant properties and valuation.

Item VIII. Inventory of finished goods

The inventory of finished goods held by the subsidiaries are separately valued by Savills Valuations Pty Ltd., we have relied on the Property Valuation Reports as we are not experts in Australian property and adopted the Market Value and ERP from the Property Valuation Reports for inventory of finished goods.

Summary of the Market Value and ERP of inventory of finished goods held by the subsidiaries according to the Property Valuation Reports is as follows:

Name of subsidiaries	Project name	Address	Book value (in AUD million)	Market value (in AUD million)	ERP (in AUD million)
Prime Burwood Pty Ltd	Adela	1A Gloucester Avenue, Burwood NSW	31.16	28.70	25.80
Prime Gordon Pty Ltd	Altessa	888 Pacific Highway, Gordon NSW	11.76	10.90	9.85
Prime Parramatta Development Pty Ltd	The Lennox	12-14 Phillip Street & 331A-339 Church Street, Parramatta NSW	194.95	135.45	121.35

Summary of the Market Value of Investment in subsidiaries held by the Target is as follows:

Item	Name of subsidiaries	Market Value (AUD)	ERP (AUD)
1	Prime Development Project Pty Ltd	(2,007,652)	(2,007,652)
2	Prime Capital Bluestone Pty Ltd	(14,000,810)	(14,000,810)
3	Aoyuan Real Estate Services Pty Ltd	–	–
4	Prime Centre Pty Ltd	6,925,661	6,925,661
5	Prime & Famous Pty Ltd	1,095,705	1,095,705
6	Prime Turramurra Pty Ltd	490,949	490,949
7	Prime ESP 1 Pty Ltd	25,483,247	25,483,247
8	Prime Gordon Pty Ltd	(2,710,003)	(3,760,003)
9	Prime Burwood Pty Ltd	(6,345,060)	(9,245,060)

Item	Name of subsidiaries	Market Value (AUD)	ERP (AUD)
10	Prime Hurstville Pty Ltd	(20,958,604)	(25,458,604)
11	Prime Moss Vale Pty Ltd	(35,511,006)	(41,811,006)
12	Prime EBC Pty Ltd	(76,053,593)	(83,403,593)
13	Prime Melrose Property Pty Ltd	(2,511,814)	(2,511,814)
14	Prime Parramatta Pty Ltd	(66,469,995)	(80,569,995)
15	Prime Bargo Pty Ltd	<u>(3,857,238)</u>	<u>(3,857,238)</u>
	Subtotal	(196,430,212)	(232,630,212)

The negative values above are primarily driven by the amount due to the Target by the respective subsidiary and the mark down of property development/inventory. We have adopted the special assumption for your internal reference purpose that these negative values are to be reflected to the line item of investment in subsidiaries in the Target's statement of financial position as is, in spite of the typical floor value of equity being nil owing to the limited liability nature of a limited company.

Item 3) Deferred tax assets

For the valuation of deferred tax asset of the Target, it is the after-tax losses allowed to carry forward to offset with the future tax benefits. The Target is of the opinion that there will be profits assessable for tax in future for the utilization of the deferred tax asset, the validity of this view is confirmed by the recognition of deferred tax asset on the audited financial statement, therefore we have adopted the book value in the management account as their Market Value and ERP as at the Valuation Date.

Item 4) Intangible assets

For the valuation of the intangible asset of the Target, it is related to certain non-refundable preliminary expenses paid. Given the nature as a non-monetary asset with no further economic benefit, this amount is written off for the valuation purpose.

Item 12) Other long term liabilities – Grand First

As at the Valuation Date, the outstanding principal and interest of the Target due to Grand First (“**GF Loans**”) is at the sum of AUD381,852,487, with various maturities and interest rate ranging from 0% to 12%.

For your internal reference purpose pertain to the Contemplated Disposal, you have instructed us to adopt the special assumption that the other long-term liabilities – Grand First (the “**GF Loans**”) are to be immediately due as at the Valuation Date. Therefore, the value of the GF Loans is assumed to be AUD381.85 million for the purpose of this valuation, in lieu of the book value of AUD349 million which has reflected time value of the original repayment schedule.

On the other hand, as we understand from you that the GF Loans shall be assigned to the buyer in the Contemplated Disposal, you have instructed us to adopt the special assumption to remove the GF Loans from liabilities of the Target and treat it as equity for the purpose of our valuation of the Equity. We have therefore excluded the GF Loans in reporting the value of the Equity based on your instruction and special assumption.

Item 13) Other long term liabilities – GIC

Major terms and conditions of the GIC Loans are extracted from the facility agreement (“**Facility Agreement**”) between the Target, Gresham Property Funds Management Limited as trustee of GPF No.8 (i.e. “GIC” for the purpose of this report) dated 20 December 2021 and set out as follows.

Principal Amount	AUD200,000,000
Terms	12 months from the date of Financial Close (1st Draw of Facility), unless extended
Minimum Return	AUD35,000,000 (“ Minimum Return ”) to be paid with the principal repayment

Interest Rate

Aggregate of Base Rate plus Margin, where:

- Base Rate refers to benchmark interest rate typically used by financial institutions or corporations engaging in interest rate swaps and related transaction quoted in Australian financial market.
- Margin refers to:
 - 12.75% when no Event of Default or Public Market Event occurs.
 - 15.75% when no Event of Default, but Public Market Event occurs.
 - 17.75% when Event of Default occurs, but no Public Market Event occurs.
 - 20.75% when both Event of Default and Public Market Event occur.

**Public Market Event
(PME)**

PME arises if any bonds or similar Debt issued by the Target in or to a public market either:

- (a) Become due and payable, or capable of being declared due and payable, before their stated maturity, expiry, or repayment date (other than in the case of a voluntary prepayment at the election of the Target); or
- (b) Are not paid when due or written any applicable grace period.

Event of Review

Event of Review occurs if:

- (a) (change of ownership) without the GIC's prior consent there is any change in the legal and beneficial ownership of the Target or its Subsidiaries; or
- (b) (change in Control) there is a change (from that prevailing at the date of this document) in the persons who Control, or one or more persons acquire Control of the Target or its Subsidiaries.

**Consequences upon
Event of Review**

The Target must:

- (a) provide all necessary information to, and as requested by, the Finance Parties in order for the GIC to complete the know-your-client checks in respect of the Target;
- (b) promptly meet and consult in good faith with the GIC concerning the Event of Review to agree a strategy to rectify or restructure (including as to the GIC's credit exposure treatment of the Target) the circumstances giving rise to the Event of Review, including (but not limited to) a restructure of the terms of the Facility to the satisfaction of the GIC; and
- (c) determine one of the followings:
 - a. change any of the terms or conditions of the loan agreement and require the provision of additional Security Interests or Guarantees as Security, and;
 - b. Cancel the agreement and immediately repay the principal, minimum return, and accrued interests (if any).

The above is extract only. Please refer to the Facility Agreement for full terms and conditions.

As a change of ownership of the Target would trigger the Event of Review clause above, which gives GIC the right to cancel the Facility Agreement and demand the Target to repay the principal and Minimum Return at the total of AUD235,000,000, you have instructed us to adopt the special assumption that the value of GIC Loans is to be AUD235,000,000 to the Target as at the Valuation Date for your internal reference purpose.

Please refer to Appendix II for the adjustments made to the assets and liabilities of the Target.

Item 15) Unamortised establishment fees

Based on the discussion with the Company, the unamortised establishment fees related to prepayment towards the minimum return of the other long-term liabilities – GIC (“**GIC Loans**”). This amount shall be utilisable against the liability arising from the GIC Loans to be discussed below and we have adopted the book value in the management account as their Market Value and ERP as at the Valuation Date.

6. REMARKS

Unless otherwise stated, all monetary amounts are stated in Australian Dollar.

Figures may not sum due to rounding.

This report is issued subject to our Assumptions and Limiting Conditions as attached.

7. SPECIAL ASSUMPTIONS

A number of special assumptions have been made in the preparation of the reported figures. The major special assumptions are set out below:

- Negative values of the subsidiaries are to be reflected to the line item of investment in subsidiaries in the Target’s statement of financial position as is, in spite of the typical floor value of equity being nil owing to the limited liability nature of a limited company;
- The value of the GF Loans is AUD381.85 million and is to be excluded from the value of the Equity as at the Valuation Date; and
- The value of the GIC Loans is AUD235 million, being the sum of outstanding principal and the Minimum Return as at the Valuation Date.

8. SPECIFIC ASSUMPTIONS

A number of specific assumptions have been made in the preparation of the reported figures. The major specific assumptions are set out below:

- The property valuation by Savills Valuations Pty Ltd as set out in the Property Valuation Reports are adopted as the Market Value and ERP of the relevant property for the purpose of this valuation;
- There is no contingent liability, off book liabilities and/or ongoing investigation which may significantly affect the value of the Target;
- The design and construction of the land and properties held by the Group are in compliance with local planning regulations and have been approved by relevant government departments;
- Unless otherwise stated, we assume that the Group has valid legal title to the property and land and has a free and uninterrupted right to occupy, use, assign, lease or assign the property for all unexpired periods granted; and
- The financial and operational information provided and confirmed by the Company are accurate and correctly recorded. The Target will have sufficient financial support as required to remain operating as a going concern.

9. GENERAL ASSUMPTIONS

A number of general assumptions have been made in the preparation of the reported figures. The assumptions are:

- There will be no major changes in existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation;
- The long term inflation rate, interest rates and currency exchange rate will not differ materially from those presently prevailing;
- The Target will retain sufficient management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through disease, international crisis, industrial disputes, industrial accidents or severe weather conditions that will significantly affect the existing business;

- The Target's businesses are unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements. All applicable laws and regulations have been and will be complied with;
- The business is not and will not be subject to any unusual or onerous restrictions or encumbrances which may render the Target's default against their outstanding commitment or obligations; and
- Any potential bad debt of the Target will not materially or significantly affect the value of the Target.

10. LIMITING CONDITIONS

We understand that you will perform additional separate due diligence before making any transaction decision related to the Target. You will not solely rely on our opinion regarding any transaction related to the Target. Our report will be used for internal reference purpose only and cannot replace any managerial decision or judgment of the Company's management. Our work does not constitute any buy or sell recommendation.

No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is beyond what is customarily expected on valuers' capacity or expertise. We are not in a position to, nor have been instructed to, comment on the lawfulness of the businesses and the Target's possession of the assets. In the course of our valuation, we have assumed that the assets have obtained all required registration and are freely transferable in the market without any significant obstacles.

We have been provided with extracts of copies of relevant documents and financial information relating to the Target. We have relied upon the aforesaid information and certain data from various databases in forming our opinion of the Market Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. Our work has relied to a considerable extent on the information provided by the Company and does not constitute an audit and no assurance is given by us to the information supplied to us. Details of our principal information sources are set out in the report and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work. We have made relevant inquiries and obtained further information as we considered necessary for the purpose of this valuation, we however cannot guarantee the reliability or accuracy of the information sources. We have no responsibility to doubt the truthfulness and accuracy of the said information which is material to the valuation. We have also been confirmed by the Company that no material facts related to this valuation have been omitted from the information provided.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Furthermore, the assumptions adopted are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Target and us. While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors. We must emphasise that the realisation of any prospective financial information set out within our report is dependent on the continuing validity of the assumptions on which it is based. We accept no responsibility for the realisation of any prospective financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

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

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

We shall be under no obligation to update our report in respect of events or information which come to our attention subsequent to the date of this report. Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation in light of any information which existed at the Valuation Date but which becomes known to us subsequent to the date of this report.

We shall not testify or attend in court due to this exercise, with reference to the valuation described herein. Should there be any further services required, the corresponding expenses and provision of services will be reimbursed from the Company and such additional work may incur without prior notification.

11. MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

12. CONFIRMATION OF INDEPENDENCE

We hereby confirm that we have neither present nor prospective interests in the Company, the Target and their respective holding companies, subsidiaries and associated companies, or the value reported herein.

13. OPINION OF VALUE

Based on the method employed and analysis stated above and in the appendices, we are of the opinion that the value of the Equity as at the Valuation Date for the two value bases defined above is estimated as follows:

AUD million	Market Value	ERP
The Equity	169	132

For your reference purpose, if we do not adopt the special assumption of removing the GF Loans from liabilities of the Target and do not treat it as equity for the purpose of our valuation of the Equity, the balance of GF Loans at AUD381.85 million will have to be deducted from the above, resulting in a negative amount and a net liability position for the Target upon the adjustments above. Due to the limited liability nature of the Target, the lower bound of Equity is zero, therefore Market Value and the ERP of the Equity would be nil without such special assumption.

Please refer to Appendix II for the calculation.

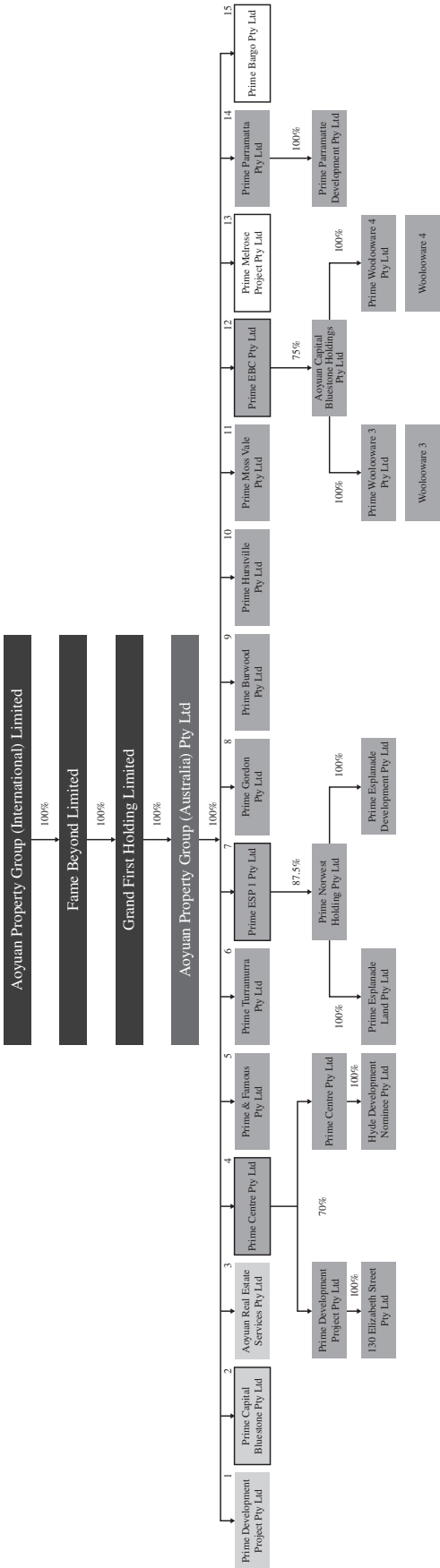
The outbreak of the COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on the 11 March 2020, has impacted many aspects of daily life and the global economy. Our valuation of 100% equity interest in the Target is therefore reported as being subject to 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the financial market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation contained within this report under frequent review.

Our opinion of value is made as at the Valuation Date only. Any value changes subsequent to the Valuation Date could be material depending on facts and circumstances.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Wiley W.F. Pun
HKICPA CICPA (non-practising) PRM
Director

Encl.

APPENDIX I – GROUP CHART



Source: The Company

APPENDIX II – ADJUSTMENT MADE TO THE ASSETS AND LIABILITIES OF THE TARGET

	31 March 2022	31 March 2022	31 March 2022	31 March 2022
	Book value	Market Value	Market Value	ERP
	<i>in AUD</i>	<i>in AUD</i>	<i>in AUD</i>	<i>in AUD</i>
Assets				
Property, plant and equipment	20,075	–	20,075	20,075
Investment in subsidiaries	31,210	(197,861,422)	(196,430,212)	(232,630,212)
Deferred tax assets	96,980,536	–	96,980,536	96,980,536
Intangible assets	262,057	(262,057)	–	–
Trade and other receivables	52,815	–	52,815	52,815
Amount due from inter-group	435,776,160	–	435,776,160	435,776,160
Bank and cash	11,854,962	–	11,854,962	11,854,962
Restricted bank deposits	52,180,927	–	52,180,927	52,180,927
Unamortised establishment fees	–	3,647,260	3,647,260	3,647,260
Other current assets	54	–	54	54
Total assets	597,158,797	(194,476,220)	404,082,577	367,882,577
Liabilities				
Deferred tax liabilities	86,764	–	86,764	86,764
Other long term liabilities –				
Grand First	348,996,799	32,855,688	381,852,487	381,852,487
Other long term liabilities –				
GIC	212,008,671	22,991,329	235,000,000	235,000,000
Trade and other payables	64,624	–	64,624	64,624
Unamortised establishment fees	(3,647,260)	3,647,260	–	–
Amount due to related parties	264,358	–	264,358	264,358
Tax liabilities	119,787	–	119,787	119,787
Total liabilities	557,893,741	59,494,277	617,388,019	617,388,019
Net assets (liabilities) before adjustment	39,265,055	(253,970,497)	(213,305,441)	(249,505,441)
Add: GF Loans			381,852,487	381,852,487
Net assets after exclusion of GF				
Loans			168,547,045	132,347,045
Rounded to			169,000,000	132,000,000

(i)(b) The following is the text of the valuation reports on the six property projects of the APGA Group as at 31 March 2022, prepared by Savills Valuations Pty Ltd, for the purpose of incorporation into the valuation on 100% of the equity interest in APGA:

9 June 2022

Board of Directors
China Aoyuan Group Limited
Units 1901-2, 19th Floor, One Peking
No.1 Peking Road
Tsim Sha Tsui, Kowloon
Hong Kong

Re: Valuation Summary Letter
Property: 34 Apartments – “Adela”, 1a Gloucester Avenue, Burwood, NSW, Australia



Savills Valuations Pty Ltd
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Sydney NSW 2000
Australia
T +61 02 8215 8888
savills.com.au

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 5 May 2022 to provide a summary report of the valuation providing the Market Value “In One Line” of 34 Apartments – “Adela”, 1a Gloucester Avenue, Burwood, NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 31 March 2022.

This valuation summary letter (“summary letter”) has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute’s Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 31 March 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have assessed the “In One Line” market value of the property in accordance with the Market Value definition referred to above. Furthermore, the Sale in One Line Definition is

‘Sale in one line’ is the value of the gross realisation of the individual completed lots sold in a single transaction less a discount that takes into consideration legal and selling costs, profit and risk, holding costs and acquisition costs.

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing the valuation report.

Material Assumptions

- The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Various lots - SP103737
Registered Owner	Prime Burwood Pty Ltd.
Zoning	B4 Mixed Use under the Burwood Local Environmental Plan 2012.
Location	The subject property is located within Burwood Sydney's Inner West, approximately 10 kilometres west of the Sydney Central Business District (CBD) and is within the Local Government Area administered by the Burwood Council. More particularly the subject property is located approximately 800 metres to the north west of the Burwood Train station and Central Business District. The development is bounded by Victoria Street to the north, Park Road to the west and Gloucester Avenue to the east. Surrounding development primarily low and medium residential dwellings, with retail properties including Westfield Burwood located to the east of the development. The site is in close proximity of Burwood Park. The development is well serviced by public transport with Burwood Train Station located to the west of the subject offering train and bus services.
Property Description	The parent development comprises the "Adela" project, a four building development with a total of 103 apartments, communal roof top areas and basement parking at Burwood completed in September 2021. The apartments subject to assessment comprise 34 vacant apartments configured as 3 x 1 bedroom apartments, 28 x 2 bedroom apartments and 3 x 3 bedroom apartments. The apartments are fitted to a good standard, with reconstituted stone bench tops in the kitchens, stainless steel appliances, ducted air conditioning, and security intercom access.
Encumbrances	The attached Title documents list the following notifications: ■ AR752180 Mortgage to Gresham Property Investments Pty Ltd.
Environmental Comment	The present use of the subject property as an apartment building is not classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a low risk use in regard to potential for site contamination. The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Burwood City Planning Scheme. A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land and we are not
Environmental Comment (contd)	aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This

Valuation Approach	valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting:-	
	<ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. 	
	Gross Realisation: Direct Comparison.	
	In One Line Value: Hypothetical Sell Down.	
	17 May 2022	
	31 March 2022	
	Market Value – “As Is”	Subject to Market Constraint
	Gross Realisation Incl. GST	\$39,104,000
	Gross Realisation Excl. GST	\$35,187,000
	“In One Line Assessment” Incl. GST	\$36,545,794
	“In One Line Assessment” Excl. GST	\$32,885,047
	“In One Line Assessment” Incl. GST	\$30,800,000
	“In One Line Assessment” Excl. GST	\$27,650,000
	Prepared By	\$28,700,000
	Sandra Peachey FAPI	
	Certified Practising Valuer	
	Savills Valuations Pty Ltd	

Valuation Methodology

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Hypothetical Development Approach to assess the In One line Value.

This approach utilises our assessment of the estimated ‘total gross realisation’ value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the In One Line Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Subject Complex

Sales	No	Min Area (m ²)	Max Area (m ²)	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate
1 Bed	19	50	57	\$735,000	\$895,000	\$800,444	\$13,482	\$15,982	\$14,811
2 Bed	35	74	89	\$915,000	\$1,342,600	\$1,171,782	\$11,731	\$16,575	\$14,963
3 Bed	18	91	130	\$1,330,000	\$1,850,000	\$1,549,250	\$13,776	\$16,490	\$15,368

Comparable Sales outside of Development:

"IQ Burwood" 15-19 Clarence Street, Burwood							
Number of Apartments	70						
Description	Medium density residential apartment development by ATLAS, designed by KANNFINCH architects. Intellectual building with Smart Living apartment inclusions including automated touch screen and voice command technology. Apartments are of high quality finishes and fitment.						
Presale Comment	Agent indicated that 16 of the 70 apartments are still available. Settlements are due in June.						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	52	59	\$780,000	\$800,000	\$13,559	\$15,000
	2 Bed	80	90	\$1,130,000	\$1,300,000	\$14,125	\$14,444
	3 Bed	105	110	\$1,800,000	\$1,875,000	\$17,045	\$17,142
Comparative Analysis	Located on the Southern side of Railway Parade at a similar distance to train station however further removed from local amenities including Westfield and Burwood Park. Apartments are of superior quality with technology additions. Apartments are overall comparable, and we have adopted similar to slightly lower rates.						

68-72 Railway Parade, Burwood							
Number of Apartments	121						
Description	Mixed use development located in Burwood shopping district adjacent to railway line. Designed by architect Aleksander Design Group. Comprises an 8 storey mixed use building with 121 units (1, 2 and 3 bedroom) and 1 retail tenancy on the group floor. Includes basement car parking over 3 levels with parking for 163 vehicles. Apartments are of good quality finish and fitment with stone benchtops and stainless steel appliances to kitchen, frameless shower screen and fully tiled bathrooms. Completion was in early 2020.						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	58	62	\$617,000	\$677,000	\$10,919	\$10,638
	2 Bed	78	86	\$800,000	\$880,000	\$9,412	\$11,090
	3 Bed	92	104	\$900,000	\$1,040,000	\$9,519	\$10,097
Comparative Analysis	Completed stock that sold off the plan, indicating sales are now dated. Development adjoins railway line meaning significant noise pollution. Overall, the subject apartments are superior and higher rates are appropriate.						

7 Deane Street, Burwood							
Number of Apartments	154						
Description	A mixed use development consisted of 154 apartments and 1,000m² of commercial/retail floor space over 30 levels plus 4 levels of basement parking. Completed in 2021. Upper level apartments feature district and harbour views. Apartments are of good quality fitment with open plan kitchens featuring stone benchtops, stainless steel appliances, timber flooring, ducted air conditioning, floor to ceiling windows and doors.						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	49	55	\$680,000	\$750,000	\$12,909	\$15,000
	2 Bed	74	85	\$955,000	\$1,290,000	\$12,402	\$16,506
	Completed stock that sold off the plan, indicating sales are now dated. Higher elevation achieving good views toward harbour from upper levels, similar to the subject apartments. Overall comparable and we have adopted the upper end of the rates given recent market improvements.						

Comparable Sales outside of Development:

1 Bedroom

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
L2/7 Conder Street, Burwood	\$785,000	\$15,344	Mar-22	58	1	1	1
Description: Modern 1 bedroom apartment on the second floor of a new development. Features carpet flooring, floor to ceiling windows, ducted a/c, fully tiled bathroom with frameless shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances.							
Comparison: Slightly superior quality apartment situated in similar sized development. A slightly lower average rate per sqm appropriate for the subject 1 bedroom units.							
3/9 Clarence Street, Burwood	\$700,000	\$14,000	Mar-22	50	1	1	1
Description: New 1 bedroom apartment on the ground floor. Features timber flooring, floor to ceiling windows, fully tiled bathroom with frameless shower screen. Kitchen features caesarstone benchtop, stainless steel appliances.							
Comparison: Slightly inferior quality apartment situated in smaller sized development. A slightly higher average rate per sqm appropriate for the subject 1 bedroom units.							
A501/31 Belmore Street, Burwood	\$725,000	\$11,507	Dec-21	63	1	1	1
Description: Circa 2016 1 bedroom apartment on the fifth floor with oversized terrace. Features carpet and tiled flooring, fully tiled bathroom with framed shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances. Common facilities include playground.							
Comparison: Older apartment situated in similar sized development. A higher lower average rate per sqm appropriate for the subject 1 bedroom units given they are new							
902c/8 Wynne Avenue, Burwood	\$725,000	\$13 942	Feb-22	52	1	1	1
Description: Circa 2015 1 bedroom plus study apartment on the tenth floor with small balcony. Features carpet and tiled flooring, fully tiled bathroom with framed shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances. Split system a/c.							
Comparison: Older apartment situated in similar sized development. A higher lower average rate per sqm appropriate for the subject 1 bedroom units given they are new							
1003/2a Elsie Street, Burwood	\$700,000	\$13,461	Jan-22	52	1	1	1
Description: Circa 2019 1 bedroom apartment on the tenth floor with small balcony. Features carpet and tiled flooring, fully tiled bathroom with framed shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances. Floor to ceiling windows to living areas and bedroom.							
Comparison: Older apartment situated in similar sized development. A higher lower average rate per sqm appropriate for the subject 1 bedroom units given they are new							

2 Bedroom

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
2003/29 George Street, Burwood	\$1,120,000	\$13,333	Jan-22	84	2	2	1
Description: 2018 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Timber floor to living areas.							
Comparison: Older apartment in good condition. Age of subject would indicate higher rates are appropriate for subject 2 bedroom units.							
1406/2a Elsie Street, Burwood	\$1,160,000	\$13,647	Mar-22	85	2	2	2
Description: Circa 2019 built, 2 bedroom 2 bathroom apartment on Level 14 featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Reverse cycle a/c. City views.							
Comparison: Slightly older apartment of good quality. Age of subject would indicate higher rates are appropriate.							
7b/88 Burwood Road, Burwood	\$1,275,000	\$14,655	Jan-22	87	2	2	2
6b/88 Burwood Road, Burwood	\$1,262,500	\$14,680	Jan-22	86	2	2	2
Description: New 2 bedroom 2 bathroom apartment on Level 7 featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Reverse cycle a/c. Herringbone timber floors.							
Comparison: Comparable quality apartment. Suggests similar rates for subject apartments.							

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
707/9 Wilga Street Burwood	\$925,800	\$10,765	Mar-22	86	2	2	2
Description: Circa 2013 2 bedroom 2 bathroom apartment on Level 7. Stone kitchen with gas cooking, dishwasher and stainless steel appliances. Polished timber and carpeted floors, built in robes, basement parking.							
Comparison: Substantially older apartment which justifies higher rates for subject apartments.							
602c/1-17 Elsie Street, Burwood	\$1,142,000	\$12,977	Mar-22	88	2	2	1
Description: 2011 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Timber floor to living areas.							
Comparison: Substantially older apartment which justifies higher rates for subject apartments.							

The assessed apartment values are as follows:

Apt No.	Lot No	Bed	Internal sqm	External sqm	Total sqm	Car Spaces	Assessed Value	Analysed Rate	Market Constraint Value	Market Constraint Rate
A105	10	2	74	12	86	1	\$1,122,000	\$15,162	\$1,010,000.00	\$13,649
A201	11	3	91	12	103	2	\$1,323,000	\$14,538	\$1,191,000.00	\$13,088
A202	12	2	78	11	89	1	\$1,137,000	\$14,577	\$1,023,000.00	\$13,115
A206	16	2	74	12	86	1	\$1,132,000	\$15,297	\$1,019,000.00	\$13,770
B101	31	2	81	10	91	1	\$1,117,000	\$13,790	\$1,005,000.00	\$12,407
B201	37	2	81	10	91	1	\$1,132,000	\$13,975	\$1,019,000.00	\$12,580
B202	38	2	80	11	91	1	\$1,196,000	\$14,950	\$1,076,000.00	\$13,450
B204	40	3	94	13	107	2	\$1,421,000	\$15,117	\$1,279,000.00	\$13,606
B301	43	2	81	10	91	1	\$1,142,000	\$14,099	\$1,028,000.00	\$12,691
B401	49	2	81	10	91	1	\$1,156,000	\$14,272	\$1,040,000.00	\$12,840
B501	55	2	81	10	91	1	\$1,196,000	\$14,765	\$1,076,000.00	\$13,284
B601	60	2	81	22	103	1	\$1,201,000	\$14,827	\$1,081,000.00	\$13,346
B701	65	2	82	22	104	1	\$1,274,000	\$15,537	\$1,147,000.00	\$13,988
BG01	27	2	80	33	113	1	\$1,107,000	\$13,838	\$996,000.00	\$12,450
BG04	30	2	78	34	112	1	\$1,142,000	\$14,641	\$1,028,000.00	\$13,179
C103	75	2	82	11	93	1	\$1,132,000	\$13,805	\$1,019,000.00	\$12,427
C104	76	2	88	12	100	1	\$1,225,000	\$13,920	\$1,103,000.00	\$12,534
C203	79	2	82	11	93	1	\$1,142,000	\$13,927	\$1,028,000.00	\$12,537
C204	80	2	88	12	100	1	\$1,240,000	\$14,091	\$1,116,000.00	\$12,682
C302	82	1	52	8	60	1	\$769,000	\$14,788	\$692,000.00	\$13,308
C303	83	2	82	11	93	1	\$1,156,000	\$14,098	\$1,040,000.00	\$12,683
C304	84	2	88	12	100	1	\$1,274,000	\$14,477	\$1,147,000.00	\$13,034
C404	88	2	88	12	100	1	\$1,274,000	\$14,477	\$1,147,000.00	\$13,034
CG01	70	3	96	35	131	2	\$1,372,000	\$14,292	\$1,235,000.00	\$12,865
D101	93	2	80	11	91	1	\$1,117,000	\$13,963	\$1,005,000.00	\$12,563
D103	95	2	75	10	85	1	\$1,098,000	\$14,640	\$988,000.00	\$13,173
D104	96	2	77	11	88	1	\$1,152,000	\$14,961	\$1,037,000.00	\$13,468
D201	97	2	80	11	91	1	\$1,127,000	\$14,088	\$1,014,000.00	\$12,675
D202	98	1	50	7	57	1	\$764,000	\$15,280	\$688,000.00	\$13,760
D203	99	2	75	10	85	1	\$1,098,000	\$14,640	\$988,000.00	\$13,173
D204	100	2	77	11	88	1	\$1,171,000	\$15,208	\$1,054,000.00	\$13,688
D302	102	1	50	7	57	1	\$779,000	\$15,580	\$701,000.00	\$14,020
D304	104	2	77	11	88	1	\$1,186,000	\$15,403	\$1,067,000.00	\$13,857
AG01	1	2	78	29	107	1	\$1,230,000	\$15,769	\$1,100,000.00	\$14,103
Total							\$39,104,000		\$35,187,000.00	

Our assessment of In One Line Value is detailed below:

Market Value

Input	Amount / Comments.						
Gross Realisation	\$39,104,000 including GST.						
Rate of Sale	We have adopted a sale rate of 3.7 apartments per month for a period of 15 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$2,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$419,520 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Inner West location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.58%, being to the midpoint in the range assuming the new quality of apartments and the Inner West location.</p>						
GST Liability	<p>We have been advised of the eligibility to adopt the Margin Rule (7%) for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$39,104,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$2,558,206</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$36,545,794</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$39,104,000</u>	Less GST	<u>\$2,558,206</u>	Gross Realisation Excluding GST	<u>\$36,545,794</u>
Residential Realisation Including GST	<u>\$39,104,000</u>						
Less GST	<u>\$2,558,206</u>						
Gross Realisation Excluding GST	<u>\$36,545,794</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$30,800,000 including GST and \$28,700,000 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 38.58% (including interest), and a net development profit of approximately \$4,369,385 all of which appear to be reasonable for a development of this nature.

In One Line Assessment – Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale

Input	Amount / Comments.						
Gross Realisation	\$35,187,000 including GST.						
Rate of Sale	We have adopted a sale rate of 3.7 apartments per month for a period of 9 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$2,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$419,520 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Inner West location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 13.21%, being to the midpoint in the range assuming the new quality of apartments and the Inner West location.</p>						
GST Liability	<p>We have been advised of the eligibility to adopt the Margin Rule (7%) for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$35,187,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$2,301,955</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$32,885,046</u></td></tr> </table> <p>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</p>	Residential Realisation Including GST	<u>\$35,187,000</u>	Less GST	<u>\$2,301,955</u>	Gross Realisation Excluding GST	<u>\$32,885,046</u>
Residential Realisation Including GST	<u>\$35,187,000</u>						
Less GST	<u>\$2,301,955</u>						
Gross Realisation Excluding GST	<u>\$32,885,046</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$27,650,000 including GST and \$25,800,000 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 58.69% (including interest), and a net development profit of approximately \$4,104,744 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 31 March 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection whether the 'cladding' was constructed using compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). This valuation report has been prepared: <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the building components and satisfy itself as to the potential risks and costs which could be incurred should the existing building components have to be remedied, replaced or adapted.</p>
In One Line Value	<ul style="list-style-type: none"> The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> That any reliant party has taken all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement. We have been provided with written confirmation of the eligibility of using the Margin Scheme by Aoyuan Property Group (International) Limited. The Margin Value to be applied is proportionate to 7% of the Gross Realisable Value.
CGT	<ul style="list-style-type: none"> That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Gross Realisation	<ul style="list-style-type: none"> The Gross Realisation assessment reflects an orderly sale of the apartments over time and is not reflective of an "In One Line Value" which has been separately assessed.
EPBC Act	<ul style="list-style-type: none"> That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Occupation Certificate	<ul style="list-style-type: none"> A part Occupation Certificate (OC20-047) was certified on 22 October 2021 by Metropolitan Building Approvals for the construction of residential flat building consisting of 4 towers and containing 103 units and two levels of basement car parking. The occupation certificate excluded all rooftop and barbeque areas. We assume there are not outstanding works/defects that will affect the marketing of the apartments.
Body Corporate	<ul style="list-style-type: none"> We have not undertaken a search of the body corporate records and we assume that there is no current payment liability on the body corporate in relation to capital expenditure programs. We also assume that there are no indications from the minutes of meetings held that there are any areas of structural (or other) concern that may give rise to a special levy to be borne by the owners. We recommend any reliant party verify the position of the Body Corporate and any areas of concern prior to advancing funds.
Inspection	<ul style="list-style-type: none"> We note that we were not provided access to all individual units, however we did inspect each unit type. For the purpose of this valuation, we have assumed that these unseen units are of an identical nature in terms of finishes to the inspected apartments.
Contamination	<ul style="list-style-type: none"> We assume that the subject property is free from elevated levels of contaminants.

Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed a standard marketing period for the subject apartments is likely to be 10 months given the market reluctance to purchase the remaining stock in the subject complex. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 7 months and assumes a higher marketing budget and a more conservative value/price to attract buyers within a shorter sale period.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ We recommend that the reliant party undertake a search of the titles as Savills has only searched a sample lot to ensure there are no notations on title that may impact value. ■ That all apartments have unencumbered title and that any outstanding development contributions have been paid with nothing inhibiting the potential realisable sale of each unit individually or in aggregate.

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.

9 June 2022

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Re: Valuation Summary Letter

Property: 15 Apartments – “Altessa”, 888 Pacific Highway, Gordon, NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 5 May 2022 to provide a summary report of the valuation providing the Market Value “In One Line” of 15 Apartments – “Altessa”, 888 Pacific Highway, Gordon, NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 31 March 2022.

This valuation summary letter (“summary letter”) has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute’s Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 31 March 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have assessed the “In One Line” market value of the property in accordance with the Market Value definition referred to above. Furthermore, the Sale in One Line Definition is

'Sale in one line' is the value of the gross realisation of the individual completed lots sold in a single transaction less a discount that takes into consideration legal and selling costs, profit and risk, holding costs and acquisition costs.

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing the valuation report.

Material Assumptions

- The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Various lots - SP101278
Registered Owner	Prime Gordon Pty Ltd.
Zoning	B4 Mixed Use under the Ku-ring-gai Local Environmental Plan 2015
Location	The subject property is located within Gordon on the Upper North Shore of Sydney, approximately 14 kilometres north west of the Sydney Central Business District (CBD) and is within the Local Government Area administered by the Ku-ring-gai Council. More particularly the subject property is located on the western side of Pacific Highway between Merriwa Street and Ryde Road. The development is bounded by the Pacific Highway to the east and Fitzsimons Lane to the west. Surrounding development comprises primarily medium density apartment and retail properties along the Pacific Highway and medium density residential properties to the west. Beyond this is mostly established residential dwellings. The development is well serviced by public transport with bus services available 300 metres to the south east of the development on the Pacific Highway and Gordon train station 1 kilometre to the south east.
Property Description	<p>The parent development comprises the "Altesa" project, which is a mixed-use development of three buildings with a total of 143 apartments, 6 strata retail suites on the ground floor with frontage to the Pacific Highway, communal roof top areas and basement parking. The development was completed in July 2020. The apartments subject to assessment comprise 2 x 1 bedroom apartments and 13 x 2 bedroom apartments. The 1 bedroom apartments range from 50m² to is 59m² with an external area from 12m² to 17m². The two bedroom apartments range in size from 73m² to 89m² internally and 13m² to 116m² of external space being a courtyard or balcony.</p> <p>The apartments are fitted to a good standard, with reconstituted stone bench tops in the kitchens, stainless steel appliances, ducted air conditioning, and security intercom access.</p> <p>We note the apartments subject to assessment comprise mostly (9) of one apartment type in Building A which look directly into an adjoining development and lack privacy.</p>
Encumbrances	<p>The sample Title document lists the following notifications:</p> <ul style="list-style-type: none"> ■ AR752180 Mortgage to Gresham Property Investments Pty Ltd.
Environmental Comment	The present use of the subject property as an apartment building is not classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a low risk use in regard to potential for site contamination.

Environmental Comment (contd)	<p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Ku-Ring-Gai Planning Scheme.</p> <p>A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land, and we are not aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting: -</p> <ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. 	
Valuation Approach	<p>Gross Realisation: Direct Comparison. In One Line Value: Hypothetical Sell Down.</p>	
Date of Inspection	17 May 2022	
Date of Valuation	31 March 2022	
	Market Value	Value Subject to Market Constraint
Gross Realisation Incl. GST	\$15,235,000	\$13,708,000
Gross Realisation Excl. GST	\$13,850,000	\$12,461,818
"In One Line Assessment" Incl. GST	\$12,000,000	\$10,850,000
"In One Line Assessment" Excl. GST	\$10,900,000	\$9,850,000
Prepared By	Sandra Peachey FAPI	
	Certified Practising Valuer	
	Savills Valuations Pty Ltd	

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market. Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Hypothetical Development Approach to assess the In One line Value.

This approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the In One Line Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Subject Complex -2020-2021

Pre-Sales	No	Min Area (m ²)	Max Area (m ²)	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
1 Bed	22	50	68	\$650,000	\$760,000	\$700,682	\$10,662	\$14,038	\$13,202	\$15,415,000
2 Bed	7	73	83	\$973,000	\$1,160,000	\$1,085,429	\$12,803	\$15,066	\$14,060	\$7,598,000

Comparable Sales outside of Development:

1 Bedroom

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
210/17-23 Merriwa Street, Gordon	\$730,000	\$12,166	April 2022	60	1	2	1
206/17-23 Merriwa Street, Gordon	\$665,000	\$11,769	Mar-22	56.5	1	1	1
Description: Modern 1 bedroom apartments on the second floor of the "Gordon Grange" development. Features carpet flooring, floor to ceiling windows, fully tiled bathroom with frameless shower screen and second w.c to laundry. Kitchen features caesarstone benchtop, stainless steel appliances.							
Similar quality apartments situated in similar sized development. Slightly larger, however older. A higher rate per sqm appropriate for the subject 1 bedroom units given their smaller floor area.							
108/2-6 Pearson Ave, Gordon	\$720,000	\$12,631	Dec-21	57	1	1	1
Description: New 1 bedroom apartment on the ground floor of "The Pearson" development. Features timber flooring, floor to ceiling windows, fully tiled bathroom with frameless shower screen. Kitchen features caesarstone benchtop, stainless steel appliances. Common facilities including roof-top BBQ and pet-friendly areas.							
Similar quality apartment situated in smaller development. A higher rate per sqm appropriate for the subject 1 bedroom units given smaller floor area.							
308/71 Ridge Street, Gordon	\$645,000	\$10,789	Mar-22	57	1	1	1
Description: 2017 built 1 bedroom apartment featuring open plan living with balcony, modern kitchen with stone benchtop and gas cooking, ducted air-conditioning, internal laundry. Secure car space and storage included.							
Older apartment of inferior quality. Given superior quality and age of subject higher rates are appropriate.							
41/904 Pacific Highway, Gordon	\$622,500	\$11,116	Oct-21	56	1	1	1
Description: 2017 built 1 bedroom apartment situated in the "Vertice" complex. Featuring oak timber flooring, open plan living with balcony, modern kitchen with stone benchtop and gas cooking, ducted air-conditioning, internal laundry. Common rooftop area.							
Older apartment of similar quality. Given age of subject higher rates are appropriate.							
207/71 Ridge Street, Gordon	\$610,000	\$11,090	Mar-22	55	1	1	1
Description: 2017 built 1 bedroom apartment plus separate study. Featuring open plan living with balcony, modern kitchen with stone benchtop and gas cooking, ducted air-conditioning, internal laundry. Secure car space and storage included.							
Older, larger apartment of inferior quality. Given superior quality however smaller size of subject units a similar value is appropriate.							
209/5-7 Telegraph Road, Pymble	\$790,000	\$14,107	Dec-21	56	1	1	1
Description: 2018 built 1 bedroom apartment in "The Adeline" development with security car space and storage cage. Features modern kitchen with gas cooking, stone benchtops and dishwasher, separate study, covered balcony. Fully tiled bathroom with separate bath, internal laundry.							
Older apartment located in superior location in smaller development further removed from Pacific Hwy. A lower rate per sqm appropriate for the subject 1 bedroom unit given its inferior location.							

2 Bedroom

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
703/904 Pacific Highway, Gordon	\$925,000	\$11,011	April-22	84	2	2	1
Description: 2018 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Timber floor to living areas.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
732/3 McIntyre Street, Gordon	\$1,140,000	\$12,666	Dec-21	90	2	2	2
503/3 McIntyre Street, Gordon	\$1,040,000	\$12,235	Mar-22	85	2	2	2
Description: 2012 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, separate study, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Complex has gym and sauna.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
106/71 Ridge Street, Gordon	\$921,000	\$11,370	Sep-21	81	2	2	1
Description: 2017 built 2 bedroom, 2 bathroom apartment with secure basement parking and storage cage. Apartment features open plan living and dining with study area, stainless steel appliances and gas cooking to kitchen, two fully tiled bathrooms, internal laundry, covered balcony.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
408/30-34 Henry Street, Gordon	\$1,050,000	\$12,804	Mar 22	82	2	2	1
Description: 2017 built 2 bedroom, 2 bathroom apartment with secure basement parking and storage cage. Apartment features open plan living and dining, stainless steel appliances and gas cooking to kitchen, two fully tiled bathrooms, internal laundry, covered balcony.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
31/23-31 McIntyre Street, Gordon	\$1,032,000	\$12,000	Mar-22	86	2	2	1
Description: 2011 built 2 bedroom, 2 bathroom apartment with secure basement parking and storage cage. Apartment features open plan living and dining, carpeted throughout, stainless steel appliances and gas cooking to kitchen, two fully tiled bathrooms, internal laundry, balcony.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
206/2 Bobbin Head Road, Pymble	\$860,000	\$11,944	Jan-22	72	2	1	1
Description: Description: 2015 built 2 bedroom, 1 bathroom apartment in "Pymble Grand" complex. Apartment features open plan living/dining, modern kitchen with stone benchtops, gas cooking and dishwasher. Both bedrooms have built in robes. Bathroom is fully tiled with separate laundry.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
B708/1 Avon Road, Pymble	\$1,100,000	\$13,414	Dec-21	82	2	2	1
Description: 2018 built 2 bedroom, 2 bathroom apartment in gated community. Features modern kitchen with stone benchtops and breakfast bar, master bedroom with ensuite and WIR, timber oak floors, study. Building facilities include barbeque area, function centre, library, play area and gym.							
Older apartment in building with superior facilities. Higher rates are appropriate for smaller apartments, lower rates are appropriate for larger 2 bedders given inferior position and building.							

The assessed apartment values are as follows:

Apt No.	Lot No	BedS	Internal sqm	External sqm	Total sqm	Car Spaces	Storage	Assessed Value	Adopted Rate
B509	113	1 Bed	50	17	67	1	0	\$686,000	\$13,720
AG04	10	2 Bed	73	116	189	1	0	\$1,068,000	\$14,630
B311	93	2 Bed	76	22	98	1	0	\$1,088,000	\$14,316
A104	17	2 Bed	83	13	96	1	0	\$1,049,000	\$12,639
A105	18	2 Bed	83	13	96	1	0	\$1,049,000	\$12,639
A204	25	2 Bed	83	13	96	1	0	\$1,058,000	\$12,747
A205	26	2 Bed	83	13	96	1	0	\$1,058,000	\$12,747
A304	33	2 Bed	83	13	96	1	0	\$1,068,000	\$12,867
A305	34	2 Bed	83	13	96	1	0	\$1,068,000	\$12,867
A404	41	2 Bed	83	13	96	1	0	\$1,078,000	\$12,988
A405	42	2 Bed	83	13	96	1	0	\$1,078,000	\$12,988
A503	48	2 Bed	83	13	96	1	0	\$1,107,000	\$13,337
AL102	5	2 Bed	89	18	107	1	0	\$990,000	\$11,124
B110	70	1 Bed	59	12	71	1	0	\$690,000	\$11,695
B406	99	2 Bed	84	18	102	1	0	\$1,100,000	\$13,095
Total			1035					\$15,235,000	\$12,933

Our assessment of In One Line Value is detailed below:

Market Value

Input	Amount / Comments.						
Gross Realisation	\$15,235,000 including GST.						
Rate of Sale	We have adopted a sale rate of 1.66 apartments per month for a period of 9 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$2,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$186,900 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Upper North Shore location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.48%, being to the midpoint in the range assuming the new quality of apartments and the Gordon location.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$15,235,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$1,385,000</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$13,850,000</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$15,235,000</u>	Less GST	<u>\$1,385,000</u>	Gross Realisation Excluding GST	<u>\$13,850,000</u>
Residential Realisation Including GST	<u>\$15,235,000</u>						
Less GST	<u>\$1,385,000</u>						
Gross Realisation Excluding GST	<u>\$13,850,000</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$12,000,000 including GST and \$10,900,000 (rounded) excluding GST. Our feasibility analysis reflects an Internal Rate of Return of 42.64% (including interest), and a net development profit of approximately \$1,690,774 all of which appear to be reasonable for a development of this nature.

In One Line Assessment – Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale

Input	Amount / Comments.						
Gross Realisation	\$13,708,000 including GST.						
Rate of Sale	We have adopted a sale rate of 3 apartments per month for a period of 5 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$4,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$186,900 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ A sale rate of 3 apartments per month. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Upper North Shore location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.95%, being to midpoint in the range assuming the new quality of apartments and the Gordon location.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$13,708,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$1,246,182</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$12,461,818</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$13,708,000</u>	Less GST	<u>\$1,246,182</u>	Gross Realisation Excluding GST	<u>\$12,461,818</u>
Residential Realisation Including GST	<u>\$13,708,000</u>						
Less GST	<u>\$1,246,182</u>						
Gross Realisation Excluding GST	<u>\$12,461,818</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$10,850,000 including GST and \$9,850,000 (rounded) excluding GST. Our feasibility analysis reflects an Internal Rate of Return of 84.56% (excluding interest), and a net development profit of approximately \$1,560,236 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 31 March 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection whether the 'cladding' was constructed using compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). This valuation report has been prepared: <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the building components and satisfy itself as to the potential risks and costs which could be incurred should the existing building components have to be remedied, replaced or adapted.</p>
In One Line Value	<ul style="list-style-type: none"> The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> That any reliant party has taken all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement. We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibility and to our 'as if complete' values on a GST exclusive basis.
CGT	<ul style="list-style-type: none"> That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Gross Realisation	<ul style="list-style-type: none"> The Gross Realisation assessment reflects an orderly sale of the apartments over time and is not reflective of an "In One Line Value" which has been separately assessed.
EPBC Act	<ul style="list-style-type: none"> That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Occupation Certificate	<ul style="list-style-type: none"> A Final Occupation Certificate (No.9695-02-2020-FOC) was certified on 3 July 2020 by AE&D Pty Ltd for a (DA0180/14) mixed use development containing 3 buildings, 147 units, retail space, basement parking and landscaping work and modification MOD0006/19. We assume there are not outstanding works/defects that will affect the marketing of the apartments.
Body Corporate	<ul style="list-style-type: none"> We have not undertaken a search of the body corporate records and we assume that there is no current payment liability on the body corporate in relation to capital expenditure programs. We also assume that there are no indications from the minutes of meetings held that there are any areas of structural (or other) concern that may give rise to a special levy to be borne by the owners. We recommend any reliant party verify the position of the Body Corporate and any areas of concern prior to advancing funds.
Inspection	<ul style="list-style-type: none"> We note that we were not provided access to all individual units, however we did inspect each unit type. For the purpose of this valuation, we have assumed that these unseen units are of an identical nature in terms of finishes to the inspected apartments.
Contamination	<ul style="list-style-type: none"> We assume that the subject property is free from elevated levels of contaminants.

Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed a standard marketing period for the subject apartments is likely to be 12 months given the market reluctance to purchase the remaining stock in the subject complex. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 5 months and assumes a higher marketing budget and a more conservative value/price to attract buyers within a shorter sale period.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ We recommend that the reliant party undertake a search of the titles as Savills has only searched a sample lot to ensure there are no notations on title that may impact value. ■ That all apartments have unencumbered title and that any outstanding development contributions have been paid with nothing inhibiting the potential realisable sale of each unit individually or in aggregate.

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.

9 June 2022

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Re: Valuation Summary Letter

Property: "Ashbourne", 141 Yarrowa Road and 32 Lovelle Street, Moss Vale NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 5 May 2022 to provide a summary report of the valuation providing the Market Value of "Ashbourne", 141 Yarrowa Road and 32 Lovelle Street, Moss Vale NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 31 March 2022.

This valuation summary letter ("summary letter") has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute's Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 31 March 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion."

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charges a professional fee for producing valuation reports, and the fee paid for the Valuation Report and this Summary Letter was \$20,500AUD exclusive of GST.

Material Assumptions

- The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Lot 3 in Deposited Plan 706194 and Lot 12 in Deposited Plan 866036.
Registered Owner	Prime Moss Vale Pty Limited
Previous Sale Details	The subject parcel was purchased in May 2018 for \$95,000,000.
Zoning	R2 Low Density Residential, R5 Large Lot Residential, RE1 Public Recreation, B1 Neighbourhood Centre' under the Wingecarribee Local Environmental Plan 2010.
Location	The subject property is located to the south eastern fringe of the developed area of Moss Vale approximately 2 kilometres from the town centre and within the Local Government Area administered by the Wingecarribee Shire Council. Moss Vale is located in the area referred to as the Southern Highlands approximately 130 kilometres south west of Sydney and 160 kilometres north east of Canberra. More particularly the subject property is located to the south of the Moss Vale Golf Course, to the east of Yarrawong Road and to the south of Lovell Street. Surrounding development comprises predominately established residential dwellings to the north and rural acreage to the south and south east. The Moss Vale Golf Course adjoins to the north east. The Moss Vale train station is located in the town centres some 2 kilometres to the north west
Site Area	123.7 hectares approximately
Encumbrances	There are a number of nations on Title and if further information is required, the full valuation report should be viewed.
Property Description "As Is"	Two contiguous parcels of undulating land to the south eastern fringe of the developed area of Moss Vale approximately 2 kilometres from the town centre. Moss Vale is located in the area referred to as the Southern Highlands approximately 130 kilometres south west of Sydney and has a population of 9,000 people. The subject parcel has an area of 123.7 hectares with a developable area of some 110.1 hectares with Concept Plans to deliver 1,074 allotments and a small retail site.
Property Description "As If Complete"	The project known as "Ashbourne" is proposed to be developed according to the Masterplan in 6 main stages containing 176 lots (3 lots for retail), 294 lots, 301 lots, 66 lots, 154 lots and 83 lots consecutively. Stage 1 of the development comprising 174 lots ranging in area from 450m ² to 1,404m ² has been approved by Wingecarribee Council and is awaiting approval by the Southern Regional Planning Panel who is considering aspects of the Masterplan which will then lead to a Voluntary Planning Agreement (VPA). There are 126 pre-sale exchanges subject to formal approval in Stage 1 totalling \$61,592,140 all of which are subject to a \$25,000 rebate for construction commencement and landscaping in line with the Estate Design Guidelines.

Environmental Comment	<p>The present use of the subject property for agricultural purposes is classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a medium risk use in regard to potential for site contamination.</p> <p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Wingecarribee City Planning Scheme.</p> <p>A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land, and we are not aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting: -</p> <ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. <p>Verification that the property is free from contamination and has not been affected by pollutants of any kind may be obtained from a suitably qualified environmental expert.</p> <p>Should we subsequently be advised of any contamination and/or defects we reserve the right to reassess our valuation.</p> <p>We do note we have been advised by the Instructing Party that the Environmental reports have been prepared which suggest that past grazing activities may have resulted in agrochemicals or heavy metal contamination, however the risk is low. We have not sighted these reports.</p>
Valuation Approach	Direct Comparison and Hypothetical Feasibility
Date of Inspection	21 May 2022
Date of Valuation	31 March 2022
"As Is" Market Value Excl. GST	\$93,000,000
Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale Excl. GST	\$86,700,000
Prepared By	Sandra Peachey FAPI
	Certified Practising Valuer
	Savills Valuations Pty Ltd

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual allotments and the Direct Comparison Approach and Hypothetical Development Approach to assess the current Market Value of the site.

The Hypothetical Development Approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the Residual Land Value.

To ascertain the value of the individual allotments we have relied upon the below comparable sales:

Sales in the Subject Subdivision:

Lot Size (m2)	No of Lots Sold	Min Value	Max Value	Min Rate	Max Rate	Avg Rate	Total Sales
400-500	4	\$412,500	\$452,500	\$917	\$1,006	\$949	\$1,710,000
500-600	1	\$442,500	\$442,500	\$776	\$776	\$776	\$442,500
600-700	103	\$410,000	\$507,500	\$616	\$813	\$748	\$47,564,440
700-800	10	\$455,200	\$500,000	\$596	\$688	\$639	\$4,770,700
800-900	3	\$460,000	\$495,500	\$544	\$560	\$553	\$1,425,500
900-1000	3	\$515,000	\$546,500	\$536	\$590	\$551	\$1,561,500
1000+	2	\$447,500	\$520,000	\$318	\$389	\$354	\$967,500
Total	126						\$58,442,140

Comparable Sales outside of Development:

42 Banksia Drive, Colo Vale	
Sale Price	\$515,000
Sale Date	21/6/21
Site Area	765m ²
\$Rate/m²	\$673
Description	Regular shaped, fully cleared inside parcel which is relatively level located in the small town of Colo Vale approximately 20 kilometres north of Moss Vale
Comments	Regular shaped parcel in a slightly superior location with inferior surrounding development. Similar rates per square metre of land area applies to the proposed lots.
2 Orchid Street, Colo Vale	
Sale Price	\$575,000
Sale Date	11/11/21
Site Area	1,001m ²
\$Rate/m²	\$574
Description	Regular shaped, fully cleared inside parcel which is relatively level located in the small town of Colo Vale approximately 20 kilometres north of Moss Vale
Comments	Regular shaped parcel in a slightly superior location with inferior surrounding development. Higher rates per square metre of land area applies to the proposed lots given generally they are smaller.
75 Bowral Road, Mittagong	
Sale Price	\$576,000
Sale Date	19/6/21
Site Area	763m ²
\$Rate/m²	\$754
Description	Irregular shaped parcel with derelict improvements of no value. Parcel is positioned on the southern alignment of Bowral Road which carries a moderate to heavy traffic flow.
Comments	Regular shaped parcel in a slightly superior location however inferior position with inferior surrounding development. Similar rates per square metre of land area applies to the proposed lots.

13 Green Street, Renwick	
Sale Price	\$571,000
Sale Date	8/5/21
Site Area	752m ²
\$Rate/m²	\$759
Description	Level corner allotment in the Renwick Estate located approximately 13 kilometres to the north and close to Mittagong. Surrounded by new housing
Comments	Regular shaped corner parcel in a slightly superior location Lower rates per square metre of land area applies to the proposed lots.
18 Green Street, Renwick	
Sale Price	\$630,000
Sale Date	14/7/21
Site Area	608m ²
\$Rate/m²	\$1,036
Description	Level inside allotment in the Renwick Estate located approximately 13 kilometres to the north and close to Mittagong. Surrounded by new housing
Comments	Regular shaped inside parcel in a slightly superior location. Suggests lower values for subject lots.
45 Darraby Drive, Moss Vale	
Sale Price	\$490,000
Sale Date	2/3/22
Site Area	804m ²
\$Rate/m²	\$609
Description	Level battle-axe allotment in the Darraby Estate at Moss Vale.
Comments	Inferior battle-axe shaped lot. Suggests higher values for subject lots.
39 Darraby Drive, Moss Vale	
Sale Price	\$510,000
Sale Date	16/11/21
Site Area	505m ²
\$Rate/m²	\$1,010
Description	Sloping inside allotment in the "Darraby Estate" at Moss Vale. Established estate that is now fully sold.
Comments	Irregular shaped corner parcel in a slightly superior location being in an established estate. Suggests slightly lower rates per square metre of land area for the proposed lots.
53 Darraby Drive, Moss Vale	
Sale Price	\$420,000
Sale Date	6/8/21
Site Area	752m ²
\$Rate/m²	\$559
Description	Level inside allotment in the "Darraby Estate" at Moss vale. Established estate that is now fully sold.
Comments	Irregular shaped corner parcel in a slightly superior location being in an established estate. Suggests similar rates per square metre of land area for the proposed lots.
16 Eliza Street, Moss Vale	
Sale Price	\$571,000
Sale Date	30/12/21
Site Area	829m ²
\$Rate/m²	\$688
Description	Level inside allotment in the "Darraby Estate" at Moss Vale. Established estate that is now fully sold.
Comments	Regular shaped corner parcel in a slightly superior location however inferior position with inferior surrounding development. Similar rates per square metre of land area applies to the proposed lots.

22 Tyndall Street, Mittagong	
Sale Price	\$685,000
Sale Date	30/4/22
Site Area	711m ²
\$Rate/m ²	\$963
Description	Level inside allotment in the established township of Mittagong .
Comments	Regular shaped corner parcel in a superior location Lower rates per square metre of land area apply to the proposed lots.

The assessed allotment values are as follows:

Stage	Allotments	Average Lot Value	Total Realisation inc GST
1	173	\$461,110	\$79,772,140
2	294	\$460,000	\$135,240,000
3	301	\$460,000	\$138,460,000
4	66	\$460,000	\$30,360,000
5	154	\$460,000	\$70,840,000
6	83	\$460,000	\$38,180,000
Total Residential Realisation			\$492,852,140

Comparable sales to assess the value of the retail site within the development are as follows:

Address	Sale Price	Sale Date	Site Area	Zoning	Overall Site Area Rate
Lots 3 & 4 Digitaria Drive, Gregory Hills, NSW	\$9,008,800	Sep-20	11,261m²	B5 Business Development	\$800/m²
Vacant land parcel located in the Gregory Hills business precinct and within a developing residential region. Zoning provides for a range of land uses including light industries, bulky goods, retail, education and leisure. Site was sold without DA approval. Site is located directly opposite an approved private hospital precinct.					
Lots 1101 & 1102 Northbourne Drive, Marsden Park, NSW	\$8,850,000	Jun-20	25,272m²	B2 Local Centre	\$350/m²
A vacant parcel of land that is situated within a master planned residential estate. The site enjoys street frontage to Elara Boulevard (to the North), Parish Street (to the East), Harvest Street (to the South) and Northbourne Drive (to the West). The land is generally level throughout and predominantly cleared. The property is located in the suburb of Marsden Park which is situated approximately 52 kilometres North-West of the Sydney Central Business District.					
81-91 Railway Terrace, Schofields	\$5,100,000	Apr-20	8,226 m²	B1 Neighbourhood Centre & E2	\$620/m²
Recently purchased by a private developer for development into numerous fast food pad sites. A smaller site overall in a superior location to the subject. We comment the E2 zoned land portion of the site would equate to approximately 30% of the site.					
77-83 Maitland Road, Mayfield, NSW	\$8,900,000	Sep-19	13,990m²	B2 Local Centre	\$636/m²
The site includes multiple, irregular shaped adjoining allotments with a combined wide frontage to Maitland Road in the Newcastle inner city suburb of Mayfield. Woolworths is located approximately 150 metres north west on the opposite side of the road.					
326 Annangrove Road, Rouse Hill, NSW	\$10,200,000	Mar-19	16,035m²	B6 Enterprise Corridor	\$636/m²
Located in a developing, semi-rural area at the north western fringe of the Rouse Hill residential region in Sydney's north-west growth corridor. Level, rectangular shaped site which was proposed for a mixed use service station and multi-level commercial development.					
1079 – 1087 Great Western Highway, Minchinbury, NSW	\$15,028,200	Apr-17	45,500m²	B5 Business Development	\$330/m²
The property consists of two rectangular shaped allotments being generally level throughout and at road height. Sold by a private investor to Leda Holdings. The B5 zonings provides for a number of uses including Large Format Retail.					
1-5 Main Street, Mount Annan, NSW	\$15,000,000	Nov-16	54,900m²	B2 Local Centre	\$273/m²
The site comprises an irregular shaped allotment which is generally level throughout and presented at road height. Immediately surrounding development includes Mount Annan Shopping Centre. The B2 zoning provides for a range of retail uses.					
Address	Sale Price	Sale Date	Site Area	Zoning	Overall Site Area Rate
90-98 Glenmore Ridge Drive, Glenmore Park, NSW	\$7,220,000	Jun-16	21,110m²	B2 Local Centre	\$342/m²
A benched and levelled island site bounded by Darug Avenue, Glenmore Ridge Drive, Glenholme Drive and Deerubbin Drive. The site is located within a master planned community known as Glenmore Ridge. The purchaser is required to deliver a neighbourhood shopping centre (STCA) in line with the B2 Local Centre zoning.					

On the basis that the site is not approved we have adopted the approximate midpoint in the range of \$500 per square metre of site area.

Out total project realisation is therefore:

Stage	Allotments	Average Lot Value	Total Realisation inc GST
1	173	\$461,110	\$79,772,140
2	294	\$460,000	\$135,240,000
3	301	\$460,000	\$138,460,000
4	66	\$460,000	\$30,360,000
5	154	\$460,000	\$70,840,000
6	83	\$460,000	\$38,180,000
Total Residential Realisation			\$492,852,140
Retail Lots			\$904,500
Total Project Realisation			\$493,756,640

The comparable sales to estimate the current site value are detailed below:

Retford Road, Bowral NSW	
Sale Price	\$3,750,000
Sale Date	June 2016
Vendor	Department of Education and Communities
Purchaser	Paloma Blanca Pastoral Pty Ltd & Willow Properties Pty Ltd
Site Area	3 ha
Minimum Lot Size	700 m ²
Potential Lots	32
Zoning	R2 – Low Density Residential
\$/ha Site Area	\$1,250,000
\$/potential lots	\$117,187
Comment	A large almost rectangular shaped parcel zoned R2 Low Density Residential. The site features vegetation with minimal cleared vacant land. The parcel has three street frontages and a minimal lot size of 700sqm.
Comparison	Dated sale of a much smaller site in the superior township of Bowral. Given the much larger scale of the subject development a lower rate per lot is appropriate.
21 Ferguson Crescent, Mittagong NSW	
Sale Price	\$3,700,000
Sale Date	Sep 2016
Vendor	Unknown
Purchaser	Walters
Site Area	2.60 ha
Minimum Lot Size	700 m ²
Potential Lots	33
Zoning	R2 – Low Density Residential
\$/ha Site Area	\$1,423,076
\$/potential lots	\$112,121
Comment	A large triangular shaped parcel zoned R2 Low Density Residential. The site has an indicative scheme for 33 lots. It features a relatively flat parcel with existing improvements including a nursery and a number of ancillary sheds.
Comparison	Dated sale of a much smaller site in the superior township of Bowral. Given the much larger scale of the subject development a lower rate per lot is appropriate.
"The Gables" (Undeveloped Portion), Box Hill	
Sale Price	\$415,000,000
Sale Date	March 2020
Vendor	Celestino
Purchaser	Stockland
Site Area	293 hectares
Minimum Lot Size	R2 Low Density Residential
Potential Lots	1,913
Zoning	\$193,413
\$/ha Site Area	\$1,262,798 (analysed)
Comment	The masterplan for The Gables includes 75 hectares of green space, a 4 hectare lake, a K-12 Catholic School, and a variety of land lots ranging from townhouse lots of circa 240 sqm through to large homesites of circa 2,000sqm. Stockland plan to deliver approximately 1,913 lots over the life of the project. Payment terms included a \$40.2 million upfront payment and annual payments over a 6 year period. Based on Present Value Calculations we have assessed this to equate to circa \$370,000,000.
Comparison	Much larger sized parcel in a superior location. Suggests a lower rate per hectare for the subject land given its much lower end price for the allotments.

Lot 111 DP 1200781 Macdonald Road, Bardia	
Sale Price	\$148,244,850
Sale Date	March 2017
Site Area	51.77 ha
Zoning	R1 General Residential
\$/ha Site Area	\$2,863,528
Comment	Irregular shaped parcel that is mostly cleared. Located close to the end of the M5 Freeway and zoned for immediate development. Infill site with mostly newly developed lands surrounding. No mixed use zoning and minimum lots size as low as 125 sqm
Comparison	Dated sale in a superior location, to the southwest of Sydney. Higher density allowed given smaller minimum lot size. Smaller site. A lower rate per hectare is appropriate for the subject land.
Bingara Gorge, Wilton	
Sale Price	\$220,000,000
Sale Date	July 2021
Vendor	Lendlease
Purchaser	Metro Property Development
Site Area	112ha
Potential Lots	832
Zoning	R1 General Residential & RE1 Public Recreation
\$/ha Site Area	\$1,964,285
Comment	A collective of parcels zoned and approved for the development of 751 lots and an additional 81 lots under consideration. VPA's in place for contributions. 904 lots already delivered in the estate. Average lot size is 665sqm.
Comparison	A similar sized parcel to the north of the subject and closer to Sydney that sold with full approvals in place with part of the project completed and infrastructure in place. We believe a lower rate range per hectare is appropriate for the subject site.
"Clydesdale", 1270 Richmond Road, Marsden Park	
Sale Price	\$138,800,000
Sale Date	December 2016
Vendor	Vaughan Constructions
Purchaser	Boyuan
Site Area	215.1 ha
Potential Lots	650 lots + 300 units
Zoning	E2, E3, R2, R3, RE1, RE2 & SP2
\$/ha Site Area	\$2,759,443
Comment	<p>Irregular shaped parcel known as "Clydesdale" positioned within the Marsden Park Growth Centre. Improved with state significant heritage items including an 1840s homestead, Aboriginal relics and two cemeteries which provided the burial place for early pioneers of the property and the wider district. Positioned along the western alignment of Richmond Road with a private road traversing through the middle of the parcel.</p> <p>The gross developable land, being that zoned R2 Medium Density Residential and R3 Low Density Residential is located in the southwest portion of the site and is approximately 50 ha in size. The site was sold with a Concept Masterplan in place for 650 land lots and 320 apartments and a Development Application (DA 2016SYW208) for Stage One subdivision comprising 275 lots, four residue lots and two drainage lots.</p>
Comparison	A much larger parcel, however less usable area in the Northwest that sold with full approvals in place. Given the larger size of the subject and its inferior location, we believe a lower rate range is appropriate.

SE Wilton Precinct, Picton Road, Wilton	
Sale Price	\$193,500,000
Sale Date	September 2019
Vendor	Walker
Purchaser	Risland
Site Area	433.11ha
Potential Lots	3,500
Zoning	Urban Development, Environmental Conservation
\$/ha Site Area	\$730,229
Comment	Irregular shaped parcel known as the South East Wilton Precinct and home of the "Wilton Greens" estate a Masterplanned Estate that will be delivered over 20-30 years and accommodating circa 3,500 lots, schools, retail centres and large areas of open space.
Comparison	A much larger parcel, however less usable area in a comparable to slightly superior location. We believe a higher rate per hectare is appropriate for the subject site given its smaller scale.
421 The Northern Road, Cobbitty	
Sale Price	\$335,000,000
Sale Date	July 2021
Vendor	Robert Jones
Purchaser	Mirvac
Site Area	79.77
Potential Lots	950
Zoning	R2 Residential, E2 Environmental Living
\$/ha Site Area	\$4,199,573
Comment	Referred to as The Mews estate, a large englobo parcel in Cobbitty purchase by Mirvac with potential for circa 950 lots. A playing field, town centre and community facility will also form part of the site master plan, while a riparian zone will be restored and preserved as parkland.
Comparison	A smaller parcel, however less usable area in a superior location. We believe a much lower rate per hectare is appropriate for the subject site given its smaller scale.
Menangle Road, Menangle Park (Referred to as Menangle North)	
Sale Price	\$65,000,000
Sale Date	July 2016
Vendor	Campbelltown City Council
Purchaser	Dahua
Site Area	134.24ha
Potential Lots	65ha
Zoning	Non Urban - Deferred Matter
\$/ha Site Area	\$1,000,000
Comment	Four lots offered to the market. Comprised a Deferred Matter as at the time of sale with potential for approximately 780 residential lots. Within South west Growth Corridor. Dahua acquired a second nearby parcel from Urban Growth. A mostly cleared site with undulating areas. Land to be dedicated to Council for park at no cost.
Comparison	Located closer to the Sydney CBD, with superior planning status at the time of sale. Dated sale transacting in 2016. Market improvement post sale. Given inferior location of subject a slightly lower rate is considered appropriate.

Our assessment of site value on a Direct Comparison basis is as follows:

Subject	Site Area (Useable ha)	Land Rate	Value
Site Area	110.1ha	\$750,000	\$82,575,000
Site Area	110.1ha	\$800,000	\$88,080,000
Midpoint	110.1ha	\$850,000	\$93,585,000
Adopt			\$93,500,000
Subject	No. of Allotments	Unit Rate	Value
Approved Allotments	1,074	\$85,000	\$91,290,000
Approved Allotments	1,074	\$90,000	\$107,400,000
Midpoint	1,074	\$87,500	\$93,975,000
Adopt			\$94,000,000
Site Area	\$93,500,000		
Approved Allotment Rate	\$94,000,000		
Adopted As Is Market Value	\$93,000,000		

Our Hypothetical Development Assessment is detailed below:

Input	Amount / Comments										
Gross Realisation	\$493,756,640 including GST										
Rate of Sale	We have allowed for an annual uptake of allotment of 8 per month for the duration of the project.										
Selling Costs	2.2% of Gross Realisation										
Marketing Costs	\$4,000 per lot										
Legal Costs	\$7500 per lot										
Site Acquisition Costs	7.1% of purchase price										
Legal Fees on Acquisition	\$200,000										
Construction/Development Cost	\$211,362,651 excluding GST (as per Section 9 of this Report)										
Interest Rate	5.0% per annum (on the basis of 100% debt funding and including line fees)										
Application Fee	\$750,000										
Construction Period	103 months with 9 months lead time to secure approvals.										
Holding Costs	Approximately \$1,580,000 per annum (including Council rates and Land Tax)										
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 20% to 30%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ Sales in Stage 1 indicate market acceptance of pricing. ➤ A third party Civil Contract has not been executed ➤ Costs have been verified by a QS ➤ The size and related capital value of the development ➤ Analysis of comparable developments ➤ The regional location <p>Having regard to the above, we have adopted a Profit and Risk Factor of 25.85%, being the approximate mid-point of the adopted range.</p>										
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$492,852,140</u></td></tr> <tr> <td>Less GST</td><td><u>\$44,804,740</u></td></tr> <tr> <td>Residential Realisation Excluding GST</td><td><u>\$448,047,400</u></td></tr> <tr> <td>Plus Retail</td><td><u>\$904,500</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$448,951,900</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$492,852,140</u>	Less GST	<u>\$44,804,740</u>	Residential Realisation Excluding GST	<u>\$448,047,400</u>	Plus Retail	<u>\$904,500</u>	Gross Realisation Excluding GST	<u>\$448,951,900</u>
Residential Realisation Including GST	<u>\$492,852,140</u>										
Less GST	<u>\$44,804,740</u>										
Residential Realisation Excluding GST	<u>\$448,047,400</u>										
Plus Retail	<u>\$904,500</u>										
Gross Realisation Excluding GST	<u>\$448,951,900</u>										

Feasibility Conclusions

Our calculations result in a residual value of \$93,193,750 excluding GST, which we have rounded to \$93,000,000 excluding GST for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 9.22% including interest, and a net development profit of approximately \$92,228,532 all of which appear to be reasonable for a development of this nature.

We have assumed the standard marketing period for a development of this scale with a project duration of circa 10 years is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions.

The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.

For the purposes of an assessment based on these adopted assumptions we have increased the Profit and Risk allowance in our residual land value analysis to 29% which indicated a residual land value of \$86,700,000 which has been adopted under this valuation scenario

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 31 March 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> ■ This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property. ■ This valuation is conditional upon development being undertaken in the immediate future and that the site will not be "landbanked". The "As Is" value is current as at the date of valuation only. It is not suitable for long term passive lending. If the site needs to be retained "As Is" for an extended period of time, it is likely that a lower site value may apply, or it may result after accounting for holding costs and changes in market environment in addition to any variation to construction costs.
Physical	<ul style="list-style-type: none"> ■ The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection of the property whether the 'cladding' constructed on the Sales Office or contained within any existing improvements has used compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). A Certificate of Compliance and/or Certification of building materials for the property has not been sighted nor confirmed by the valuer. <p>This valuation report has been prepared:</p> <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property/development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the existing building components and satisfy itself as to the potential risks and costs which could be incurred should the existing/new/future/currently proposed building component have to be remedied, replaced or adapted.</p>
Construction Costs	<ul style="list-style-type: none"> ■ The civil construction estimate provided by Rider Levett Bucknell including VPA works and main roadworks (excluding GST and Contingency) of \$146,052,240 equates to \$135,989 per proposed residential allotment, which is considered to be within acceptable market parameters and has been adopted in our valuation. ■ Additional allowances have been made for Design Fees, Council Contributions, Contingency and Development Management. ■ We note some minor adjustments to lot numbers per stage have been provided by Aoyuan as well as updated Professional Fees. ■ Construction and development of the project can be undertaken for the amount described above, in accordance with the documents provided by Rider Levett Bucknell and Aoyuan. We have adopted the construction and development costs provided as part of our instruction. Should the supplied costs be proven to be inadequate to deliver the project, Savills reserves the right to review this valuation accordingly. ■ We are not Quantity Surveyors nor are we Consulting Engineers. We have relied upon cost estimates provided and on the basis that the cost provided and adopted are accurate. We recommend the engagement of an independent Quantity Surveyor to confirm same. Should the cost estimate differ to that adopted within, then this report should be referred back to the Valuer for comment and accordingly we reserve the right to amend the assessment within
Land Value	<ul style="list-style-type: none"> ■ The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> ■ We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibilities and to our 'as if complete' values on a GST exclusive basis. As a result, GST on the development costs will be assessed at 10% to be remitted two months later, while GST on gross realisations will be assessed at 1/11th. All costs within our cash flow model are quoted, where applicable, excluding GST. ■ That all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement.

CGT	<ul style="list-style-type: none"> ■ That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Construction Timeframe	<ul style="list-style-type: none"> ■ We have adopted a construction period for the project of circa 104 months, based on the advice provided by Aoyuan and our assumed take up of lots. We have assumed this to be an accurate forecast and have adopted this within our Residual Cash Flow analysis.
"As If Complete" Assessment	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is the estimated market value of the proposed development as detailed in this report on the assumption that all construction has been satisfactorily completed in all respects at the date of this report. Because of time lag and unknown future market conditions the valuation reflects the valuer's view of the market conditions existing at the date of valuation and does not purport to predict future market conditions and the value at the actual completion date.
Construction Quality & Compliance	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is provided on the basis that the proposed improvements will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that: <ul style="list-style-type: none"> – A detailed report of the structure and service installations of the building once completed would not reveal any defects requiring significant expenditure. – The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
EPBC Act	<ul style="list-style-type: none"> ■ That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Development Approvals (Including Plans & Specifications)	<ul style="list-style-type: none"> ■ The site does not hold any formal Development Approval; however, we have been provided with concept plans and drawings which have been relied upon when undertaking our Hypothetical Development exercise. Should there be any subsequent changes to the concept plans or onerous condition implied by the subsequent Development Approval, this valuation must not be relied upon before first consulting Savills to reassess any effect on the valuation. ■ We note the Masterplan has been approved by Wingecarribee Council and is awaiting approval by the Southern Regional Planning Panel who is considering aspects of the Masterplan which will then lead to a Voluntary Planning Agreement (VPA).
Contamination	<ul style="list-style-type: none"> ■ We assume that the subject property is free from elevated levels of contaminants and have therefore made no allowance in our valuation for site remediation.
Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed the standard marketing period for a development of this scale with a project duration of circa 10 years is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type.

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.

9 June 2022

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Re: Valuation Summary Letter

Property: "Mesa", 61-75 Forest Road and 126 Durham Street, Hurstville NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 5 May 2022 to provide a summary report of the valuation providing the Market Value of "Mesa", 61-75 Forest Road and 126 Durham Street, Hurstville NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 31 March 2022.

This valuation summary letter ("summary letter") has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute's Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 31 March 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion."

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing the valuation report..

Material Assumptions

- The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Lot 1 in Deposited Plan 225302, Lot 101 in Deposited Plan 776275, Lot 100 in Deposited Plan 776275, Lot 10 in Deposited Plan 621395, Lot 1-4 in Deposited Plan 12517.
Registered Owner	Prime Hurstville Pty Ltd
Recent Sale Details	Purchased for \$50,000,000 in 2017 which is considered above market levels.
Zoning	'B4 Mixed Use' under the Georges River Local Environmental Plan 2021.
Site Area	8,551m ² approximately
Location	The subject property is located within Hurstville and is within the Local Government Area administered by the Georges River Council approximately 16 kilometres south west of the Sydney CBD by road. More particularly the subject property is located to the north eastern corner of Forest Road and Durham Street at Hurstville. Surrounding development comprises a mixture of older style properties of a commercial nature, light industrial uses, car yards, and further afield older style residential apartment buildings. A new mixed use development known as "Beyond" is under construction opposite the subject site to the south. Hurstville Westfield, a regional sized shopping centre is located approximately 900 metres to the west of the site. Hurstville Railway Station is located approximately 800 metres to the west, Allawah Station is located 450 metres to the south east and government buses service the property frontage.
Property Description "As Is"	Eight contiguous parcels forming the land holding on the north eastern corner of Forest Road and Durham Street at Hurstville. The site slopes from the north moderately to the south. The site is currently improved with various commercial buildings which we understand will be demolished to make way for the development. The site holds Deferred Development Approval for the construction of a mixed use building accommodating residential apartments, retail and hotel uses.
Property Description "As If Complete"	DA 2020/0352 Deferred Development Consent for demolition works, remediation and construction of a mixed use development comprising four (4) buildings being from three (3) to twenty (20) storeys in elevation containing commercial floor space, a 76 room hotel and 260 apartments above four (4) levels of basement containing 476 car spaces, landscaping, site works and stratum subdivision. The development has a Gross Floor Area (GFA) of 33,118m ² . A Voluntary Planning Agreement (VPA) has been negotiated with Georges River Council which stipulates additional contributions are payable. The retail, hotel and residential components will be stratum subdivided into 3 components. The apartments are configured in 4 buildings referred to as Buildings A-D, and are configured as 47 x 1 bedroom, 23 x 1 bedroom + study, 87 x 2 bedroom, 49 x 2 bedroom + study, 36 x 3 bedroom, 16 x 3 bedroom plus study and 2 x 4 bedroom apartments. There are 20 apartment pre-sales in the development totalling \$15,941,000. The hotel component comprises 42 serviced apartments (76 keys) in Building D. The retail component is over 3 levels occupying part Basement Level 1, part Lower Ground Floor and part Upper Ground Floor. There are no lease commitments in place and the tenancy mix proposes a supermarket, liquor store and 23 specialty stores.
Encumbrances	There are numerous notations on Title and if additional information is required the full valuation report should be viewed.

Environmental Comment.	<p>Given the age of the property, asbestos risk is present. Accordingly, we recommend that this risk be investigated and reviewed prior to reliance on this report.</p> <p>The present and past use of the subject property for automotive type uses is classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a high risk use in regard to potential for site contamination.</p> <p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the George River City Planning Scheme.</p> <p>We have been provided with a Remediation Action Plan prepared by ERM dated August 2020. The report notes the presence of petroleum hydrocarbons, naphthalene, volatile organic compounds and heavy metals as well as underground storage tanks.</p> <p>We have assumed, as instructed that the costs provided allow for remediation of the site.</p> <p>Savills does not have expertise in environmental or contamination risk. Given the risks of contamination from both the current and past uses of the site, it is recommended that any reliant party satisfy itself as to the risks and potential liabilities it is exposed to in relation to contamination of the site, and potential offsite migration of contaminants.</p>		
Valuation Approach	Direct Comparison and Hypothetical Feasibility		
Date of Inspection	23 May 2022		
Date of Valuation	31 March 2022		
"As Is" Market Value Excl. GST	\$43,000,000		
Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale Excl. GST	\$38,500,000		
Prepared By	Sandra Peachey FAPI	Chris Paul AAPI	James Cassidy AAPI
	Certified Practising Valuer	Certified Practising Valuer	Certified Practising Valuer
	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Capitalisation and Discounted Cash Flow methods to ascertain the value of the retail and hotel components.

The Direct Comparison Approach and Hypothetical Development Approach have been utilised to assess the current Market Value of the site.

The Hypothetical Development Approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the Residual Land Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Sales in the Subject Development:

Block	Level	Apartment No.	Type	Beds	Bath	Internal m2	External m2	Car	Exchange Date	Contract Price	Analysed Rate
B	Level 01	B.106	2 Bed	2	2	75	20	1	20/07/2021	\$788,000	\$10,507
B	Level 02	B.206	2 Bed	2	2	75	20	1	16/07/2021	\$798,000	\$10,640
B	Level 02	B.208	1 Bed + Study	1	1	55	9	1	16/07/2021	\$680,000	\$12,364
B	Level 03	B.303	2 Bed	2	2	75	29	1	19/07/2021	\$800,000	\$10,667
B	Level 03	B.306	2 Bed	2	2	75	44	1	22/07/2021	\$800,000	\$10,667
B	Level 03	B.307	3 Bed + Study	3	2	108	151	2	26/07/2021	\$1,150,000	\$10,648
B	Level 05	B.505	2 Bed	2	2	75.15	9	1	21/07/2021	\$810,000	\$10,778
B	Level 05	B.506	2 Bed	2	2	75	9	1	28/07/2021	\$820,000	\$10,933
B	Level 05	B.507	3 Bed + Study	3	2	108	12	2	11/08/2021	\$1,130,000	\$10,463
B	Level 06	B.602	2 Bed	2	2	76	10	1	16/07/2021	\$900,000	\$11,842
B	Level 06	B.605	2 Bed	2	2	75.15	9	1	30/07/2021	\$820,000	\$10,912
B	Level 07	B.701	2 Bed	2	2	76	10	1	03/08/2021	\$925,000	\$12,171
B	Level 07	B.705	2 Bed	2	2	75.15	9	1	16/07/2021	\$820,000	\$10,912
B	Level 07	B.706	2 Bed	2	2	75	9	1	19/07/2021	\$835,000	\$11,133
C	Level 05	C.502	1 Bed	1	1	55	8	1	16/08/2021	\$599,000	\$10,891
C	Level 05	C.505	1 Bed	1	1	54	8	1	21/07/2021	\$588,000	\$10,889
c	Level 05	C.506	1 Bed + Utility	1	1	54	8	1	20/12/21	\$650,000	\$12,037
C	Level 07	C.703	1 Bed	1	1	57	9	1	12/08/2021	\$640,000	\$11,228
C	Level 07	C.705	1 Bed	1	1	54	8	1	29/07/2021	\$600,000	\$11,111
D	Level 07	D.702	2 Bed	2	2	75	11	1	23/07/2021	\$788,000	\$10,507
Total										\$15,941,000	\$11,013

Comparable Sales outside of Development:

"Beyond" 93 Forest Road, Hurstville								
Launch Date	October 2019							
Number of Apartments	556							
Description	A large development by Fridcorp on the southern side of Forest Road, opposite the subject development comprising a mixed use development of 556 apartments, 4,345m2 of retail space including a Woolworths supermarket in 2 buildings. The apartments are configured as 202 x 1 bedroom, 48 x 1 bedroom plus study, 264 x 2 bedroom and 42 x 3 bedroom. Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, timber, carpet and tile floor coverings. The development shares rooftop areas and gym.							
Pre-Sale Comment	396 apartment have sold to date							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed & 1 bed + S	250	50	60	\$585,000	\$800,000	\$11,700	\$13,417
	2 Bed	264	76	92	\$805,000	\$1,025,000	\$10,000	\$11,413
	3 Bed	42	94	103	\$1,270,000	\$1,300,000	\$12,740	\$13,830
Comparative Analysis	Considered to be a similar superior quality development in a comparable location. Overall, similar rates are considered appropriate for the subject apartments.							

"Treacys Place" 33-35 Treacy Street, Hurstville

Launch Date	March 2021							
Number of Apartments	37							
Description	<p>Construction of a 13 storey mixed use development with 2 retail units (82m² & 128m²) at ground floor level & 37 apartments to comprise 6 x 1 bedroom, 17 x 2 bedroom, 10 x 3 bedroom & 4 x 4 bedrooms.</p> <p>Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, European appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, timber, air conditioning, carpet and tile floor coverings. Upper level units have good views.</p> <p>Due for completion October 2022.</p>							
Pre-Sale Comment	18 apartment have sold to date							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed & 1 bed + S	6	52	60	\$595,000	\$685,000	\$11,417	\$11,442
	2 Bed	17	77	90	\$749,000	\$910,000	\$10,000	\$10,111
	3 Bed	10	112	112	\$1,150,000	\$1,175,000	\$12,740	\$10,491
	4 Bed	4						
Comparative Analysis	Smaller development offering similar quality apartments. Overall, similar rates are considered appropriate for the subject apartments.							

"Lotus Residence" 105 Forest Road, Hurstville

Launch Date	February 2020							
Number of Apartments	116							
Description	<p>Construction of a 3-13 storey mixed use development containing 917sqm of gross leasable retail/commercial floor space (10 commercial units) on the ground floor & 116 residential units above, configured as 16 x 1 bedroom, 61 x 2 bedroom, 23 x 3 bedroom & 16 x 1 bedroom adaptable units. The 13 storey component of the development is located on the corner and the building then steps down to 7 and 4 storeys along the Forest Rd frontage.</p> <p>Apartments feature floor to ceiling glass in living areas with city views from upper levels, built in robes to bedrooms, European appliances and marble benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, carpet, timber and tile floor coverings. The development shares rooftop areas and pet playground.</p>							
Pre-Sale Comment	72 apartment have sold to date							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed & 1 bed + S	32	50	58	\$518,000	\$780,000	\$11,453	\$13,423
	2 Bed	61	76	90	\$810,000	\$1,010,000	\$9,998	\$11,289
	3 Bed	23	92	112	\$1,125,000	\$1,235,000	\$12,324	\$13,150
Comparative Analysis	Considered to be a superior quality development in a comparable location. Overall, slightly lower rates are considered appropriate for the subject apartments.							

"Grand H" 12 Woniara Road, Hurstville						
Number of Apartments	383					
Description	<p>Completed in 2019 this development comprises a mixed use development of 4 buildings A, B, C & D of 12, 18 & 21 storeys comprising a community space, 2 commercial tenancies of 165m² & 383 residential apartments configured as 120 x 1 bedroom, 259 x 2 bedroom & 4 x 3 bedroom.</p> <p>Apartment's feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, carpet and tile floor coverings. The development shares rooftop areas.</p>					
Overall Summary	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m2)	Rate Internal (\$/m²)
	703	1 Bed, 1 Bath	14/10/21	\$620,000	60	\$10,333
	102	1 Bed, 1 Bath	14/12/21	\$650,000	60	\$10,833
	506	1 Bed, 1 Bath	14/9/21	\$626,000	57	\$10,928
	608	2 Bed, 2 Bath	1/10/21	\$800,000	80	\$10,000
	703	1 Bed, 1 Bath	7/10/21	\$620,000	56	\$11,071
	925	1 Bed, 1 Bath	8/11/21	\$660,000	60	\$11,000
Comparative Analysis	An older development that indicates higher prices are appropriate for the subject development.					

"The Forest" 456 Forest Road, Hurstville						
Number of Apartments	57					
Description	<p>Completed in 2020 this development comprises 5 storey mixed use development comprising 57 units with a mix of studio, 1 & 2 bedrooms, 5 of which are adaptable, 1 x retail premises on ground floor & 1 commercial premises on first floor.</p> <p>Apartment's feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi frameless glass screens to showers, bath and full wall height tiling to bathrooms, carpet and tile floor coverings. The development shares rooftop areas.</p>					
Overall Summary	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m2)	Rate Internal (\$/m²)
	10	1 Bed, 1 Bath	15/6/21	\$745,000	58	\$12,844
	49	1 Bed, 1 Bath	15/7/21	\$599,800	50	\$11,996
	103	2 Bed, 1 Bath	12/7/21	\$739,000	65	\$11,369
Comparative Analysis	An older development that indicates higher prices re appropriate for the subject development.					

The assessed apartments values are as follows:

Apartment Type	No	Min Area (m ²)	Max Area (m ²)	Avg Area (m ²)	Min Price (\$)	Max Price (\$)	Avg Price (\$)	Min Rate \$/m ²	Max Rate \$/m ²	Avg Rate \$/m ²	Total Realisation
1 Bed	47	54	61	55.6	\$588,000	\$730,000	\$652,064	\$10,526	\$13,273	\$11,730	\$30,647,000
1 Bed + Study	16	53	61	58.8	\$630,000	\$730,000	\$693,125	\$11,475	\$12,364	\$11,778	\$11,090,000
1 Bed + Utility	7	54	54	54	\$620,000	\$670,000	\$645,714	\$11,481	\$12,407	\$11,958	\$4,540,000
2 Bed	87	75	89	80.01	\$780,000	\$1,130,000	\$916,598	\$10,246	\$12,763	\$11,442	\$79,744,000
2 Bed + Study	45	90	96	85.3	\$860,000	\$1,130,000	\$989,778	\$10,361	\$12,500	\$11,598	\$44,540,000
2 Bed + Utility	4	87	89	88	\$890,000	\$920,000	\$902,500	\$10,227	\$10,337	\$10,255	\$3,610,000
3 Bed	36	94	109	102.1	\$1,040,000	\$1,370,000	\$1,243,611	\$9,720	\$13,505	\$12,199	\$44,770,000
3 Bed + Study	14	108	143	114.3	\$1,130,000	\$1,620,000	\$1,364,286	\$10,000	\$13,889	\$11,957	\$19,100,000
3 Bed + Utility	2	113	113	113	\$1,490,000	\$1,525,000	\$1,505,000	\$13,186	\$13,451	\$13,319	\$3,010,000
4 Bed	2	120	120	120	\$1,630,000	\$1,660,000	\$1,645,000	\$13,583	\$13,833	\$13,708	\$3,290,000
Total	260									\$11,730	\$244,341,000

Comparable sales to assess the value of the retail component within the development are as follows:

Centre Name	State	GLA (m ²)	Sale Date	Sale Price	EMY	IRR	Rate \$/m ²	WALE
Beyond Hurstville	NSW	4,242	Dec-21	\$41,500,000	4.72%	4.84%	\$9,783	13.28
Cherrybrook Village	NSW	9,382	Aug-21	\$132,800,000	4.74%	5.79%	\$14,154	3.03
Oatley Village Square	NSW	3,523	Aug-21	\$21,750,000	4.99%	4.50%	\$6,175	5.03
Coles Greenacre	NSW	4,739	Jul-21	\$40,500,000	4.00%	5.48%	\$8,546	7.83
Marketown East & West SC	NSW	26,376	Jun-21	\$150,500,000	5.52%	6.06%	\$5,706	5.53
Kiama Village	NSW	5,156	Jun-21	\$49,000,000	5.40%	6.00%	\$9,503	8.47
Lederer Cessnock	NSW	5,633	Jun-21	\$45,000,000	5.53%	6.47%	\$7,988	6.50
Lederer Corrimal	NSW	9,759	Jun-21	\$88,000,000	5.90%	6.21%	\$9,018	5.46
The Imperial Centre, Gosford	NSW	16,706	Jun-21	\$57,500,000	6.14%	6.56%	\$3,442	3.67
Goulburn Marketplace	NSW	7,584	Jun-21	\$48,000,000	5.70%	6.41%	\$6,329	7.16
Lederer Miranda	NSW	4,603	Jun-21	\$37,500,000	4.56%	5.75%	\$8,146	2.65
Richmond Mall	NSW	5,153	Jun-21	\$24,000,000	5.34%	6.15%	\$4,657	2.12
Woolworths Bulli	NSW	3,949	Jun-21	\$36,000,000	3.97%	4.14%	\$9,114	8.97
Swan Hill Square	VIC	3,452	May-21	\$20,100,000	4.97%	5.89%	\$5,823	5.25
Ropes Crossing Village	NSW	5,807	Jan-21	\$42,000,000	5.47%	6.66%	\$7,235	8.87
Caddens Corner	NSW	9,544	Nov-21	\$66,000,000 [*]	5.24%	6.02%	\$6,915	9.66
Auburn Central	NSW	13,590	Nov-20	\$129,500,000	5.93%	6.75%	\$9,529	6.62

The assessed value of the retail component is as follows:

Valuation Reconciliation		Value
Capitalisation Result	@ 6.00%	\$46,500,000
10 Year NPV	@ 7.00%	\$46,500,000
ADOPTED VALUE		\$46,500,000
10 Year IRR		6.98%
Passing Initial Yield		6.26%
Equated Market Yield		6.00%
\$Value/m ²		\$10,393

Comparable sales to assess the value of the hotel component within the development are as follows:

Date	Hotel	Sale Price	Rooms	Price Per Room	Passing Yield	Market Yield	Terminal Cap Rate	Discount Rate	5 Yr IRR	10 Yr IRR
Oct-21	1 Hosking Place, Sydney	\$26,500,000	49	\$540,816	4.55%	0.18%	5.00%	6.50%	6.84%	6.61%
Jan-21	Radisson Hotel & Suites	\$38,080,000	76	\$501,053	-	-	-	-	-	-
Feb-20	CitadelX, Pyrmont	\$28,700,000	60	\$478,333	5.02%	5.02%	5.00%	6.50%	-	6.58%
Dec-19	Quest Macquarie Park	\$46,000,000	111	\$414,414	5.52%	5.52%	5.75%	7.50%	-	7.60%
Dec-19	Adina Apartment Hotel Mascot	\$53,000,000	123	\$430,894	4.76%	4.93%	5.00%	6.50%	-	6.97%
Aug-19	Veriu Sydney Central	\$58,888,000	112	\$450,000	4.92%	5.55%	5.75%	7.50%	-	7.19%
Aug-19	Quest Mounts Bay Road Perth WA	\$22,425,000	71	\$315,845	-	6.89%	7.00%	8.50%	-	8.33%
Jun-18	Quest Springfield QLD	\$24,350,000	82	\$296,646	7.28%	7.28%	7.50%	9.00%	-	8.67%
Jul-17	Quest Penrith NSW	\$30,320,000	115	\$263,652	7.03%	6.91%	7.25%	8.75%	-	8.76%
Subject Valuation	Proposed Quest Hurstville	\$22,000,000	76	\$289,474	6.22%	6.01%	6.50%	7.50%	-	7.93%
	<i>Low</i>	<i>\$22,425,000</i>	<i>49</i>	<i>\$263,652</i>	<i>4.55%</i>	<i>0.18%</i>	<i>5.00%</i>	<i>6.50%</i>	<i>6.84%</i>	<i>6.58%</i>
	<i>Median of Sales</i>	<i>\$30,320,000</i>	<i>82</i>	<i>\$430,894</i>	<i>5.02%</i>	<i>5.54%</i>	<i>5.75%</i>	<i>7.50%</i>	<i>6.84%</i>	<i>7.40%</i>
	<i>High</i>	<i>\$58,888,000</i>	<i>123</i>	<i>\$540,816</i>	<i>7.28%</i>	<i>7.28%</i>	<i>7.50%</i>	<i>9.00%</i>	<i>6.84%</i>	<i>8.76%</i>

We have produced a value of \$22,000,000 under the capitalisation approach, \$22,700,000 under the DCF approach and a value range of \$21,280,000 to \$22,800,000 under the direct comparison approach.

Based upon the above results we have adopted an As If Complete Market value subject to the Proposed Lease of \$22,000,000 which reflects an initial yield of 6.22%, an equated market yield of 6.01%, an IRR of 7.93% and a capital rate of \$289,474/key, all of which appear reasonable having regards to the comments contained within our full valuation report.

Out total project realisation is therefore:

Component	Realisation inc GST
Residential	\$244,341,000
Retail	\$46,500,000
Hotel	\$22,000,000
Total Realisation	\$312,841,000

The comparable sales to estimate the current site value are detailed below:

Address	Sale Date	Sale Price	Site Area (m ²)	Equivalent Unit Yield	GFA	\$/Site Area (m ²)	\$/Unit	\$/GFA (m ²)	DA Approved	Comparison
224-240 Pitt Street, Merrylands	Dec-21	\$75,000,000	15842	1012	83787	\$4,734	\$74,111	\$895	Yes	Inferior
2-5 Halifax St, Macquarie Park	Aug-21	\$137,000,000	18463	950	82212	\$7,420	\$144,211	\$1,666	No	Superior
37-41 Oxford St, Epping	Jun-21	\$55,000,000	4969	-	22361	\$11,069	-	\$2,460	No	Superior
12 Hassall Street, Parramatta	Aug-21	\$68,000,000	2055	365	32840	\$33,090	\$186,301	\$2,071	Subject to Approval	Superior
850-858 King George Road, South Hurstville	Aug-21	\$12,000,000	2024	60	5060	\$5,927	\$200,000	\$2,372	Yes	Superior
247-273 and 277-281 Pennant Hills Road Carlingford	Dec-20	\$68,500,000	27973	729	64339	\$2,449	\$93,278	\$1,065	Yes	Larger hence lower rates apply
28 Elizabeth St, Liverpool	Jun-21	\$28,000,000	3600	399	36000	\$7,778	\$70,175	\$778	Yes	Inferior
71-97 Regent St, Kogarah	Oct-17	\$37,000,000	4730	273	18920	\$7,822	\$135,531	\$1,956	No	Superior

Our assessment of site value on a Direct Comparison basis is as follows:

Subject	Site Area	Land Rate	Value
Site Area	8,551m ²	\$4,750	\$40,617,250
Site Area	8,551m ²	\$5,250	\$44,892,750
Midpoint	8,551m ²	\$5,000	\$42,755,000
Adopt			\$42,700,000
Subject	No. of Units*	Unit Rate	Value
Approved Units	314	\$135,000	\$42,390,000
Approved Units	314	\$140,000	\$43,960,000
Midpoint	314	\$137,500	\$43,175,000
Adopt			\$43,100,000
Subject	GFA	Rate	Value
GFA	33,118m ²	\$1,250	\$41,397,500
GFA	33,118m ²	\$1,350	\$44,709,300
Midpoint	33,118m ²	\$1,300	\$43,053,400
Adopt			\$43,000,000
Site Area	\$42,700,000		
Approved Unit Rate	\$43,100,000		
GFA	\$43,000,000		
Adopted As Is Market Value	\$43,000,000		

*Equated units

Our Hypothetical Development Assessment is detailed below:

Input	Amount / Comments												
Gross Realisation	Residential - \$244,341,000 including GST Retail - \$46,500,000 excluding GST Hotel - \$22,000,000 excluding GST												
Rate of Sale	Having regard to the existing presales we have assumed that the remaining unsold apartments will be sold 'off the plan' during the construction period and within 18 months post construction. We have assumed the hotel and retail components will transact on practical completion.												
Selling Costs	Residential – 2.2% Retail – 1.5% Hotel – 1.5%												
Marketing Costs	Residential – \$2,500 per apartment Retail – \$30,000 Hotel – \$30,000												
Legal Costs	Residential – \$750 per apartment Retail – \$25,000 Hotel – \$25,000												
Site Acquisition Costs	7.2% of purchase price												
Legal Fees on Acquisition	\$150,000												
Construction/Development Cost	\$137,864,337 excluding GST (as per Section 9 of this Report)												
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees)												
Application Fee	\$400,000												
Construction Period	22 months												
Holding Costs	Approximately \$380,000 per annum (including Council rates and Land Tax)												
Developers Margin	Profit and Risk expectations for a project of this nature would normally vary from 20% to 25%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors: <ul style="list-style-type: none"> ➤ Limited pre-sales to date. ➤ No pre-commitment for the retail or hotel space. ➤ A third party Building Contract has not been executed ➤ The Contract sum has not been verified by a QS ➤ The cost and revenue parameters of the project are largely known ➤ The size and related capital value of the development ➤ Analysis of comparable developments ➤ The southern Sydney location Having regard to the above, we have adopted a Profit and Risk Factor of 22.49%, being the approximate mid-point of the adopted range.												
GST Liability	We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows: <table> <tr> <td>Residential Realisation Including GST</td><td>\$244,341,000</td></tr> <tr> <td><u>Less GST</u></td><td><u>\$22,212,818</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$222,128,182</td></tr> <tr> <td>Plus: Hotel</td><td>\$22,000,000</td></tr> <tr> <td>Plus: Retail</td><td><u>\$46,500,000</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$290,628,182</td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	\$244,341,000	<u>Less GST</u>	<u>\$22,212,818</u>	Gross Realisation Excluding GST	\$222,128,182	Plus: Hotel	\$22,000,000	Plus: Retail	<u>\$46,500,000</u>	Gross Realisation Excluding GST	\$290,628,182
Residential Realisation Including GST	\$244,341,000												
<u>Less GST</u>	<u>\$22,212,818</u>												
Gross Realisation Excluding GST	\$222,128,182												
Plus: Hotel	\$22,000,000												
Plus: Retail	<u>\$46,500,000</u>												
Gross Realisation Excluding GST	\$290,628,182												

Feasibility Conclusions

Our calculations result in a residual value of \$42,984,912 excluding GST, which we have rounded to \$43,000,000 excluding GST for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 10.48% (including interest), and a net development profit of approximately \$53,355,221, all of which appear to be reasonable for a development of this nature.

We have assumed the standard marketing period for a development of this scale with a mixed use profile incorporating retail, hotel and residential with limited pre-commitments, however advanced planning is 3-

6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions.

The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.

Practically, this scenario therefore assumes that a prospective buyer would look to increase the risk allowances to cover less than full diligence.

For the purposes of an assessment based on these adopted assumptions we have increased the Profit and Risk allowance in our residual land value analysis by 3 basis points to 25.5% which indicates a residual land value of \$38,500,000 which has been adopted under this valuation scenario.

Whilst our analysis could alter other inputs in the feasibility such as apartment price and Hotel and Retail component values, and sale rate and cost, realistically the sale rate of the apartments/components, the value of the completed apartments/components and the cost of producing the development does not change. The risk essentially lies with the acquisition of a project with a long development life without exploring all aspects of the project to ascertain an educated and informed acquisition.

Feasibility Conclusions

Our calculations result in a residual value of \$38,585,459 excluding GST, which we have rounded to \$38,500,000 excluding GST for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 11.94% including interest, and a net development profit of approximately \$59,168,606 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 31 March 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> ■ This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property. ■ This valuation is conditional upon development being undertaken in the immediate future and that the site will not be "landbanked". The "As Is" value is current as at the date of valuation only. It is not suitable for long term passive lending. If the site needs to be retained "As Is" for an extended period of time, it is likely that a lower site value may apply, or it may result after accounting for holding costs and changes in market environment in addition to any variation to construction costs.
Physical	<ul style="list-style-type: none"> ■ The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection of the proposed plans whether the 'cladding' to be constructed will use compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). A Certificate of Compliance and/or Certification of building materials for the development has not been sighted nor confirmed by the valuer. <p>This valuation report has been prepared:</p> <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the currently proposed building components and satisfy itself as to the potential risks and costs which could be incurred should the currently proposed building component have to be remedied, replaced or adapted.</p>
Construction Costs	<ul style="list-style-type: none"> ■ The civil construction estimate provided by the instructing party (excluding GST and Contingency) of \$137,864,337 equates to \$4,162 per square metre of GFA, which is considered to be within acceptable market parameters and has been adopted in our valuation. ■ Construction and development of the project can be undertaken for the amount described above, in accordance with the documents provided by the instructing party. We have adopted the construction and development costs provided as part of our instruction. Should the supplied costs be proven to be inadequate to deliver the project, Savills reserves the right to review this valuation accordingly. ■ We are not Quantity Surveyors nor are we Consulting Engineers. We have relied upon cost estimates provided and on the basis that the cost provided and adopted are accurate. We recommend the engagement of an independent Quantity Surveyor to confirm same. Should the cost estimate differ to that adopted within, then this report should be referred back to the Valuer for comment and accordingly we reserve the right to amend the assessment within
Land Value	<ul style="list-style-type: none"> ■ The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> ■ We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibilities and to our 'as if complete' values on a GST exclusive basis. As a result, GST on the development costs will be assessed at 10% to be remitted two months later, while GST on gross realisations will be assessed at 1/11th. All costs within our cash flow model are quoted, where applicable, excluding GST. ■ That all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement.
CGT	<ul style="list-style-type: none"> ■ That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Construction Timeframe	<ul style="list-style-type: none"> ■ We have adopted a construction period for the project of 26 months with a 12 month lead time, based on the advice provided by the instructing party. We have assumed this to be an accurate forecast and have adopted this within our Residual Cash Flow analysis.
"As If Complete" Assessment	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is the estimated market value of the proposed development as detailed in this report on the assumption that all construction has been satisfactorily completed in all respects at the date of this report. Because of time lag and unknown future market conditions the valuation reflects the valuer's view of the market conditions existing at the date of valuation and does not purport to predict future market conditions and the value at the actual completion date.

Construction Quality & Compliance	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is provided on the basis that the proposed improvements will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that: <ul style="list-style-type: none"> – A detailed report of the structure and service installations of the building once completed would not reveal any defects requiring significant expenditure. – The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
EPBC Act	<ul style="list-style-type: none"> ■ That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Development Approvals (Including Plans & Specifications)	<ul style="list-style-type: none"> ■ We have been provided with a copy of the Development Approval for the subject development including approved plans. We assume that the development will be completed in full accordance with the noted Development Approval and any conditions contained within the approval. Should there be any subsequent changes to the Development Approval or the Approved development plans, this valuation must not be relied upon before first consulting Savills to reassess any effect on the valuation.
Contamination	<ul style="list-style-type: none"> ■ We have been provided with a Remediation Action Plan prepared by ERM dated August 2020. The report notes the presence of petroleum hydrocarbons, naphthalene, volatile organic compounds and heavy metals as well as underground storage tanks. ■ We have assumed, as instructed that the costs provided allow for remediation of the site.
Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed the standard marketing period for a development of this scale with advanced planning status, minor pre-sales and without any pre-commitment for the hotel and retail areas is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.
General	<ul style="list-style-type: none"> ■ The rental and sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type.
Serviced Apartment Hotel	<ul style="list-style-type: none"> ■ That the proposed apartment hotel will be completed to a standard commensurate with existing industry standards for an upscale (4 to 4.5 star standard) serviced apartment hotel and as outlined within the valuation. ■ The value of the serviced apartment hotel subject to the proposed lease is reliant on the ability of the Leasehold business owner to maintain sufficient revenue and profit levels in order to meet its rental obligations. Should the business deteriorate and the Lessee struggle to meet rental obligations, the value of the property may be negatively impacted. ■ That the proposed serviced apartment hotel will be managed by Quest Apartment Hotels (or nominated franchisee) under the proposed terms of the Non-Binding Offer to Lease. Should the terms of the lease vary to those adopted herein and outlined within the Non-Binding Offer to Lease, then we reserve the right to amend the valuation. ■ That the FF&E and plant and equipment will be owned by the property owner and that an asset register or asset depreciation schedule is available on sale of the property. That the FF&E will be transferred to a purchaser on sale. ■ The trading forecast including within the valuation have been undertaken solely for the purposes of assessing an appropriate market rent. Furthermore, the projections of Fair Maintainable Trade (FMT) are based on a reasonably efficient operator. ■ The DCF exercise appended hereto has been undertaken for the sole purpose of assisting in the determination of the market value of the property and we make no guarantees or warranty as to the accuracy of the future rental income stream projections in so far as they relate to market rental movements. ■ We have not been provided with legal advice but based on our experience, if the subject property was sold as a going concern, it would be GST-free (provided that certain GST requirements are met) and have based our analysis upon this advice; any user of this valuation should make appropriate enquiries in this respect. If any of the above assumptions prove to be incorrect, we reserve the right to revise our valuations as provided herein, should we deem it to be necessary. ■ That all licences and approvals required to operate the hotel and remain open for full trading will be granted to the applicant on completion and will continue without restriction.

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.

9 June 2022

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Re: Valuation Summary Letter

Property: 253 Apartments – “The Lennox”, 12-14 Phillip Street & 331a-339 Church Street, Parramatta, NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 5 May 2022 to provide a summary report of the valuation providing the Market Value “In One Line” of 253 Apartments – “The Lennox”, 12-14 Phillip Street & 331a-339 Church Street, Parramatta, NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 31 March 2022.

This valuation summary letter (“summary letter”) has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute’s Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 31 March 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation on Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have assessed the In One Line market value of the property in accordance with the Market Value definition referred to above. Furthermore, the Sale in One Line Definition is

'Sale in one line' is the value of the gross realisation of the individual completed lots sold in a single transaction less a discount that takes into consideration legal and selling costs, profit and risk, holding costs and acquisition costs.

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing valuation report.

Material Assumptions

- The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Various lots - SP102896
Registered Owner	PCC Devco 1 Pty Limited.
Zoning	B4 Mixed Use, RE2 Private Recreation and RE1 Public Recreation under the Parramatta Local Environmental Plan 2011.
Location	The subject property is located within Parramatta in Central Western Sydney, approximately 23 kilometres west of the Sydney Central Business District (CBD) and is within the Local Government Area administered by the City of Parramatta Council. More particularly the subject property is located approximately 800 metres to the north of the Parramatta train station and future Parramatta Square redevelopment on the South Bank of the Parramatta River. The site is bounded by Church Street to the east and Phillip Street to the south. Surrounding development comprises a mix of uses and development types including residential, commercial, retail and entertainment uses. Open space and parklands are located along the foreshore area to the north of the site. The Riverside Theatre and Prince Alfred Park are located to the north of the site on the North Bank of the Parramatta River. The site is well serviced by public transport with bus routes operating regularly along Church Street and bus stops on Market and Church Streets. The site is also in walking proximity to the Parramatta train station, bus and ferry terminals.
Property Description	The subject apartments comprise 253 apartments within "The Lennox" project. The apartments were completed in December 2021 and comprise of 21 x studios, 41 x 1 bedroom apartments, 137 x 2 bedroom apartments, 47 x 3 bedroom apartments, 6 x 4 bedroom apartments and 1 x 5 bedroom apartment. Common amenities are located on level 3 including a 20 metre covered swimming pool, rooftop terrace, gym, and shared entertaining space. Three levels of basement parking are accessed via a ramp at the front of the building offering conventional and automatic parking. We note the project has been marketing since May 2017 and 161 apartments are noted as settled (2.6 apartments per month average).
Encumbrances	The sample Titles search listed numerous encumbrances and should full details be required, the full valuation report should be viewed.
Environmental Comment	The present use of the subject property as an apartment building is not classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a low risk use in regard to potential for site contamination.

Environmental Comment (contd)	<p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Burwood City Planning Scheme.</p> <p>A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land and we are not aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting: -</p> <ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. 	
Valuation Approach	Gross Realisation: Direct Comparison	
Date of Inspection	12 May 2022	
Date of Valuation	31 March 2022	
	Market Value – "As Is"	Subject to Market Constraint
Gross Realisation Incl. GST	\$211,687,000	\$190,538,000
Gross Realisation Excl. GST	\$192,442,727	\$173,216,364
"In One Line Assessment" Incl. GST	\$149,000,000	\$133,500,000
"In One Line Assessment" Excl. GST	\$135,450,000	\$121,350,000
Prepared By	Sandra Peachey FAPI	
	Certified Practising Valuer	
	Savills Valuations Pty Ltd	

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Hypothetical Development Approach to assess the In One line Value.

This approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the In One Line Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Subject Complex

We note the following details in regard to sale prices for the subject development since launch (noting this includes 52 apartments which are now for re-sale):

Pre-Sales	No	Min Area (m ²)	Max Area (m ²)	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate
Studio	23	40	40	\$435,000	\$545,000	\$490,000	\$10,875	\$13,625	\$12,250
1 Bed	66	50	53	\$525,000	\$720,000	\$604,242	\$10,500	\$13,585	\$11,824
2 Bed	123	72	95	\$670,000	\$1,055,000	\$949,899	\$9,306	\$12,991	\$10,974
3 Bed	14	94	149	\$960,000	\$1,825,000	\$1,355,000	\$9,397	\$12,248	\$11,135
4 Bed	1	192		\$2,400,000			\$12,500		
Average						\$778,487			\$11,267
Total	227								

Comparable Sales outside of Development:

"South Quarter – Stage 1", 53-87 Church Street, Parramatta								
Launch Date	March 2017							
Number of Units	413							
Description	<p>Site 1 Construction of a 12 storey non-residential building (with an in principal approval sought for a hotel containing 270 rooms and associated activities) fronting Church Street, two residential towers (21 storey and 39 storey) containing a total of 524 apartments over 3 levels of a retail/commercial podium at the rear of the site, with associated landscaping and plaza works.</p> <p>Site 2 Construction of a 10 storey non-residential building fronting Church Street, and a mixed use tower containing 9 levels of non-residential floor space and 22 storeys comprising 235 apartments at the rear of the site, with associated landscaping and plaza works.</p>							
Pre-sale Summary	Unit Type	Internal Min (m ²)	Internal Max (m ²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m ²)	Max Rate Internal (\$/m ²)	Av Rate Internal (\$/m ²)
	Studio	34	38	\$404,500	\$510,000	\$11,897	\$14,286	\$13,201
	1 Bed	50.00	53.00	\$530,500	\$745,000	\$10,490	\$12,400	\$11,155
	2 Bed	69	79	\$652,800	\$957,460	\$9,461	\$12,598	\$10,959
Comparative Analysis	Considered a comparable to inferior position. Prices achieved 2020-2021 considered to be comparable to the subject development.							

"The Galleria", 23 Hassall Street, Parramatta								
Launch Date	March 2018							
Number of Units	140							
Description	<p>A development of 140 apartments in a 20 storey mixed use development incorporating retention of heritage dwellings and refurbishment of an existing office building. The apartments are configured as 32 x studio/1 bedroom, 103 x 2 bedroom and 5 x 3 bedroom units.</p> <p>Construction is now complete.</p> <p>The apartments feature timber and stone kitchens with European stainless steel appliances, carpeted bedrooms with built ins, fully tiled bathrooms, full height glass doors to balconies, ducted a/c, building security entry, common skygarden. Views east available to the CBD.</p>							
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)	Av Rate Internal (\$/m²)
	1 Bed	50	55	\$589,000	\$679,000	\$11,780	\$12,345	\$12,042
	2 Bed	72	85	\$688,000	\$865,000	\$9,555	\$10,321	\$9,978
	3 Bed	95	105	\$950,000	\$1,025,000	\$9,761	\$10,000	\$9,972
Comparative Analysis	Located slightly closer to the train station. Lower elevation, which implies a higher average value should be achieved by the subject development.							

"PS I Love You", 8 Phillip Street, Parramatta								
Launch Date	December 2016							
Number of Units	314							
Description	<p>A 55 storey mixed-use apartment building located in the centre of Parramatta CBD, comprising of 35 levels of residential apartments, and 14 levels of 5-star designer QT Hotel accommodation.</p> <p>The apartments include a mix of studio, 1, 2 and 3 bedroom residences. The development is designed by Woods Bagot and includes outdoor entertainment areas, marble finishes and Miele appliances. Additionally, amenities such as the open-air pool, a spa, restaurants, and rooftop bar Studio 54 can be accessed via lifts within the building.</p> <p>Immediate surroundings to the development comprise of older commercial/office buildings, café and restaurants, and retail. The site is in walking distance to Parramatta River, Parramatta Park, and Westfield Parramatta (approximately 650m).</p> <p>Parramatta Train Station is approximately a 10 minute walk from the subject site. Additionally, various bus services are available throughout the Parramatta CBD.</p>							
Overall Summary	Unit Type	Qty	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	Studio	1	40	40	\$508,000	\$508,000	\$12,700	\$12,700
	1 Bed + Media	20	55	57	\$630,000	\$748,000	\$11,455	\$13,123
	1 Bed + Study	13	50	54	\$610,000	\$628,000	\$11,630	\$12,200
	2 Bed + Media	8	75	76	\$906,000	\$987,000	\$12,080	\$12,987
	2 Bed + Study	30	75	77	\$885,000	\$1,055,000	\$11,800	\$13,701
	3 Bed + Study	3	100	102	\$1,350,000	\$1,460,000	\$13,500	\$14,314
	Sub P/H Bed	1	96	96	\$1,365,000	\$1,365,000	\$14,219	\$14,219
	Sub P/H 3 Bed + Study	1	92	92	\$1,555,000	\$1,555,000	\$16,902	\$16,902
	P/H 3 Bed + Study	5	158	170	\$3,002,000	\$3,400,000	\$19,000	\$20,000
Comparative Analysis	Superior project located next to subject development, selling off the plan with superior quality finishes. Pre-sales were secured in a stronger market and would indicate lower average rates are appropriate.							

“Charles and George” – 180 George Street, Parramatta								
Launch Date	August 2019							
Number of Units	753							
Description	Construction of 58 and 66 storey mixed used buildings over a podium on the corner of George Street & Charles Street, comprising 2 new ground floor retail units, 5 levels of basement car parking for 640 vehicles, a child care centre, a commercial gym, 271 serviced apartments and 753 residential units. Amenities include a 1,000 sqm major supermarket, indoor pool, spa, sauna & gym and 1,200sqm podium garden with BBQ area. The apartments achieve high quality views across the metropolitan area and feature Bosch appliances, stone kitchen benchtops, frameless glass shower screens, floor to ceiling glass to living areas and high quality bathroom fittings.							
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)	
	1 Bed	50	62	\$531,000	\$731,000	\$10,620	\$11,790	
	1 Bed + Study	51	78	\$606,000	\$785,000	\$10,064	\$10,647	
	2 Bed	71	90	\$688,000	\$1,193,000	\$9,690	\$13,255	
	3 Bed	102	132	\$1,310,000	\$1,578,000	\$11,954	\$12,843	
Comparative Analysis	High rise building considered a comparable location and quality of apartment. Similar rates are appropriate for the subject apartments.							
“Riva”, 30 Charles Street, Parramatta								
Launch Date	March 2017							
Number of Units	146							
Description	A medium rise development by Meriton positioned with frontage to Charles Street and adjoining the 180 George Street development under construction. The apartments feature a range of 1 bed, 2 bed, dual key and 3 bed configurations, some over two levels. Generic fitment including stone kitchens with Bosch appliances, carpeted living area, built in robes, frameless glass showers, ducted a/c.							
Pre-Sale Comment	The development is now complete and the below represents sale to date averages. RP data records 87 sales.							
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)	Av Rate Internal (\$/m²)
	Studio	35	42	\$430,000	\$440,000	\$10,476	\$12,285	\$11,921
	1 Bed No Car	50	66	\$475,000	\$655,000	\$9,500	\$12,211	\$11,966
	2 Bed Dual Key	95	102	\$855,000	\$880,000	\$8,627	\$9,095	\$8,856
	2 Bed 2 Bath	74	83	\$780,000	\$982,000	\$9,945	\$10,986	\$10,211
	2 Bed P/H	95	105	\$980,000	\$1,070,000	\$9,761	\$10,000	\$9,972
	3 Bed	103	125	\$1,100,000	\$1,235,000	\$9,880	\$10,679	\$10,326
Comparative Analysis	Inferior elevation. Comparable to superior position. Overall inferior and considering recent market movements we have adopted higher rates.							

"V By Crown" 45 Macquarie Street, Parramatta

Constructed	April 2017								
Number of Units	514								
Description	<p>Located on Macquarie Street in the heart of the Parramatta CBD within close proximity of Parramatta Park. The subject will comprise a mixed use development providing 4 residential apartment towers (Buildings 1, 2, 3 & 4) ranging from 19 to 29 storeys situated above a 3 storey retail podium. Overall configuration provides 514 residential apartments, 72 serviced apartments, 2,952m² of commercial office space, 1,240m² of commercial retail space, a 448m² Archaeological Interpretation Centre, 665m² conference centre and 6 level basement car park.</p> <p>Designed by Allen Jack+Cottier, the apartments are finished to a high level including stone tiled floors, stone and stainless steel kitchens with European appliances and high quality cabinetry. Bedrooms will include built-in robes and built in cabinetry, ducted air conditioning and video intercom. Common facilities include a 25 metre lap pool, sauna, gymnasium, theatre, library, wine room and conference facilities.</p>								
Unit	Level	Type	Int Area (m²)	Ext Area (m²)	Car Spaces	Contract Price	Resale Date	Resale Price	\$/m²
2.18	2	1 Bed	52.6	8.2	1		28/1/22	\$565,000	\$10,741
3.13	3	1 Bed	58	4	0	\$480,500	19/3/21	\$565,000	\$9,741
6.01	6	1 Bed + Study	58	22	1	\$467,950-	25/7/21	\$580,000	\$10,000
8.10	8	2 Bed	82	6	1	\$595,000	22/9/21	\$740,000	\$9,024
9.14	9	1 Bed	50	3	1	\$567,000	30/1/21	\$580,000	\$11,600
14.06	14	2 Bed	90	8	1	\$710,000	20/7/21	\$890,880	\$9,898
15.09	15	2 Bed	84	0	1	\$564,000	17/12/21	\$730,000	\$8,690
15.10	15	2 Bed	82	6	1	\$617,000	24/6/21	\$740,000	\$9,024
19.13	19	1 Bed + Study	58	5	1		1/11/21	\$622,000	\$10,724
20.17	20	2 Bed	90	4	1	\$640,000	17/5/21	\$680,000	\$7,555
21.06	21	3 Bed	102	11	2	\$800,000	13/4/21	\$985,000	\$9,656
22.06	22	3 Bed	110	12	1	\$800,000	6/3/21	\$960,000	\$8,727
24.09	24	2 Bed	82	6	1	\$675,000	18/6/21	\$730,000	\$8,902
Comparative Analysis	Good quality apartments with modern inclusions and similar elevation in a superior location. Slightly higher average rate appropriate for subject apartments given new condition.								

"River Vistas" – 1A Morton Street, Parramatta

Constructed	2016								
Number of Units	355								
Description	<p>Positioned on the northern banks of the Parramatta River along the western alignment of Morton Street, 2 kilometres north-east of the Parramatta CBD. The site was historically a council depot.</p> <p>The development comprises six residential apartment buildings (Blocks A-F) that range between 4-11 stories, containing 355 apartments with two levels of basement car parking accommodating 471 vehicles. The units are configured as a mix of 1 bedroom, 1 bedroom + studio, 2 bedroom, 2 bedroom + studio, 3 bedroom, and 3 bedroom + studio units.</p> <p>Blocks A, B & C will be positioned along the northern portion of the site and with Blocks D, E & F positioned across the southern section of the development overlooking Parramatta River.</p>								
Re-Sale Comment	The average rate of the resales analyses equates to \$8,272/m ² .								
Resales	Level	Type	Int Area (m²)	Ext Area (m²)	Car Spaces	Resale Date	Resale Price	\$/m²	
33.02	3	3 Bed	99	35	2	4/6/21	\$860,000	\$8,678	
68.11	6	1 Bed	56	11	1	16/4/21	\$515,000	\$9,196	
76.01	4	3 Bed	118	106	2	23/6/21	\$910,000	\$7,711	
Comparative Analysis	Inferior location on the northern side of Parramatta River. Lower building heights between 4-11 stories and older stock. The inferior location and lower elevation indicate that higher rates are appropriate for the subject apartments.								

"Altitude" – 330 Church Street, Parramatta								
Constructed	2017							
Number of Units	644							
Description	<p>Positioned towards the northern end of the Parramatta CBD, south of Phillip Street. The development comprises 2 towers above a 4 level podium. The lower level contains 8 x retail tenancies, residential lobby and Levels 1-3 comprising car parking. The East Tower is 27 storeys above the podium and contains 266 serviced apartments configured as 3 x studio, 170 x 1, 66 x 2 bedroom and 27 x 3 bedroom apartments. The west tower is 50 stories and comprises 378 serviced apartments configured as 66 x 1 bedroom, 292 x 2 bedroom and 20 x 3 bedroom apartments with basement parking accommodating 709 vehicles.</p> <p>Internal unit finishes are average standard with stone kitchens with stainless steel appliances, tiled and carpeted flooring, built in robes, ducted air conditioning and secure building entry.</p>							
Resales	Level	Type	Int Area (m²)	Ext Area (m²)	Car Spaces	Sale Date	Sale Price	\$/m²
402	4	2 Bed	78	8	1	7/6/21	\$790,000	\$10,128
705	7	2 Bed	70	8	1	9/4/21	\$712,888	\$10,184
1504	15	1 Bed	51	5	0	5/2/21	\$515,000	\$10,098
1506	15	2 Bed	78	8	1	1/3/21	\$705,000	\$9,038
1708	17	2 Bed	76	8	1	30/4/21	\$720,000	\$9,473
2603	26	1 Bed	49	6	1	27/5/21	\$570,000	\$11,632
3202	32	2 Bed	90	10	1	24/2/21	\$920,000	\$10,222
4103	41	3 Bed	100	25	2	19/6/21	\$1,050,000	\$10,500
5301	53	2 Bed	72	10	1	11/5/21	\$800,000	\$11,111
Comparative Analysis	Second hand apartment stock within a high-rise project with modern inclusions and a similar elevation. Despite the sales being negotiated in a stronger market, the older nature of the apartments reflects that slightly higher rates will be achieved by the proposed apartments.							

The assessed apartment values under a Market Value based scenario are as follows:

Type	No	Min Area	Max Area	Avg Area	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
Studio	21	40	40	40	\$396,000	\$491,000	\$445,524	\$9,900	\$12,275	\$11,138	\$9,356,000
1 Bed	41	50	53	52.1	\$447,000	\$641,000	\$570,195	\$9,540	\$12,094	\$10,935	\$23,378,000
2 Bed	137	72	85	78.6	\$694,000	\$950,000	\$806,613	\$9,519	\$11,620	\$10,263	\$110,506,000
3 Bed	47	94	149	112.7	\$882,000	\$1,672,000	\$1,220,213	\$9,383	\$11,611	\$10,786	\$57,350,000
4 Bed	6	140	206	151	\$1,401,000	\$2,347,000	\$1,563,667	\$10,007	\$11,393	\$10,274	\$9,382,000
5 Bed	1	153	153	153	\$1,715,000	\$1,715,000	\$1,715,000	\$11,209	\$11,209	\$11,209	\$1,715,000
	253										\$211,687,000

The assessed apartment values based on a market constraint are as follows:

Type	No	Min Area	Max Area	Avg Area	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
Studio	21	40	40	40	\$356,000	\$442,000	\$401,000	\$8,900	\$11,050	\$10,025	\$8,421,000
1 Bed	41	50	53	52.1	\$437,000	\$577,000	\$513,244	\$8,580	\$10,887	\$9,843	\$21,043,000
2 Bed	137	72	85	78.6	\$625,000	\$855,000	\$726,000	\$8,570	\$10,456	\$9,237	\$99,462,000
3 Bed	47	94	149	112.7	\$794,000	\$1,505,000	\$1,098,303	\$8,447	\$10,451	\$9,709	\$51,624,000
4 Bed	6	140	206	151	\$1,261,000	\$2,112,000	\$1,407,333	\$9,007	\$10,252	\$9,247	\$8,444,000
5 Bed	1	153	153	153	\$1,544,000	\$1,544,000	\$1,544,000	\$10,092	\$10,092	\$10,092	\$1,544,000
Total	253										\$190,538,000

Our assessment of In One Line Value is detailed below:

Market Value

Input	Amount / Comments.						
Gross Realisation	\$211,687,000 including GST.						
Rate of Sale	We have adopted a sale rate of 5 apartments per month for a period of 50 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$2,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$2,843,809 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Parramatta location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.57%, being to the midpoint in the range assuming the new quality of apartments and the Parramatta location.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$211,687,000</u></td></tr> <tr> <td><u>Less GST</u></td><td><u>\$19,244,273</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$192,442,727</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$211,687,000</u>	<u>Less GST</u>	<u>\$19,244,273</u>	Gross Realisation Excluding GST	<u>\$192,442,727</u>
Residential Realisation Including GST	<u>\$211,687,000</u>						
<u>Less GST</u>	<u>\$19,244,273</u>						
Gross Realisation Excluding GST	<u>\$192,442,727</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$149,000,000 including GST and \$135,450,000 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 10.93% (including interest), and a net development profit of approximately \$23,633,181 all of which appear to be reasonable for a development of this nature.

In One Line Assessment – Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale

Input	Amount / Comments.						
Gross Realisation	\$190,538,000 including GST.						
Rate of Sale	We have adopted a sale rate of 6 apartments per month for a period of 42 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$5,000 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$2,146,514 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Parramatta location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 14.42%, being to the higher point in the range given the volume of apartments and shorter marketing period adopted.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$190,538,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$17,321,636</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$173,216,364</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$190,538,000</u>	Less GST	<u>\$17,321,636</u>	Gross Realisation Excluding GST	<u>\$173,216,364</u>
Residential Realisation Including GST	<u>\$190,538,000</u>						
Less GST	<u>\$17,321,636</u>						
Gross Realisation Excluding GST	<u>\$173,216,364</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$133,500,000 including GST and \$121,350,000 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 13.22% (including interest), and a net development profit of approximately \$24,019,251 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 31 March 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection whether the 'cladding' was constructed using compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). This valuation report has been prepared: <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the building components and satisfy itself as to the potential risks and costs which could be incurred should the existing building components have to be remedied, replaced or adapted.</p>
In One Line Value	<ul style="list-style-type: none"> The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> That any reliant party has taken all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement. We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibility studies and to our 'as if complete' values on a GST exclusive basis.
CGT	<ul style="list-style-type: none"> That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Gross Realisation	<ul style="list-style-type: none"> The Gross Realisation assessment reflects an orderly sale of the apartments over time and is not reflective of an "In One Line Value" which has been separately assessed and illustrates a discount to the Gross Realisation assessed.
EPBC Act	<ul style="list-style-type: none"> That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Occupation Certificate	<ul style="list-style-type: none"> A Final Occupation Certificate (No.9695-02-2020-FOC) was certified on 3 July 2020 by AE&D Pty Ltd for a (DA0180/14) mixed use development containing 3 buildings, 147 units, retail space, basement parking and landscaping work and modification MOD0006/19. We assume there are not outstanding works/defects that will affect the marketing of the apartments.
Body Corporate	<ul style="list-style-type: none"> We have not undertaken a search of the body corporate records and we assume that there is no current payment liability on the body corporate in relation to capital expenditure programs. We also assume that there are no indications from the minutes of meetings held that there are any areas of structural (or other) concern that may give rise to a special levy to be borne by the owners. We recommend any reliant party verify the position of the Body Corporate and any areas of concern prior to advancing funds.
Inspection	<ul style="list-style-type: none"> We note that we were not provided access to all individual units, however we did inspect each unit type. For the purpose of this valuation, we have assumed that these unseen units are of an identical nature in terms of finishes to the inspected apartments.
Contamination	<ul style="list-style-type: none"> We assume that the subject property is free from elevated levels of contaminants.

Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed a standard marketing period for the subject apartments in a sell down scenario is likely to be 50 months or 5 apartments per month. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 42 months or 6 apartments per month and assumes a more conservative value/price to attract buyers within a shorter sale period as well as additional funds allocated to marketing.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ We recommend that the reliant party undertake a search of the titles as Savills has only searched a sample lot to ensure there are no notations on title that may impact value. ■ That all apartments have unencumbered title and that any outstanding development contributions have been paid with nothing inhibiting the potential realisable sale of each unit individually or in aggregate.

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.

9 June 2022

Board of Directors
China Aoyuan Group Limited
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Re: Valuation Summary Letter
Property: Stage 4 - "Woollooware Town Centre", 461 Captain Cook Drive, Woollooware NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 5 May 2022 to provide a summary report of the valuation providing the Market Value including the Value of Works to Date of Stage 4 - "Woollooware Town Centre", 461 Captain Cook Drive, Woollooware NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 31 March 2022.

This valuation summary letter ("summary letter") has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute's Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 31 March 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion."

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charges a professional fee for producing valuation reports, and the fee paid for the Valuation Report and this Summary Letter was \$20,500AUD exclusive of GST.

Material Assumptions

- The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Stratum Lots 313 and 315 within Deposited Plan 1232026 and Lot 3120 in Deposited Plan 1265238
Registered Owner	Lot 3120 - Prime Woollooware 4 Pty Ltd Lot 313 - Sharks Retail Pty Limited & Cronulla -Sutherland Leagues Club Limited Lot 315 - Prime Woollooware 4 Pty Ltd
Recent Sale Details	According to RP Data records part of the site (Lot 2 DP 1180482) was purchased for \$41,500,000 in 2017. Lot 1 in Deposited Plan 1180482 and Lot 314 in Stratum Plan 1232026 was purchased in 2014 for \$5,000,000. These two sales are related sales. We have been informed Aoyuan International have entered into an equity agreement for the redevelopment of Stage 4 with the total consideration being \$50,100,000.
Zoning	'B2 Local Centre' under the Sutherland Council Local Environmental Plan 2015.
Encumbrances	There are numerous notations on Title and should further information be required, the full valuation report should be viewed.
Location	The subject property is located within Woollooware and is within the Local Government Area administered by the Sutherland Council approximately 29 kilometres by road south of the Sydney CBD. More particularly the subject property is located to the northern side of Captain Cook Drive and comprises part of what used to be the Cronulla Sharks Leagues Club. Surrounding development comprises Woollooware Bay to the north, Woollooware Golf Club to the south, a Caltex service station to the east and Shark Park, a playing field to the west. The Caringbah local retail strip is located 1.7 kilometres to the south west and Miranda Westfield, a regional sized shopping centre is located 3.5 kilometres to the west of the site. Woollooware train station is located approximately 900 metres to the south east west, and government buses service the property frontage providing a link to the train station.
Site Area	2.783 hectares approximately
Property Description "As Is"	The subject property comprises a development site with construction works commenced. As at the date of assessment and according to Progress payment No. 10 prepared by Coutts Consulting dated 21 April 2022 and estimating costs to 31 March 2022, works are approximately 30% complete.
Property Description "As If Complete"	DA18/1448 approved 25 August 2012 for construction of Stage 1 of Woollooware Bay Town Centre comprising of: Partial demolition of existing Leagues Club and other structures; Construction of a new retail centre; Fitout of Levels 3 and 4 for the Leagues Club; Public Domain works; Infrastructure works; Construction and use of hotel accommodation; Construction of 4 residential apartment buildings containing 255 dwellings; Construction and use of office tenancies; Construction of a child care centre and above ground carpark; 4 lot strata subdivision and Staged Construction and Occupation Certificates. The final design subject to the original approval comprises 24,892m ² of residential GFA (255 apartments), 29,019m ² of retail/club/office/childcare GFA, (anchor tenants including Woolworths, Aldi, Dan Murphy's and 4 large format tenancies to the retail plus 12 commercial suites), 5,132m ² of hotel

	<p>GFA (71 keys) and a 1,764m² club deck area. The development will comprise 5 buildings and will provide 1,127 carspaces allocated across the development.</p> <p>A Voluntary Planning Agreement (VPA) has been negotiated with Sutherland Council which stipulates additional contributions for new bicycle links, allocation of 5% of the Residential GFA to Affordable Housing and offered to market at 20% below market rental rates, allocation of 12 units to First Home Buyers.</p> <p>There are 222 apartment pre-sales in the development totalling \$236,173,864 and all of the 13 commercial lots have also been pre-sold.</p>		
Encumbrances	<p>There are numerous notations on Title and should further information be required, the full valuation report should be viewed.</p>		
Environmental Comment	<p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Sutherland Planning Scheme.</p> <p>The present and past use of the subject property for landfill uses is classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a high risk use in regard to potential for site contamination.</p> <p>We have been informed the site was found to contain high levels of asbestos, methane gas, and contaminated fill in the soil prior to construction commencement, as the site was formerly used as a landfill by Sutherland Council. The site in its original state was found to be unsuitable for the proposed redevelopment.</p> <p>The method to remediate the site was the Cap and Contain method whereby a high visibility non-woven geotextile layer was placed over the surface to cover all contaminated material and extending 3 metres beyond the property perimeter. Above this an impervious additional layer was installed.</p> <p>Given these works a Long-term Environmental Plan will be required to be prepared and continually monitored.</p> <p>We have assumed, as instructed that the costs provided have allowed for the appropriate remediation of the site.</p>		
Valuation Approach	Direct Comparison and Hypothetical Feasibility		
Date of Inspection	18 May 2022		
Date of Valuation	31 March 2021		
"As Is" Market Value Excl. GST	\$120,400,000		
Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale Excl. GST	\$110,600,000		
Prepared By	Sandra Peachey FAPI	Chris Paul AAPI	James Cassidy AAPI
	Certified Practising Valuer	Certified Practising Valuer	Certified Practising Valuer
	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have relied upon the Direct Comparison Approach to assess the value of the individual apartments and commercial suites and the Capitalisation and Discounted Cash Flow methods to ascertain the value of the retail and hotel components As if Complete.

The Direct Comparison Approach and Hypothetical Development Approach have been utilised to assess the current Market Value of the site.

The Hypothetical Development Approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the Residual Land Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Sales in the Subject Development:

Type	No	Min Area (m ²)	Max Area (m ²)	Avg Area (m ²)	Min Price	Max Price	Avg Price	Min Rate (\$/m ²)	Max Rate (\$/m ²)	Avg Rate (\$/m ²)	Total Realisation
1 Bed	34	53	60.9	57.2	\$565,580	\$720,300	\$673,512	\$10,413	\$13,313	\$11,790	\$22,899,414
1 Bed + M	15	53	60	55.5	\$635,000	\$725,000	\$675,329	\$10,677	\$13,220	\$12,182	\$10,128,590
1 Bed + U	39	53	67	58	\$623,040	\$735,000	\$683,923	\$9,873	\$13,473	\$11,854	\$26,672,990
2 Bed	34	77	110	90	\$799,999	\$1,135,000	\$905,497	\$8,247	\$12,682	\$10,684	\$30,786,899
2 Bed + M	11	78	90.5	84.6	\$907,200	\$1,134,000	\$948,472	\$10,064	\$12,530	\$11,191	\$10,433,200
2 Bed + U	42	81	102	89.7	\$874,000	\$1,220,000	\$977,829	\$9,175	\$13,480	\$10,914	\$41,068,850
3 Bed	6	119	211.5	138.4	\$1,570,000	\$2,774,500	\$1,920,500	\$11,056	\$15,390	\$14,062	\$11,523,000
3 Bed + M	8	110	116.2	113.2	\$1,610,000	\$1,850,000	\$1,745,714	\$14,636	\$15,920	\$15,409	\$12,220,000
3 Bed + U	26	91.6	173	124.6	\$1,635,000	\$3,059,799	\$1,927,035	\$13,159	\$24,419	\$15,570	\$50,102,922
3 Bed P/H	6	125.6	238	159.2	\$2,254,000	\$3,619,999	\$2,647,333	\$15,210	\$19,904	\$16,875	\$15,883,999
4 Bed + U	2	188	188	188	\$2,200,000	\$2,254,000	\$2,227,000	\$11,702	\$1,989	\$11,845	\$4,454,000
Total	222									\$12,545	\$236,173,864

Comparable Sales outside of Development:

Stage 3, “Woollooware Bay” – Subject Development						
Number of Apartments	238					
Description	Comprises 4 separate building envelopes accommodating 238 apartments, rooftop Infinity pool, community rooms, BBQ and outdoor fitness station. The apartments are configured as 92 x 1 bedroom, 118 x 2 bedroom and 28 x 3 bedroom. Completed in 2020. Apartments feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, carpet and tile floor coverings and ducted a/c.					
Recent Sales	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m ²)	Rate Internal (\$/m ²)
	303	2 Bed, 2 Bath	28/8/21	\$940,500	84	\$11,196
	410	2 Bed, 2Bath	20/10/21	\$1,000,000	81	\$12,345
	806	2 Bed, 2 Bath	22/12/21	\$1,050,000	82	\$12,804
	714	3 Bed, 2 Bath	9/9/21	\$3,400,000	152	\$22,368
Comparative Analysis	Earlier stage of the subject development offering similar quality apartments. Higher levels have been achieved in Stage 4 which allows for market movement, and which can be justified.					

Stage 1-2, “Woollooware Bay” – Subject Development						
Number of Apartments	221					
Description	A Joint Venture development of the Sharks leagues Club site comprising 6 buildings ranging in height from 8 to 18 stories. Includes 2 swimming pools, conference and meeting areas and BBQ areas. Completed in 2018. Apartments feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, carpet and tile floor coverings and ducted a/c.					
Recent Sales	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m ²)	Rate Internal (\$/m ²)
	101	2 Bed, 2 Bath	20/10/21	\$841,000	73	\$11,520
	102	3 Bed, 2 Bath	17/8/21	\$1,515,000	111	\$13,648
	302	1 Bed, 1 Bath	22/12/21	\$670,000	57	\$11,754
	403	1 Bed, 1 Bath	27/9/21	\$685,000	53	\$12,924
	402	2 Bed, 2 Bath	16/8/21	\$845,000	85	\$9,941
	309	2 Bed, 2 Bath	21/8/21	\$1,015,000	88	\$11,534
	103	2 Bed, 2 Bath	15/12/21	\$910,000	80	\$11,375
	204	2 Bed, 2 Bath	24/1/22	\$940,000	82	\$11,463
	1005	2 Bed, 2 Bath	1/12/21	\$1,000,000	82	\$12,195
	1105	2 Bed, 2 Bath	3/9/21	\$1,000,000	84	\$11,904
	Comparative Analysis	An earlier stage of the subject development. Apartments now almost 4 years old which suggests higher values for the subject apartments.				

“Acqua” 5-7 Burke Road, Cronulla						
Number of Apartments	17					
Description	Completed in 2021 this development comprises a 5 storey residential building with 17 apartments configured as 2 x 1 bedroom, 14 x 2 bedroom & 1 x 3 bedroom apartments. Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, stainless steel appliances and quartz stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, engineered timber, carpet and tile floor coverings and ducted a/c. Penthouse features Gaggenou appliances and has ocean and city views.					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	Lot 2	2 Bed, 2 Bath	28/5/21	\$1,950,000	89	\$21,910
	Lot 5	2 Bed, 2 Bath	24/4/21	\$1,450,000	89	\$16,292
	Lot 6	2 Bed, 2 Bath	12/3/21	\$1,450,000	88	\$16,477
	Lot 8	2 Bed, 2 Bath	9/4/21	\$1,450,000	87	\$16,666
	Lot 9	2 Bed, 2 Bath	11/5/21	\$1,630,000	85	\$19,176
	Lot 10	2 Bed, 2 Bath	6/5/21	\$1,650,000	87	\$18,966
	Lot 11	2 Bed, 2 Bath	23/6/21	\$1,650,000	88	\$18,750
	Lot 12	2 Bed, 2 Bath	30/9/21	\$1,650,000	87	\$18,966
	Lot 13	2 Bed, 2 Bath	5/10/21	\$1,850,000	88	\$21,023
	Lot 14	2 Bed, 2 Bath	2/9/21	\$1,850,000	88	\$21,023
	Lot 15	2 Bed, 2 Bath	3/9/21	\$1,850,000	86	\$21,512
	Lot 16	2 Bed, 2 Bath	13/7/21	\$1,850,000	88	\$21,023
	Lot 17	3 Bed, 3 Bath	18/6/21	\$3,500,000	139	\$25,179
	Comparative Analysis	A smaller sized development of superior quality to the subject. Overall suggest lower rates for the subject development.				
“Tara Maree” 6 Gerrale Street, Cronulla						
Number of Apartments	17					
Description	Completed in 2018 this development comprises of a 7 storey residential flat building containing 12 units configured as 1 x 1 bedroom, 6 x 2 bedroom & 5 x 3 bedroom apartments. Apartment’s feature built in robes to bedrooms, stainless steel Miele appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling plus freestanding bath, internal laundry with dryer, carpet and tile floor coverings and ducted a/c. Ocean views from all apartments					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	201	2 Bed, 2 Bath	18/2/21	\$1,500,000	81	\$18,518
Comparative Analysis	A smaller sized development of superior quality to the subject in a superior location. Overall suggest lower rates for the subject development.					

"Wavelength" 49-57 Gerrale Street, Cronulla

Completion Date	April 2018							
Number of Apartments	67							
Description	<p>Construction of a mixed use development containing 6 ground floor commercial units & 67 residential units with 4 rooftop swimming pools & a podium level pool. The apartments are configured as 14 x 1 bedroom, 28 x 2 bedroom & 25 x 3 bedroom units.</p> <p>Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, European stainless steel appliances and quartz stone benchtops to kitchen, freestanding bath, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, engineered timber, carpet and tile floor coverings and ducted a/c. The apartments have extensive ocean views.</p>							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	14	52	60	\$882,000	\$1,000,000	\$16,667	\$16,962
	2 Bed	28	96	104	\$1,720,000	\$2,300,000	\$17,719	\$22,005
	3 Bed	22	154	156	\$3,800,000	\$4,300,000	\$24,675	\$30,759
	Penthouse	3	197	219	\$6,000,000	\$6,200,000	\$28,311	\$30,457
Comparative Analysis	Considered to be a superior quality development in a superior near beach position. Overall, lower rates are considered appropriate for the subject apartments.							

"Ivori" 10 Clyde Avenue, Cronulla

Number of Apartments	32					
Description	<p>Completed in 2021 this development comprises of a 5 storey residential building with 32 apartments configured as 10 x 1 bedroom, 11 x 2 bedroom & 11 x 3 bedroom apartments.</p> <p>Apartment's feature built in and walk-in robes to bedrooms, stainless steel Miele appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, parquet timber, carpet and tile floor coverings and ducted a/c. Ocean views from all apartments.</p>					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	Lot 1	3 Bed, 2 Bath	6/5/21	\$2,200,000	135	\$16,296
	Lot 2	2 Bed, 2 Bath	1/3/21	\$1,735,000	107	\$16,215
	Lot 5	3 Bed, 2 Bath	23/4/21	\$2,110,000	135	\$15,630
	Lot 6	2 Bed, 2 Bath	6/7/21	\$1,700,000	105	\$16,190
	Lot 11	2 Bed, 2 Bath	10/5/21	\$1,620,000	90	\$18,000
	Lot 12	3 Bed, 2 Bath	16/7/21	\$2,050,000	125	\$16,400
	Lot 14	2 Bed, 2 Bath	21/9/21	\$1,642,000	90	\$18,244
	Lot 15	3 Bed, 2 Bath	4/3/21	\$2,150,000	126	\$17,063
	Lot 17	2 Bed, 2 Bath	22/10/21	\$1,695,000	90	\$18,833
	Lot 18	3 Bed, 2 Bath	22/6/21	\$2,150,000	125	\$17,200
	Lot 19	2 Bed, 2 Bath	29/3/21	\$1,700,000	94	\$18,085
	Lot 20	2 Bed, 2 Bath	9/7/21	\$1,680,000	90	\$18,667
	Lot 24	3 Bed, 2 Bath	15/7/21	\$2,200,000	125	\$17,600
	Lot 25	2 Bed, 2 Bath	17/3/21	\$1,725,000	94	\$18,351
	Lot 28	3 Bed, 2 Bath	19/11/21	\$2,800,000	152	\$18,421
	Lot 29	3 Bed, 2 Bath	20/9/21	\$2,950,000	149	\$19,799
Comparative Analysis	A smaller sized development of superior quality to the subject in a superior location. Overall suggests lower rates for the subject development.					

"Soul" 131-133 Gerrale Street, Cronulla						
Number of Apartments	13					
Description	<p>A 5 level building in close proximity the beach accommodating 13 apartments. The apartments are configured as 4 x 2 bedroom and 9 x 3 bedroom.</p> <p>The apartments feature Gaggenou appliances, floor to ceiling glass windows, stone benchtops to kitchens with marble splashbacks, custom cabinetry, heated towel rails, CBUS home automation, and rooftop terrace with BBQ.</p>					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	103	3 Bed, 2 Bath	13/1/22	\$2,920,000	96	\$30,416
Comparative Analysis	A smaller sized development of superior quality to the subject in a superior location. Overall suggests lower rates for the subject development.					

"Victoria and George" - 6-16 Victoria Street, Kogarah, NSW							
Launch Date	March 2020						
Number of Apartments	83						
Description	<p>A new 12 storey residential apartment building and the adaptive reuse of 2 heritage listed terraces. The apartment tower will accommodate 83 apartments configured as 21 x 1 bedroom, 50 x 2 bedroom and 12 x 3 bedroom.</p> <p>Apartments feature modern stone kitchens with European appliances, timber-effect flooring, a/c to living areas, tiled bathrooms with frameless glass screens, common rooftop terrace with CBD and Botany Bay views.</p>						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	50	62	\$585,000	\$632,000	\$10,985	\$11,700
	2 Bed 1 Bath	75	83	\$695,000	\$890,000	\$9,266	\$10,627
	2 Bed 2 Bath	76	89	\$729,000	\$932,000	\$9,592	\$10,471
	3 Bed	94	122	\$943,000	\$1,120,000	\$8,956	\$9,926
Comparative Analysis	A good quality development closer to the city, however inferior quality. Higher rates are considered appropriate for the subject apartments.						

The assessed apartments values in the subject development are as follows:

Type	No	Min Area	Max Area	Avg Area	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
1 Bed	33	53	60.9	57.3	\$625,000	\$720,300	\$676,782	\$10,413	\$13,313	\$11,830	\$22,333,834
1 Bed Affordable	8	51	54	51.75	\$565,580	\$565,580	\$565,580	\$10,185	\$10,588	\$10,523	\$4,355,580
1 Bed + M	15	53	60	55.5	\$635,000	\$725,000	\$675,329	\$10,677	\$13,220	\$12,182	\$10,128,590
1 Bed + U	42	53	67	58.4	\$623,040	\$735,000	\$683,923	\$9,873	\$13,473	\$11,821	\$28,862,990
2 Bed	37	77	110	84.9	\$799,999	\$1,135,000	\$905,497	\$8,247	\$12,681	\$10,684	\$33,726,899
2 Bed Affordable	6	77	88	81	\$750,000	\$760,000	\$753,333	\$8,636	\$9,870	\$9,335	\$4,520,000
2 Bed + M	14	78	90.5	84.6	\$907,200	\$1,134,000	\$948,472	\$10,064	\$12,530	\$11,191	\$13,403,200
2 Bed + U	43	81	102	89.7	\$874,000	\$1,220,000	\$977,829	\$9,175	\$13,480	\$10,914	\$41,068,850
2 Bed + U Affordable	2	77	88	83	\$760,000	\$780,000	\$770,000	\$8,864	\$9,870	\$9,367	\$1,540,000
3 Bed	6	119	211.5	138.4	\$1,570,000	\$2,774,500	\$1,920,500	\$11,056	\$15,390	\$14,062	\$11,523,000
3 Bed + M	13	105	116.2	111	\$1,610,000	\$1,850,000	\$1,666,923	\$13,333	\$15,938	\$15,037	\$21,670,000
3 Bed + U	28	91.6	173	126	\$1,635,000	\$3,059,799	\$1,941,175	\$13,159	\$24,419	\$15,532	\$54,352,921
3 Bed P/H	6	125.6	238	159.2	\$2,254,000	\$3,619,999	\$2,647,333	\$15,210	\$19,904	\$16,875	\$15,883,999
4 Bed + U	2	188	188	188	\$2,200,000	\$2,254,000	\$2,227,000	\$11,702	\$1,989	\$11,845	\$4,454,000
Total	255										\$267,823,864

Income for the retail component of the proposed development has been assessed as follows:

Comparable sales to assess the value of the retail component within the development are as follows:

Centre Name	State	GLA (m ²)	Sale Date	Sale Price	Equated Market Yield	IRR	Sale Price/m ²
Mount Pleasant	QLD	22,331m ²	Aug-21	\$162,500,000	6.24%	6.29%	\$6,015
Coolalinga Central	NT	20,086m ²	Jul-21	\$83,000,000	6.75%	7.47%	\$4,132
Raymond Terrace	NSW	14,837m ²	Jul-21	\$87,550,000	5.75%	6.70%	\$5,901
Casey Central Shopping Centre	VIC	31,196m ²	Jul-21	\$225,018,000	5.25%	5.75%	\$7,123
Marketown East & West	NSW	26,376m ²	Jun-21	\$150,500,000	5.52%	6.06%	\$5,706
The Square Mirrabooka	WA	42,800m ²	May-21	\$195,000,000	6.51%	6.76%	\$4,556
Mildura Central	VIC	20,692m ²	Mar-21	\$81,100,000	7.47%	7.67%	\$3,919
Stockland Bundaberg	QLD	23,276m ²	May-21	\$140,000,000	6.78%	7.16%	\$6,015
Clifford Gardens Shopping Centre	QLD	27,729m ²	Apr-21	\$145,000,000	7.37%	7.40%	\$5,229
CS Square Shopping Centre	VIC	26,915m ²	Apr-21	\$136,501,000	6.11%	6.45%	\$4,830
SUBJECT PROPERTY	NSW	17,489m²	Jan-22	\$185,000,000	5.50%	6.62%	\$10,578

Having regard to the available sales evidence and critical issues listed within our full valuation report and on the basis of the subject property's investment attributes, we have chosen to adopt a capitalisation rate of **5.50%** within our capitalisation approach to value whilst within our discounted cash flow approach to value we have chosen to apply a discount rate (i.e., 10 Year Target IRR) of **6.50%** and a terminal yield of **5.75%**, which reflects a **0.25%** premium above our adopted capitalisation rate.

Valuation Reconciliation		Value
Capitalisation Result	@ 5.50%	\$185,000,000
10 Year NPV	@ 6.50%	\$187,000,000
ADOPTED VALUE		\$185,000,000
10 Year IRR		6.62%
Passing Initial Yield		5.62%
Equated Market Yield		5.49%
\$Value/m ²		\$10,578

Comparable sales to assess the value of the hotel component within the development are as follows:

Date	Hotel	Sale Price	Rooms	Price Per Room	Passing Yield	Market Yield	Terminal Cap Rate	Discount Rate	5 Yr IRR	10 Yr IRR
Oct-21	1 Hosking Place, Sydney	\$26,500,000	49	\$540,816	4.55%	0.18%	5.00%	6.50%	6.84%	6.61%
Jan-21	Radisson Hotel & Suites	\$38,080,000	76	\$501,053	-	-	-	-	-	-
Feb-20	CitadelX, Pyrmont	\$28,700,000	60	\$478,333	5.02%	5.02%	5.00%	6.50%	-	6.58%
Dec-19	Quest Macquarie Park	\$46,000,000	111	\$414,414	5.52%	5.52%	5.75%	7.50%	-	7.60%
Dec-19	Adina Apartment Hotel Mascot	\$53,000,000	123	\$430,894	4.76%	4.93%	5.00%	6.50%	-	6.97%
Aug-19	Veriu Sydney Central	\$58,888,000	112	\$450,000	4.92%	5.55%	5.75%	7.50%	-	7.19%
Aug-19	Quest Mounts Bay Road Perth WA	\$22,425,000	71	\$315,845		6.89%	7.00%	8.50%		8.33%
Jun-18	Quest Springfield QLD	\$24,350,000	82	\$296,646	7.28%	7.28%	7.50%	9.00%		8.67%
Jul-17	Quest Penrith NSW	\$30,320,000	115	\$263,652	7.03%	6.91%	7.25%	8.75%		8.76%
Subject Valuation	Proposed Quest Woollooware	\$21,000,000	71	\$295,775	6.25%	6.04%	6.50%	7.50%		7.99%
	<i>Low</i>	<i>\$22,425,000</i>	<i>49</i>	<i>\$263,652</i>	<i>4.55%</i>	<i>0.18%</i>	<i>5.00%</i>	<i>6.50%</i>	<i>6.84%</i>	<i>6.58%</i>
	<i>Median of Sales</i>	<i>\$30,320,000</i>	<i>82</i>	<i>\$430,894</i>	<i>5.02%</i>	<i>5.54%</i>	<i>5.75%</i>	<i>7.50%</i>	<i>6.84%</i>	<i>7.40%</i>
	<i>High</i>	<i>\$58,888,000</i>	<i>123</i>	<i>\$540,816</i>	<i>7.28%</i>	<i>7.28%</i>	<i>7.50%</i>	<i>9.00%</i>	<i>6.84%</i>	<i>8.76%</i>

We have produced a value of \$21,000,000 under the capitalisation approach, \$21,750,000 under the DCF approach and a value range of \$20,590,000 to \$22,010,000 under the direct comparison approach.

Based upon the above results we have adopted an As If Complete Market value subject to the Proposed Lease of \$21,000,000 which reflects an initial yield of 6.25%, an equated market yield of 6.04%, an IRR of 7.99% and a capital rate of \$295,775/key, all of which appear reasonable having regards to the comments contained within our full valuation report.

Comparable sales to assess the value of the office component within the development are as follows:

Address	Sale Date	Sale Price	Lettable area (m ²)	Parking	Net Income (P/A)	\$psm Net Strata Area	Initial Yield
13/152 Kingsway, Caringbah							
Lot 1	1 Sep 20	\$665,000	66	4	VP	\$10,083	VP
Description: A ground floor strata suite in a new mixed use building with 4 basement carspaces. Good street exposure							
Comparison: Modern commercial suite in a similar location. Suggests similar rates for the subject commercial space.							
206/28-32 Kingsway, Caringbah							
Lot 1	1 May 20	\$765,000	75	1	\$49,536	\$10,200	4.8%
Description: A first floor office suite located in Caringbah on the corner of Kingsway and Croydon Street with modern fitment and shared amenities. Includes 1 basement carspaces.							
Comparison: Modern commercial suite in a similar location. Suggests similar rates for the subject commercial space.							
4 Railway Parade, Burwood							
Lot 21	18 Aug 20	\$2,500,000	447	8	VP	\$5,593	VP
Lot 13	15 July 20	\$1,815,000	248	3	VP	\$7,319	VP
Description: A modern 5 level office building located 300 metres from Burwood Station. Carpeted and portioned office space serviced by 2 passenger lifts. Both suites sold with basement parking.							
Comparison: Modern commercial suites in an inferior location. Suggests higher rates for the subject commercial space.							
230 Victoria Road, Gladesville							
Lot 2	15 Jan 21	\$1,639,000	242	8	VP	\$6,773	VP
Description: A modern mixed use building with ground floor retail and upper apartments. Sold strata lot forms ground floor position and marketed as for medical use. Bare shell condition with 3 basement carspaces.							
Comparison: Modern ground floor suites in a slightly inferior location. Suggests higher rates for the subject commercial space.							
118-122 Church Street, Parramatta							
Lot 9 and 10	4-Nov-19	\$4,650,000	585	4	VP	\$7,949	VP
Description: Referred to as B1 Tower, located opposite Westfield a 28-storey mixed residential and commercial building, comprising of 80 residential apartments, 5 levels of retail and commercial space and 4 levels of basement parking. Completed in May 2013. Comprises carpeted office space with basement parking serviced by 2 lifts.							
Comparison: Modern commercial suites in established commercial location. Larger area of sold suite suggests higher rates for the subject commercial space.							
Lot 42, 55 Phillip Street, Parramatta							
Lot 42	11-Mar-21	\$2,150,000	164	2	VP	\$13,110	VP
Lot 41	11-Sep-20	\$680,000	66	1	VP	\$10,303	VP
Description: Formerly the Shaw Stockbroking House and prior to that, Legal & General Court, a 7-storey office building, comprising office space on four floors, retail space on lower and upper ground levels and car parking for 27 cars on level two, accessed via a ramp from Erby Place. The lower levels were remodelled in 1986 and refurbished in late 2003. The building was upgraded and extensively refurbished in late 2006.							
Comparison: Good quality commercial space in superior commercial location. Suggests lower rates for the subject commercial space.							
Woollooware Town Centre- Stage 3							
Lot 56	10/10/19	\$370,000	35	1	VP	\$10,571	VP
Lot 57	1/10/19	\$450,000	42	1	VP	\$10,714	VP
Lot 58	5/10/19	\$1,053,000	104	2	VP	\$10,125	VP
Description: Modern office suites in Stage 3 of the subject development. Slightly dated sales.							
Comparison: Good evidence of value for the subject lots							
55 Miller Street, Pyrmont							
Lot 14	16-July-21	\$1,300,000	122	1	VP	\$10,655	VP
Lot 18	3-Nov-21	\$485,000	47	0	VP	\$10,319	VP
Lot 213	1-Feb-21	\$517,000	48	0	VP	\$10,770	VP
Lot 51	18-Dec-20	\$649,000	47	1	VP	\$13,808	VP
Description: Circa 2000's 7 level commercial building, configured with multiple suites. Close to fish markets.							
Comparison: Superior location, however slightly older accommodation. Good evidence of value for subject commercial space.							

The assessed value of the office component is as follows:

Building	Lot No	Level	NLA	Status	Sale Price	Analysis \$/m ²	Exchange Date	Adopted Value	Analysis \$/m ²
E	1	2	68	Exchanged	\$850,000	\$12,500	19/09/2019	\$850,000	\$12,500
E	2	2	73	Exchanged	\$825,000	\$11,301	20/12/2019	\$825,000	\$11,301
E	3	2	73	Exchanged	\$900,000	\$12,329	27/05/2021	\$900,000	\$12,329
E	4	2	37	Exchanged	\$462,500	\$12,500	26/11/2019	\$462,500	\$12,500
E	5	2	61	Exchanged	\$750,000	\$12,295	13/09/2021	\$750,000	\$12,295
E	6	3	75	Exchanged	\$850,000	\$11,333	15/12/2021	\$850,000	\$11,333
E	7	3	77	Exchanged	\$850,000	\$11,039	25/10/2021	\$850,000	\$11,039
E	8&9	3	104	Exchanged	\$1,125,000	\$10,817	29/01/2020	\$1,125,000	\$10,817
E	10, 11 & 12	3	150	Exchanged	\$1,699,998	\$11,333	3/12/2020	\$1,699,998	\$11,333
E	13	2	64	Exchanged	\$450,000	\$7,031	3/08/2021	\$450,000	\$7,031
Total			782		\$8,762,498	\$11,205		\$8,762,498	\$11,205

Out total project realisation is therefore:

Component	Assessed Realisation
Residential	\$267,823,864
Hotel	\$21,000,000
Retail	\$185,000,000
Commercial	\$8,762,498
Total Project Realisation inc GST	\$482,586,362

The comparable sales to estimate the current site value are detailed below:

Address	Sale Date	Sale Price	Site Area (m ²)	Equivalent Unit Yield	GFA	\$/Site Area (m ²)	\$/Unit	\$/GFA (m ²)	DA Approved	Comparison
224-240 Pitt Street, Merrylands	Dec-21	\$75,000,000	15842	1012	87787	\$4,734	\$74,111	\$854	Yes	Inferior
12 Hassall Street, Parramatta	Oct-21	\$68,000,000	2055	365	32840	\$33,090	\$186,301	\$2,071	No	Superior
2 Halifax Street, Macquarie Park	Aug-21	\$137,000,000	18463	950	82212	\$7,420	\$144,211	\$1,666	No	Superior
247-273 and 277-281 Pennant Hills Road Carlingford	Dec-20	\$68,500,000	27973	729	64339	\$2,449	\$93,964	\$1,065	Yes	Larger hence higher rates apply
12-20 Berry St & 11-19 Holdsworth Ave, St Leonards	Jun-21	\$73,500,000	5105	165	16410	\$14,398	\$445,455	\$4,479	No	Superior
54-56 Anderson Street, Chatswood	Jun-21	\$64,000,000	2216	-	11080	\$28,881	-	\$5,776	No	Superior
28 Elizabeth Street, Liverpool	Jun-21	\$28,000,000	3600	399	36000	\$7,778	\$70,175	\$778	No	Inferior
37-41 Oxford St, Epping	Jun-21	\$55,000,000	4969	-	22361	\$11,069	-	\$2,460	No	Superior
3-5 Parramatta Street, Cronulla	Feb-20	\$11,100,000	1530	25	2287	\$7,255	\$444,000	\$4,854	Yes	Superior
67 Gerrale St, Cronulla	Feb-22	\$38,000,000	1327	20	4042	\$28,636	\$1,900,000	\$9,401	Yes	Superior

Our assessment of site value on a Direct Comparison basis is as follows:

Subject	No. of Units	Unit Rate	Value
Approved Units	476	\$145,000	\$69,020,000
Approved Units	476	\$155,000	\$73,780,000
Midpoint	476	\$150,000	\$71,400,000
Adopt			\$71,400,000
Subject	GFA (m ²)	Rate	Value
GFA	58,006m ²	\$1,150	\$66,706,900
GFA	58,006m ²	\$1,250	\$72,507,500
Midpoint	58,006m ²	\$1,200	\$69,607,200
Adopt			\$69,600,000
Approved Unit Rate	\$71,400,000		
GFA	\$69,600,000		
Adopted As Is Market Value	\$70,500,000		
Plus: Value of Works To Date	\$49,900,000		
Current Market Value Assessed	\$120,400,000		

Our Hypothetical Development Assessment is detailed below:

Input	Amount / Comments														
Gross Realisation	Residential - \$267,823,864 including GST Retail - \$185,000,000 excluding GST Hotel - \$21,000,000 excluding GST Office - \$8,762,498 excluding GST														
Rate of Sale	Having regard to the existing presales we have assumed that the remaining unsold apartments (which are predominately Affordable Housing) will be sold 'off the plan' during the construction period and within 12 months post construction. We have assumed the hotel and retail components will transact on practical completion and we have assumed the commercial suites will transact within 3 months of completion of construction given the pre-sale position.														
Selling Costs	Residential – 2.2% Retail – 1.5% Hotel – 1.5% Office – 1.5%														
Marketing Costs	Residential – \$3,000 per unsold apartment Retail – \$100,000 Hotel – \$100,000 Office - \$2,000 per suite														
Legal Costs	Residential – \$1,000 per apartment Retail – \$75,000 Hotel – \$75,000 Office - \$1,200 per suite														
Site Acquisition Costs	7.21% of purchase price														
Legal Fees on Acquisition	\$250,000														
Cost to Complete	\$174,541,536 excluding GST (as per Section 9 of this Report)														
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees)														
Application Fee	\$1,100,000														
Construction Period	22 months to completion														
Holding Costs	Approximately \$960,000 per annum (including Council rates and Land Tax)														
Developers Margin	Profit and Risk expectations for a project of this nature would normally vary from 20% to 30%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors: <ul style="list-style-type: none"> ➤ On the basis that a major proportion of the total list value has been pre-committed ➤ Construction has commenced. ➤ The Contract sum has been verified by a QS ➤ The cost and revenue parameters of the project are largely known ➤ The size and related capital value of the development ➤ Analysis of comparable developments ➤ The Sutherland location Having regard to the above, we have adopted a Profit and Risk Factor of 25.01%, being the approximate mid-point of the adopted range.														
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td>\$267,823,864</td></tr> <tr> <td><u>Less GST</u></td><td><u>\$24,347,624</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$243,476,240</td></tr> <tr> <td>Plus: Hotel</td><td>\$21,000,000</td></tr> <tr> <td>Plus: Retail</td><td>\$185,000,000</td></tr> <tr> <td>Plus: Commercial</td><td><u>\$8,762,498</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$458,238,738</td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	\$267,823,864	<u>Less GST</u>	<u>\$24,347,624</u>	Gross Realisation Excluding GST	\$243,476,240	Plus: Hotel	\$21,000,000	Plus: Retail	\$185,000,000	Plus: Commercial	<u>\$8,762,498</u>	Gross Realisation Excluding GST	\$458,238,738
Residential Realisation Including GST	\$267,823,864														
<u>Less GST</u>	<u>\$24,347,624</u>														
Gross Realisation Excluding GST	\$243,476,240														
Plus: Hotel	\$21,000,000														
Plus: Retail	\$185,000,000														
Plus: Commercial	<u>\$8,762,498</u>														
Gross Realisation Excluding GST	\$458,238,738														

Feasibility Conclusions

Our calculations result in a residual value of \$120,400,000 excluding GST. Our feasibility analysis reflects an Internal Rate of Return of 19.5% including interest, and a net development profit of approximately \$91,687,150 all of which appear to be reasonable for a development of this nature

We have assumed the standard marketing period for a development of this scale with a mixed use profile incorporating retail, hotel and residential with limited pre-commitments, however advanced planning is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions.

The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value. This is particularly important for an asset such as the subject where construction is commenced as substantial time and due diligence would be required to confirm building contracts and warranties, pre-sale contracts and pre-commitments to the retail and hotel areas.

Practically, this scenario therefore assumes that a prospective buyer would look to increase the risk allowances to cover less than full diligence.

For the purposes of an assessment based on these adopted assumptions we have increased the Profit and Risk allowance in our residual land value analysis by 4 basis points to 29% which indicates a residual land value of \$110,600,000 which has been adopted under this valuation scenario.

Whilst our analysis could alter other inputs in the feasibility such as apartment price and Hotel and Retail component values, and sale rate and cost, realistically the sale rate of the apartments/components, the value of the completed apartments/components and the cost of producing the development does not change. The risk essentially lies with the acquisition of a project with a long development life without exploring all aspects of the project to ascertain an educated and informed acquisition.

Feasibility Conclusions

Our calculations result in a residual value of \$110,600,000 excluding GST for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 22.48% including interest, and a net development profit of approximately \$103,074,513 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 31 March 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> ■ This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> ■ The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection of the proposed plans whether the 'cladding' to be constructed will use compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). A Certificate of Compliance and/or Certification of building materials for the development has not been sighted nor confirmed by the valuer. <p>This valuation report has been prepared:</p> <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the currently proposed building components and satisfy itself as to the potential risks and costs which could be incurred should the currently proposed building component have to be remedied, replaced or adapted.</p>
Construction Costs	<ul style="list-style-type: none"> ■ The cost to complete the development provided by Coutts Consulting (Progress Payment 10) as of March 2022 and refined by Aoyuan (excluding GST and Contingency) is \$174,541,536 which has been adopted for the purpose of this assessment. ■ We note additional costs to complete have been provided by the instructing party and these include: <ul style="list-style-type: none"> • <i>Outstanding Council Contributions - \$725,706</i> • <i>Outstanding Infrastructure Works - \$1,400,000</i> • <i>Additional Approved Variations - \$1,429,905</i> ■ Construction and development of the project can be completed for the amount described above, in accordance with the documents provided by Coutts Consulting and the spreadsheet provided by Aoyuan. We have adopted the cost to complete as part of our instruction. Should the supplied costs be proven to be inadequate to deliver the project, Savills reserves the right to review this valuation accordingly. ■ We are not Quantity Surveyors nor are we Consulting Engineers. We have relied upon cost estimates provided and on the basis that the cost provided and adopted are accurate. We recommend the engagement of an independent Quantity Surveyor to confirm same. Should the cost estimate differ to that adopted within, then this report should be referred back to the Valuer for comment and accordingly we reserve the right to amend the assessment within
Land Value	<ul style="list-style-type: none"> ■ The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> ■ We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibilities and to our 'as if complete' values on a GST exclusive basis. As a result, GST on the development costs will be assessed at 10% to be remitted two months later, while GST on gross realisations will be assessed at 1/11th. All costs within our cash flow model are quoted, where applicable, excluding GST. ■ That all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement.
CGT	<ul style="list-style-type: none"> ■ That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.

Construction Timeframe	<ul style="list-style-type: none"> ■ We have adopted a construction period to complete the project of 22 months, based on the advice provided in Coutts Progress Report No. 10. We have assumed this to be an accurate forecast and have adopted this within our Residual Cash Flow analysis.
"As If Complete" Assessment	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is the estimated market value of the proposed development as detailed in this report on the assumption that all construction has been satisfactorily completed in all respects at the date of this report. Because of time lag and unknown future market conditions the valuation reflects the valuer's view of the market conditions existing at the date of valuation and does not purport to predict future market conditions and the value at the actual completion date.
Construction Quality & Compliance	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is provided on the basis that the proposed improvements will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that: <ul style="list-style-type: none"> – A detailed report of the structure and service installations of the building once completed would not reveal any defects requiring significant expenditure. – The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
EPBC Act	<ul style="list-style-type: none"> ■ That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Development Approvals (Including Plans & Specifications)	<ul style="list-style-type: none"> ■ We have been provided with a copy of the Development Approval for the subject development including approved plans. We assume that the development will be completed in full accordance with the noted Development Approval and any conditions contained within the approval. Should there be any subsequent changes to the Development Approval or the Approved development plans, this valuation must not be relied upon before first consulting Savills to reassess any effect on the valuation.
Contamination	<ul style="list-style-type: none"> ■ The site was found to contain high levels of asbestos, methane gas, and contaminated fill in the soil prior to construction commencement, as the site was formerly used as a landfill by Sutherland Council. The site is its original state was found to be unsuitable for the proposed redevelopment. ■ The method to remediate the site was the Cap and Contain method whereby a high visibility non-woven geotextile layer was placed over the surface to cover all contaminated material and extending 3 metres beyond the property perimeter. Above this an impervious additional layer was installed. ■ Given these works a Long-term Environmental Plan will be required to be prepared and continually monitored. ■ We have assumed, as instructed that the costs provided have allowed for the appropriate remediation of the site.
Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed the standard marketing period for a development of this scale with advanced pre-sale status and construction commenced is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.
General	<ul style="list-style-type: none"> ■ The rental and sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type.

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.

(ii)(a) *The following is the text of a valuation report on 100% of the equity interest in APGA as at 30 June 2022 prepared for the purpose of incorporation in this circular, received from the valuer, Savills Valuation and Professional Services Limited.*



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23 September 2022

Dear Sirs,

VALUATION OF 100% EQUITY INTEREST IN AOYUAN PROPERTY GROUP (AUSTRALIA) PTY LTD

In accordance with your instructions, we have undertaken a valuation on behalf of Aoyuan Property Group (International) Limited (the “**Company**”) to determine the Market Value (“**Market Value**”) and Estimated Realisable Price (“**ERP**”) (as defined below) of 100% equity interest (the “**Equity**”) in Aoyuan Property Group (Australia) Pty Ltd (the “**Target**”) as at 30 June 2022 (the “**Valuation Date**”).

1. BRIEF DESCRIPTION OF THE TARGET

The Target is an investment holding company. Its subsidiaries and affiliates are principally engaged in property development, holding and sales in Australia (together with the Target as the “Group”). The Target is a wholly owned subsidiary of the Company.

2. PURPOSE OF VALUATION AND STANDARD OF VALUE

The purpose of this valuation is to express an independent opinion of the Market Value and ERP of 100% equity interest in the Target as at the Valuation Date stated above for the purpose of your internal reference and potential public disclosure. We understand that the Company is contemplating to dispose of the Equity (the “**Contemplated Disposal**”), therefore certain special assumptions are required for your internal reference purpose in determining the Market Value and ERP of the Equity.

Our valuation is prepared in accordance with the International Valuation Standards (“**IVS**”) published by International Valuation Standards Council.

According to International Valuation Standards (“**IVS**”), Market Value is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

For your internal reference purpose, ERP is defined as “the estimated value for which an asset or liability should exchange on the valuation date assuming a short period, considered less than standard marketing period in which to achieve a sale”.

We acknowledge that this report may be made available to the Company for public circulation purpose. We however assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

3. SOURCES OF INFORMATION

For valuation purpose, we have relied on the following major documents and information in the valuation analysis. Certain documents and information have been provided by the Company. Other information is extracted from public sources. We have discussed with the management of the Company to assess the reasonableness and fairness of the documents and information adopted by us. While we have satisfied ourselves with the reasonableness and fairness of the documents and information adopted, we expressly disclaim any responsibility or liability for the accuracy of the said documents and information. The major documents and information include but not limited to the following:

- Background information of the Target’s business operations and relevant corporate information;
- Historical financial information of the Group;
- The economic outlook in general and the specific economic environment and elements affecting the Group, industry and market; and

- Property Valuation reports (“**Property Valuation Reports**”) for the Company’s internal reference purpose issued by Savills Valuations Pty Ltd, a professional property valuation firm based in Australia and independent from the Company and the Target.

4. VALUATION METHODOLOGY AND BASIS

In conducting the valuation, we have considered three generally accepted approaches, including income approach, market approach and cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation and the commonly adopted practice.

4.1 Market approach

According to the IVS, the market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In the business valuation context, the market approach valuation shall analyse recent transaction(s) in the equity interest of the valuation subject and/or comparable companies and benchmark the valuation subject with the selected comparable(s).

4.2 Cost approach

According to the IVS, the cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

In the business valuation context, cost approach is often presented as summation method, in which value of the business entity is derived from the sum of value of its existing assets less the value of its liabilities.

4.3 Income approach

According to the IVS, the income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

In the business valuation context, under income approach, value of the business entity is derived primarily from the present value of its future cash flow, typically through the use of discounted cash flow method.

5. VALUATION ANALYSES OF THE TARGET

The guideline transaction method of market approach is not adopted because there is no comparable transactions matching the characteristics of the Target as a whole, where each of the property held within the Group has specific characteristics that cannot be reflected by a transaction of equity in another company. The guideline company method of market approach using comparable companies is not adopted in this valuation for similar reason as it is difficult to identify appropriate comparable valuation multiples to reflect the characteristics of the properties held in the Group.

The income approach is not adopted as no detailed future cash flow forecast is available from the Target or the Company for this valuation purpose.

The summation method of the cost approach is adopted for the Target as an investment holding company as the value of an investment holding company comes from the value of its investment holdings. In the case of the Target, its investments through its subsidiaries are primarily property development companies, their value is mainly driven by the property development projects, hence the use of summation method under cost approach is appropriate to reflect each of their value. We would estimate the value of the investments held using appropriate approach and adopt their values to the line item of long-term investments on the Target's statement of financial position.

We have obtained the statement of financial position of the Target and the Group as at the Valuation Date, and note that the Target's assets and liabilities items are as follows:

Item	Assets	Item	Liabilities
1.	Property, plant and equipment;	12.	Deferred tax liabilities;
2.	Investment in subsidiaries;	13.	Other long term liabilities – Grand First;
3.	Deferred tax assets;	14.	Other long term liabilities – GIC;
4.	Intangible assets;	15.	Trade and other payables;
5.	Trade and other receivables;	16.	Unamortised Establishment Fees;
6.	Amount due from inter-group;	17.	Amount due to related parties; and
7.	Amount due from related parties;	18.	Tax liabilities
8.	Bank and cash;		
9.	Restricted bank deposits;		
10.	Unamortised establishment fees; and		
11.	Other current assets		

Based on discussion with the Company and our analysis, we understand that except for the investment in subsidiaries, intangible assets, other long term liabilities – Grand First and other long term liabilities – GIC which are discussed below, book value of other assets and liabilities items approximate Market Value and ERP as at the Valuation Date and no adjustment is necessary.

As certain subsidiaries engaging in property development/joint ventures are not wholly owned by the Target, we have adopted a bottom-up approach to calculate the attributable equity value of those companies to the Target where their Market Value is reflected through the line item “Investment in subsidiaries”.

We understand from the Company that the Target acted as the financing vehicle for its subsidiaries by making intercompany loans from capital obtained from Grand First Holding Limited (“**Grand First**”), its parent company, and external parties. As such, there are significant inter-group balances between the Target and its subsidiaries at company level before consolidation adjustments.

For the purpose of valuing the Target and based on your instructions, recoverability of those inter-group balances within the Group are not considered in our valuation as you considered that these inter-group balances will be fully eliminated in the consolidated financial statement of the Target. Please see Item 2) Investment in subsidiaries for more details and the relevant special assumption.

Item 2) Investment in subsidiaries

The investment in subsidiaries of the Target comprises the equity interest of the direct subsidiaries of the Target as follows:

Item	Name of subsidiaries	Principal activity
1	Prime Development Project Pty Ltd	Investment holding
2	Prime Capital Bluestone Pty Ltd	Investment holding
3	Aoyuan Real Estate Services Pty Ltd	Investment holding
4	Prime Centre Pty Ltd	Investment holding
5	Prime & Famous Pty Ltd	Investment holding
6	Prime Turrumurra Pty Ltd	Property development
7	Prime ESP 1 Pty Ltd	Investment holding
8	Prime Gordon Pty Ltd	Property development
9	Prime Burwood Pty Ltd	Property development
10	Prime Hurstville Pty Ltd	Property development
11	Prime Moss Vale Pty Ltd	Property development
12	Prime EBC Pty Ltd	Investment holding
13	Prime Melrose Property Pty Ltd	Investment holding
14	Prime Parramatta Pty Ltd	Investment holding
15	Prime Bargo Pty Ltd	Investment holding

Please refer to Appendix I for the group chart of the Target provided by the Company for the full list which include indirectly held subsidiaries.

The assets and liabilities items held by the above subsidiaries (including their subsidiaries) are in the following categories according to the management account provided by the Company as at the Valuation Date based on the consolidation package as at 31 December 2021 provided by the Target’s auditor, and changes between 31 December 2021 and the Valuation Date:

Item	Assets	Item	Liabilities
I.	Property, plant and equipment;	XX.	Amount due to inter-group;
II.	Investment in joint ventures;	XXI.	Amount due to joint ventures;
III.	Investment in subsidiaries;	XXII.	Amount due to CCH;
IV.	Right of use assets (“ ROU Assets ”);	XXIII.	Deferred tax liabilities;
V.	Interest to Aoyuan;	XXIV.	Income tax payable;
VI.	Property development;	XXV.	Lease liabilities;
VII.	Development fee;	XXVI.	Trade payables;
VIII.	Inventory of finished goods;	XXVII.	Other payables;
IX.	Trade receivables;	XXVIII.	Welfare payable;
X.	Other receivables;	XXIX.	Development fee payable;
XI.	Amount due from inter-group;	XXX.	Accrued expenses;
XII.	Amount due from joint ventures;	XXXI.	Construction retention;
XIII.	Bank and cash;	XXXII.	Bank loans;
XIV.	Restricted bank deposits;	XXXIII.	Bank loan interest;
XV.	Prepaid tax;	XXXIV.	SG Loan;
XVI.	Prepaid income tax;	XXXV.	Debts;
XVII.	Deferred tax assets;	XXXVI.	Shareholder loans;
XVIII.	Provision; and	XXXVII.	Tax liabilities; and
XIX.	Other current assets	XXXVIII.	Provision for income tax

Based on discussion with the Company and our investigation, we understand that except for the investment in subsidiaries, interest to Aoyuan, property development and inventory of finished goods which are discussed below, book value of other assets and liabilities items approximate Market Value and ERP as at the Valuation Date and no adjustment is necessary.

Item III. Investment in subsidiaries

According to the information provided by the Company, investment in subsidiaries are held by Prime ESP 1 Pty Ltd, Prime EBC Pty Ltd and Prime Parramatta Pty Ltd which are property development companies. We adopt the same summation method described herein to value the assets and liabilities of the subsidiaries to calculate the Market Value and ERP of investment in subsidiaries.

Item V. Interest to Aoyuan

Based on discussion with the Company, the nature of this item is interest on amount due to the Target by the respective subsidiaries pertain to the property development which are capitalized as part of the cost of inventory or property development. As the value of properties are to be considered separately (see below), we do not assign any Market Value and ERP for these items as at the Valuation Date to avoid double counting.

Item VI. Property Development

The property development held by the subsidiaries are separately valued by Savills Valuations Pty Ltd., we have relied on the Property Valuation Reports as we are not experts in Australian property and adopted the Market Value and ERP from the Property Valuation Reports for property development.

Summary of the Market Value and ERP of property development held by the subsidiaries according to the Property Valuation Reports is as follows:

Name of subsidiaries	Project name	Address	Book value (in AUD million)	Market value (in AUD million)	ERP (in AUD million)
Prime Hurstville Pty Ltd	Mesa	61-75 Forest Road & 126 Durham Street, Hurstville	57.10	43.00	38.50
Prime Moss Vale Pty Ltd	Ashbourne Estate	141 Yarrawa Road and 32 Lovelle Street, Moss Vale	111.95	91.00	82.80
Prime Woollooware 4 Pty Ltd.	Woollooware Bay Town Centre	461 Captain Cook Drive, Woollooware	226.17	158.45	148.50

Please refer to the Property Valuation Reports for details of the relevant properties and valuation.

Item VIII. Inventory of finished goods

The inventory of finished goods held by the subsidiaries are separately valued by Savills Valuations Pty Ltd., we have relied on the Property Valuation Reports as we are not experts in Australian property and adopted the Market Value and ERP from the Property Valuation Reports for inventory of finished goods.

Summary of the Market Value and ERP of inventory of finished goods held by the subsidiaries according to the Property Valuation Reports is as follows:

Name of subsidiaries	Project name	Address	Book value <i>(in AUD million)</i>	Market value <i>(in AUD million)</i>	ERP <i>(in AUD million)</i>
Prime Burwood Pty Ltd	Adela	1A Gloucester Avenue, Burwood NSW	30.25	28.00	25.19
Prime Gordon Pty Ltd	Altessa	888 Pacific Highway, Gordon NSW	9.08	8.45	7.60
Prime Parramatta Development Pty Ltd	The Lennox	12-14 Phillip Street & 331A-339 Church Street, Parramatta NSW	191.21	133.45	119.40

Summary of the Market Value of Investment in subsidiaries held by the Target is as follows:

Item	Name of subsidiaries	Market Value <i>(AUD)</i>	ERP <i>(AUD)</i>
1	Prime Development Project Pty Ltd	(3,535,474)	(3,535,474)
2	Prime Capital Bluestone Pty Ltd	(13,879,553)	(13,879,553)
3	Aoyuan Real Estate Services Pty Ltd	–	–
4	Prime Centre Pty Ltd	6,925,646	6,925,646
5	Prime & Famous Pty Ltd	1,095,049	1,095,049
6	Prime Turramurra Pty Ltd	490,919	490,919
7	Prime ESP 1 Pty Ltd	24,158,158	24,158,158
8	Prime Gordon Pty Ltd	(2,333,812)	(3,183,812)
9	Prime Burwood Pty Ltd	(6,795,391)	(9,610,391)

Item	Name of subsidiaries	Market Value (AUD)	ERP (AUD)
10	Prime Hurstville Pty Ltd	(21,946,679)	(26,446,679)
11	Prime Moss Vale Pty Ltd	(39,662,710)	(47,862,710)
12	Prime EBC Pty Ltd	(69,698,957)	(77,161,457)
13	Prime Melrose Property Pty Ltd	(2,512,368)	(2,512,368)
14	Prime Parramatta Pty Ltd	(64,232,895)	(78,282,895)
15	Prime Bargo Pty Ltd	(3,857,514)	(3,857,514)
	Subtotal	(195,785,580)	(233,663,080)

The negative values above are primarily driven by the amount due to the Target by the respective subsidiary and the mark down of property development/inventory. We have adopted the special assumption for your internal reference purpose that these negative values are to be reflected to the line item of investment in subsidiaries in the Target's statement of financial position as is, in spite of the typical floor value of equity being nil owing to the limited liability nature of a limited company.

Item 3) Deferred tax assets

For the valuation of deferred tax asset of the Target, it is the after-tax losses allowed to carry forward to offset with the future tax benefits. The Target is of the opinion that there will be profits assessable for tax in future for the utilization of the deferred tax asset, the validity of this view is confirmed by the recognition of deferred tax asset on the audited financial statement, therefore we have adopted the book value in the management account as their Market Value and ERP as at the Valuation Date.

Item 4) Intangible assets

For the valuation of the intangible asset of the Target, it is related to certain non-refundable preliminary expenses paid. Given the nature as a non-monetary asset with no further economic benefit, this amount is written off for the valuation purpose.

Item 10) Unamortised establishment fees

Based on the discussion with the Company, the unamortised establishment fees related to prepayment towards the minimum return of the other long-term liabilities – GIC (“**GIC Loans**”). This amount shall be utilisable against the liability arising from the GIC Loans to be discussed below and we have adopted the book value in the management account as their Market Value and ERP as at the Valuation Date.

Item 13) Other long term liabilities – Grand First

As at the Valuation Date, the outstanding principal and interest of the Target due to Grand First (“**GF Loans**”) is at the sum of AUD385,075,062, with various maturities and interest rate ranging from 0% to 12%.

For your internal reference purpose pertain to the Contemplated Disposal, you have instructed us to adopt the special assumption that the other long-term liabilities – Grand First (the “**GF Loans**”) are to be immediately due as at the Valuation Date. Therefore, the value of the GF Loans is assumed to be AUD385.08 million for the purpose of this valuation, in lieu of the book value of AUD352.22 million which has reflected time value of the original repayment schedule.

On the other hand, as we understand from you that the GF Loans shall be assigned to the buyer in the Contemplated Disposal, you have instructed us to adopt the special assumption to remove the GF Loans from liabilities of the Target and treat it as equity for the purpose of our valuation of the Equity. We have therefore excluded the GF Loans in reporting the value of the Equity based on your instruction and special assumption.

Item 14) Other long term liabilities – GIC

Major terms and conditions of the GIC Loans are extracted from the facility agreement (“**Facility Agreement**”) between the Target, Gresham Property Funds Management Limited as trustee of GPF No.8 (i.e. “GIC” for the purpose of this report) dated 20 December 2021 and set out as follows.

Principal Amount	AUD200,000,000
Terms	12 months from the date of Financial Close (1st Draw of Facility), unless extended
Minimum Return	AUD35,000,000 (“ Minimum Return ”) to be paid with the principal repayment

Interest Rate

Aggregate of Base Rate plus Margin, where:

- Base Rate refers to benchmark interest rate typically used by financial institutions or corporations engaging in interest rate swaps and related transaction quoted in Australian financial market.
- Margin refers to:
 - 12.75% when no Event of Default or Public Market Event occurs.
 - 15.75% when no Event of Default, but Public Market Event occurs.
 - 17.75% when Event of Default occurs, but no Public Market Event occurs.
 - 20.75% when both Event of Default and Public Market Event occur.

**Public Market Event
(PME)**

PME arises if any bonds or similar Debt issued by the Target in or to a public market either:

- (a) Become due and payable, or capable of being declared due and payable, before their stated maturity, expiry, or repayment date (other than in the case of a voluntary prepayment at the election of the Target); or
- (b) Are not paid when due or written any applicable grace period.

Event of Review

Event of Review occurs if:

- (a) (change of ownership) without the GIC's prior consent there is any change in the legal and beneficial ownership of the Target or its Subsidiaries; or
- (b) (change in Control) there is a change (from that prevailing at the date of this document) in the persons who Control, or one or more persons acquire Control of the Target or its Subsidiaries.

**Consequences upon
Event of Review**

The Target must:

- (a) provide all necessary information to, and as requested by, the Finance Parties in order for the GIC to complete the know-your-client checks in respect of the Target;
- (b) promptly meet and consult in good faith with the GIC concerning the Event of Review to agree a strategy to rectify or restructure (including as to the GIC's credit exposure treatment of the Target) the circumstances giving rise to the Event of Review, including (but not limited to) a restructure of the terms of the Facility to the satisfaction of the GIC; and
- (c) determine one of the followings:
 - a. change any of the terms or conditions of the loan agreement and require the provision of additional Security Interests or Guarantees as Security, and;
 - b. Cancel the agreement and immediately repay the principal, minimum return, and accrued interests (if any).

The above is extract only. Please refer to the Facility Agreement for full terms and conditions.

As a change of ownership of the Target would trigger the Event of Review clause above, which gives GIC the right to cancel the Facility Agreement and demand the Target to repay the principal and Minimum Return at the total of AUD235,000,000, you have instructed us to adopt the special assumption that the value of GIC Loans is to be AUD235,000,000 to the Target as at the Valuation Date for your internal reference purpose.

Please refer to Appendix II for the adjustments made to the assets and liabilities of the Target.

6. REMARKS

Unless otherwise stated, all monetary amounts are stated in Australian Dollar.

Figures may not sum due to rounding.

This report is issued subject to our Assumptions and Limiting Conditions as attached.

7. SPECIAL ASSUMPTIONS

A number of special assumptions have been made in the preparation of the reported figures. The major special assumptions are set out below:

- Negative values of the subsidiaries are to be reflected to the line item of investment in subsidiaries in the Target's statement of financial position as is, in spite of the typical floor value of equity being nil owing to the limited liability nature of a limited company;
- The value of the GF Loans is AUD385.08 million and is to be excluded from the value of the Equity as at the Valuation Date; and
- The value of the GIC Loans is AUD235 million, being the sum of outstanding principal and the Minimum Return as at the Valuation Date.

8. SPECIFIC ASSUMPTIONS

A number of specific assumptions have been made in the preparation of the reported figures. The major specific assumptions are set out below:

- The property valuation by Savills Valuations Pty Ltd as set out in the Property Valuation Reports are adopted as the Market Value and ERP of the relevant property for the purpose of this valuation;
- There is no contingent liability, off book liabilities and/or ongoing investigation which may significantly affect the value of the Target;

- The design and construction of the land and properties held by the Group are in compliance with local planning regulations and have been approved by relevant government departments;
- Unless otherwise stated, we assume that the Group has valid legal title to the property and land and has a free and uninterrupted right to occupy, use, assign, lease or assign the property for all unexpired periods granted; and
- The financial and operational information provided and confirmed by the Company are accurate and correctly recorded. The Target will have sufficient financial support as required to remain operating as a going concern.

9. GENERAL ASSUMPTIONS

A number of general assumptions have been made in the preparation of the reported figures. The assumptions are:

- There will be no major changes in existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation;
- The long term inflation rate, interest rates and currency exchange rate will not differ materially from those presently prevailing;
- The Target will retain sufficient management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through disease, international crisis, industrial disputes, industrial accidents or severe weather conditions that will significantly affect the existing business;
- The Target's businesses are unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements. All applicable laws and regulations have been and will be complied with;
- The business is not and will not be subject to any unusual or onerous restrictions or encumbrances which may render the Target's default against their outstanding commitment or obligations; and
- Any potential bad debt of the Target will not materially or significantly affect the value of the Target.

10. LIMITING CONDITIONS

We understand that you will perform additional separate due diligence before making any transaction decision related to the Target. You will not solely rely on our opinion regarding any transaction related to the Target. Our report will be used for internal reference purpose only and cannot replace any managerial decision or judgment of the Company's management. Our work does not constitute any buy or sell recommendation.

No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is beyond what is customarily expected on valuers' capacity or expertise. We are not in a position to, nor have been instructed to, comment on the lawfulness of the businesses and the Target's possession of the assets. In the course of our valuation, we have assumed that the assets have obtained all required registration and are freely transferable in the market without any significant obstacles.

We have been provided with extracts of copies of relevant documents and financial information relating to the Target. We have relied upon the aforesaid information and certain data from various databases in forming our opinion of the Market Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. Our work has relied to a considerable extent on the information provided by the Company and does not constitute an audit and no assurance is given by us to the information supplied to us. Details of our principal information sources are set out in the report and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work. We have made relevant inquiries and obtained further information as we considered necessary for the purpose of this valuation, we however cannot guarantee the reliability or accuracy of the information sources. We have no responsibility to doubt the truthfulness and accuracy of the said information which is material to the valuation. We have also been confirmed by the Company that no material facts related to this valuation have been omitted from the information provided.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Furthermore, the assumptions adopted are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Target and us. While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors. We must emphasise that the realisation of any prospective financial information set out within our report is dependent on the continuing validity of the assumptions on which it is based. We accept no responsibility for the realisation of any prospective financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

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

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

We shall be under no obligation to update our report in respect of events or information which come to our attention subsequent to the date of this report. Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation in light of any information which existed at the Valuation Date but which becomes known to us subsequent to the date of this report.

We shall not testify or attend in court due to this exercise, with reference to the valuation described herein. Should there be any further services required, the corresponding expenses and provision of services will be reimbursed from the Company and such additional work may incur without prior notification.

11. MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

12. CONFIRMATION OF INDEPENDENCE

We hereby confirm that we have neither present nor prospective interests in the Company, the Target and their respective holding companies, subsidiaries and associated companies, or the value reported herein.

13. OPINION OF VALUE

Based on the method employed and analysis stated above and in the appendices, we are of the opinion that the value of the Equity as at the Valuation Date for the two value bases defined above is estimated as follows:

AUD million	Market Value	ERP
The Equity	176	138

For your reference purpose, if we do not adopt the special assumption of removing the GF Loans from liabilities of the Target and do not treat it as equity for the purpose of our valuation of the Equity, the balance of GF Loans at AUD385.08 million will have to be deducted from the above, resulting in a negative amount and a net liability position for the Target upon the adjustments above. Due to the limited liability nature of the Target, the lower bound of Equity is zero, therefore Market Value and the ERP of the Equity would be nil without such special assumption.

Please refer to Appendix II for the calculation.

The outbreak of the COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on the 11 March 2020, has impacted many aspects of daily life and the global economy. Our valuation of 100% equity interest in the Target is therefore reported as being subject to 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the financial market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation contained within this report under frequent review.

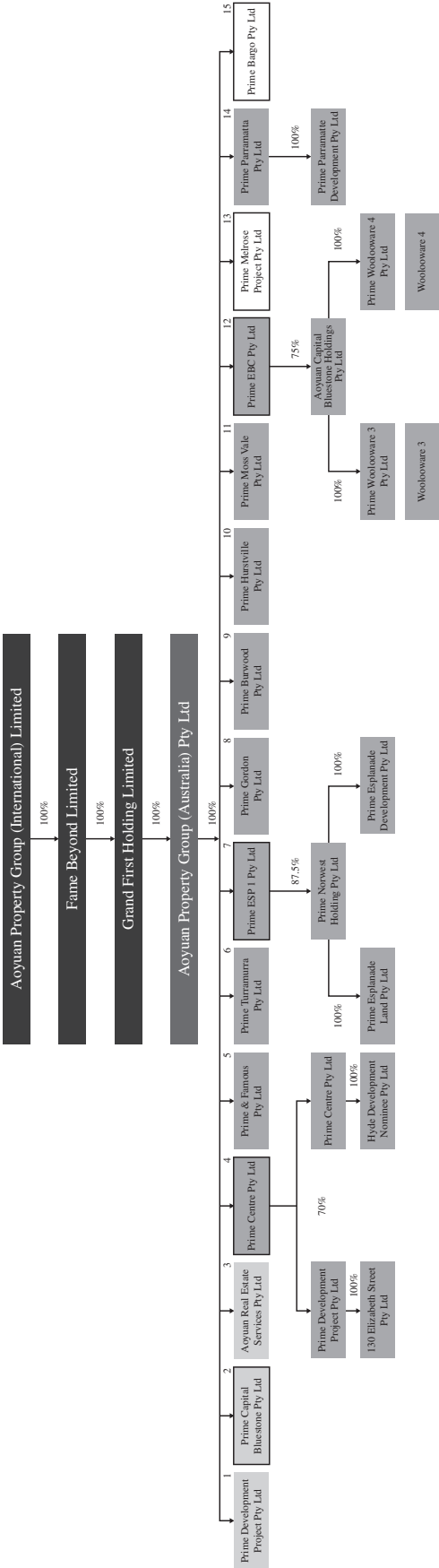
Our opinion of value is made as at the Valuation Date only. Any value changes subsequent to the Valuation Date could be material depending on facts and circumstances.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Wiley W.F. Pun
HKICPA CICPA (non-practising) PRM
Director

Encl.

APPENDIX I – GROUP CHART

Group Structure Chart



Source: The Company

APPENDIX II – ADJUSTMENT MADE TO THE ASSETS AND LIABILITIES OF THE TARGET

	30 June 2022 Book value <i>in AUD</i>	30 June 2022 Market Value Adjustment <i>in AUD</i>	30 June 2022 Market Value <i>in AUD</i>	30 June 2022 ERP <i>in AUD</i>
Assets				
Property, plant and equipment	20,075	–	20,075	20,075
Investment in subsidiaries	31,210	(195,816,790)	(195,785,580)	(233,663,080)
Deferred tax assets	96,980,536	–	96,980,536	96,980,536
Intangible assets	262,057	(262,057)	–	–
Trade and other receivables	78,892	–	78,892	78,892
Amount due from inter-group	441,148,442	–	441,148,442	441,148,442
Amount due from related parties	–	258,781	258,781	258,781
Bank and cash	7,525,460	–	7,525,460	7,525,460
Restricted bank deposits	57,485,360	–	57,485,360	57,485,360
Unamortised establishment fees	–	3,647,260	3,647,260	3,647,260
Other current assets	54	–	54	54
Total assets	603,532,087	(192,172,806)	411,359,281	373,481,781
Liabilities				
Deferred tax liabilities	86,764	–	86,764	86,764
Other long term liabilities – Grand First	352,219,374	32,855,688	385,075,062	385,075,062
Other long term liabilities – GIC	220,588,497	14,411,503	235,000,000	235,000,000
Trade and other payables	144,170	–	144,170	144,170
Unamortised establishment fees	(3,647,260)	3,647,260	–	–
Amount due to related parties	(258,781)	258,781	–	–
Tax liabilities	119,107	–	119,107	119,107
Total liabilities	569,251,871	51,173,232	620,425,103	620,425,103
Net assets (liabilities) before adjustment	34,280,216	(243,346,038)	(209,065,822)	(246,943,322)
Add: GF Loans			385,075,062	385,075,062
Net assets after exclusion of GF Loans			176,009,241	138,131,741
Rounded to			176,000,000	138,000,000

(ii)(b) *The following is the text of the valuation reports on the six property projects of the APGA Group as at 30 June 2022, prepared by Savills Valuations Pty Ltd, for the purpose of incorporation into the valuation on 100% of the equity interest in APGA:*



1 August 2022

Board of Directors
China Aoyuan Group Limited
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Re: Valuation Summary Letter

Property: 33 Apartments – “Adela”, 1a Gloucester Avenue, Burwood, NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 6 July 2022 to provide a summary report of the valuation providing the Market Value “In One Line” of 33 Apartments – “Adela”, 1a Gloucester Avenue, Burwood, NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 30 June 2022.

This valuation summary letter (“summary letter”) has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute’s Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 30 June 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have assessed the “In One Line” market value of the property in accordance with the Market Value definition referred to above. Furthermore, the Sale in One Line Definition is

'Sale in one line' is the value of the gross realisation of the individual completed lots sold in a single transaction less a discount that takes into consideration legal and selling costs, profit and risk, holding costs and acquisition costs.

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing the valuation report.

Material Assumptions

- The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Various lots - SP103737
Registered Owner	Prime Burwood Pty Ltd.
Zoning	B4 Mixed Use under the Burwood Local Environmental Plan 2012.
Location	The subject property is located within Burwood Sydney's Inner West, approximately 10 kilometres west of the Sydney Central Business District (CBD) and is within the Local Government Area administered by the Burwood Council. More particularly the subject property is located approximately 800 metres to the north west of the Burwood Train station and Central Business District. The development is bounded by Victoria Street to the north, Park Road to the west and Gloucester Avenue to the east. Surrounding development primarily low and medium residential dwellings, with retail properties including Westfield Burwood located to the east of the development. The site is in close proximity of Burwood Park. The development is well serviced by public transport with Burwood Train Station located to the west of the subject offering train and bus services.
Property Description	The parent development comprises the "Adela" project, a four building development with a total of 103 apartments, communal roof top areas and basement parking at Burwood completed in September 2021. The apartments subject to assessment comprise 33 vacant apartments configured as 3 x 1 bedroom apartments, 27 x 2 bedroom apartments and 3 x 3 bedroom apartments. The apartments are fitted to a good standard, with reconstituted stone bench tops in the kitchens, stainless steel appliances, ducted air conditioning, and security intercom access.
Encumbrances	The attached Title documents list the following notifications: ■ AR752180 Mortgage to Gresham Property Investments Pty Ltd.
Environmental Comment	The present use of the subject property as an apartment building is not classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a low risk use in regard to potential for site contamination. The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Burwood City Planning Scheme. A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land, and we are not

Environmental Comment (contd)	aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting:- <ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. 	
Valuation Approach	Gross Realisation: Direct Comparison. In One Line Value: Hypothetical Sell Down.	
Date of Inspection	12 July 2022	
Date of Valuation	30 June 2022	
	Market Value – “As Is”	Subject to Market Constraint
Gross Realisation Incl. GST	\$38,110,000	\$34,282,000
Gross Realisation Excl. GST	\$35,616,822	\$32,039,252
“In One Line Assessment” Incl. GST	\$30,000,000	\$26,950,000
“In One Line Assessment” Excl. GST	\$28,000,000	\$25,185,000
Prepared By	Sandra Peachey FAPI	
	Certified Practising Valuer	
	Savills Valuations Pty Ltd	

Valuation Methodology

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Hypothetical Development Approach to assess the In One line Value.

This approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the In One Line Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Subject Complex

Sales	No	Min Area (m ²)	Max Area (m ²)	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate
1 Bed	19	50	57	\$735,000	\$895,000	\$800,444	\$13,482	\$15,982	\$14,811
2 Bed	35	74	89	\$915,000	\$1,342,600	\$1,171,789	\$10,113	\$14,593	\$12,689
3 Bed	18	91	130	\$1,330,000	\$1,850,000	\$1,549,250	\$13,776	\$16,490	\$15,368

Comparable Sales outside of Development:

"IQ Burwood" 15-19 Clarence Street, Burwood							
Number of Apartments	70						
Description	Medium density residential apartment development by ATLAS, designed by KANNFINCH architects. Intellectual building with Smart Living apartment inclusions including automated touch screen and voice command technology. Apartments are of high quality finishes and fitment.						
Presale Comment	Agent indicated that 16 of the 70 apartments are still available. Settlements are due in June.						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	52	59	\$780,000	\$800,000	\$13,559	\$15,000
	2 Bed	80	90	\$1,130,000	\$1,300,000	\$14,125	\$14,444
	3 Bed	105	110	\$1,800,000	\$1,875,000	\$17,045	\$17,142
Comparative Analysis	Located on the Southern side of Railway Parade at a similar distance to train station however further removed from local amenities including Westfield and Burwood Park. Apartments are of superior quality with technology additions. Apartments are overall comparable, and we have adopted similar to slightly lower rates.						

68-72 Railway Parade, Burwood							
Number of Apartments	121						
Description	Mixed use development located in Burwood shopping district adjacent to railway line. Designed by architect Aleksander Design Group. Comprises an 8 storey mixed use building with 121 units (1, 2 and 3 bedroom) and 1 retail tenancy on the group floor. Includes basement car parking over 3 levels with parking for 163 vehicles. Apartments are of good quality finish and fitment with stone benchtops and stainless steel appliances to kitchen, frameless shower screen and fully tiled bathrooms. Completion was in early 2020.						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	58	62	\$617,000	\$677,000	\$10,919	\$10,638
	2 Bed	78	86	\$800,000	\$880,000	\$9,412	\$11,090
	3 Bed	92	104	\$900,000	\$1,040,000	\$9,519	\$10,097
Comparative Analysis	Completed stock that sold off the plan, indicating sales are now dated. Development adjoins railway line meaning significant noise pollution. Overall, the subject apartments are superior and higher rates are appropriate.						

7 Deane Street, Burwood							
Number of Apartments	154						
Description	A mixed use development consisted of 154 apartments and 1,000m2 of commercial/retail floor space over 30 levels plus 4 levels of basement parking. Completed in 2021. Upper level apartments feature district and harbour views. Apartments are of good quality fitment with open plan kitchens featuring stone benchtops, stainless steel appliances, timber flooring, ducted air conditioning, floor to ceiling windows and doors.						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	49	55	\$680,000	\$750,000	\$12,909	\$15,000
	2 Bed	74	85	\$955,000	\$1,290,000	\$12,402	\$16,506
	Completed stock that sold off the plan, indicating sales are now dated. Higher elevation achieving good views toward harbour from upper levels, similar to the subject apartments. Overall comparable and we have adopted the upper end of the rates given recent market improvements.						

Comparable Sales outside of Development:

1 Bedroom

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
703/36-38 Victoria St, Burwood	\$670,000	\$13,400	June-22	50	1	1	1
Description: Modern 1 bedroom apartment in the "Victoria Tower" development. Located the seventh floor. Features carpet flooring, split system a/c, fully tiled bathroom with framed shower screen. Kitchen features caesarstone benchtop, stainless steel Smeg appliances. Includes balcony and carspace.							
Comparison: Slightly older apartment situated in similar sized development. A higher average rate per sqm appropriate for the subject 1 bedroom units given they are new.							
L2/7 Conder Street, Burwood	\$785,000	\$15,344	May-22	58	1	1	1
Description: Modern 1 bedroom apartment on the second floor of a new development. Features carpet flooring, floor to ceiling windows, ducted a/c, fully tiled bathroom with frameless shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances.							
Comparison: Slightly superior quality apartment situated in similar sized development. A slightly lower average rate per sqm appropriate for the subject 1 bedroom units.							
3/9 Clarence Street, Burwood	\$700,000	\$14,000	Mar-22	50	1	1	1
Description: New 1 bedroom apartment on the ground floor. Features timber flooring, floor to ceiling windows, fully tiled bathroom with frameless shower screen. Kitchen features caesarstone benchtop, stainless steel appliances.							
Comparison: Slightly inferior quality apartment situated in smaller sized development. A slightly higher average rate per sqm appropriate for the subject 1 bedroom units.							
A501/31 Belmore Street, Burwood	\$725,000	\$11,507	Dec-21	63	1	1	1
Description: Circa 2016 1 bedroom apartment on the fifth floor with oversized terrace. Features carpet and tiled flooring, fully tiled bathroom with framed shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances. Common facilities include playground.							
Comparison: Older apartment situated in similar sized development. A higher average rate per sqm appropriate for the subject 1 bedroom units given they are new							
902c/8 Wynne Avenue, Burwood	\$725,000	\$13 942	Feb-22	52	1	1	1
Description: Circa 2015 1 bedroom plus study apartment on the tenth floor with small balcony. Features carpet and tiled flooring, fully tiled bathroom with framed shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances. Split system a/c.							
Comparison: Older apartment situated in similar sized development. A higher average rate per sqm appropriate for the subject 1 bedroom units given they are new							
1003/2a Elsie Street, Burwood	\$700,000	\$13,461	Jan-22	52	1	1	1
Description: Circa 2019 1 bedroom apartment on the tenth floor with small balcony. Features carpet and tiled flooring, fully tiled bathroom with framed shower screen. Kitchen features caesarstone benchtop, stainless steel European appliances. Floor to ceiling windows to living areas and bedroom.							
Comparison: Older apartment situated in similar sized development. A higher average rate per sqm appropriate for the subject 1 bedroom units given they are new							

2 Bedroom

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
806/2a Elsie Street, Burwood	\$1,380,000	\$16,428	June-22	84	2	2	1
Description: 2019 built, 2 bedroom 2 bathroom apartment with study in the Lighthouse development. Features tiled flooring, built ins, open plan kitchen with Smeg appliances, ducted a/c, communal rooftop with garden and city views.							
Comparison: Older apartment in good condition. Superior aspect to most of subject units, would indicate lower rates are appropriate for subject 2 bedroom units.							
5/68 Railway Parade, Burwood	\$1,080,000	\$13,500	June-22	80	2	2	1
Description: 2020 built, 2 bedroom 2 bathroom apartment featuring floor to ceiling windows, covered balcony, built in robes, ducted a/c, stone kitchen with gas cooking, dishwasher and stainless steel appliances. Common rooftop area.							
Comparison: Older apartment in good condition. Age of subject would indicate higher rates are appropriate for subject 2 bedroom units.							
602/43 Belmore Street, Burwood	\$1,065,000	\$12,987	June-22	82	2	2	1
Description: 2019 built, 2 bedroom 2 bathroom apartment featuring built in robes, kitchen with stone benchtops and Miele appliances, study area, ducted a/c, video intercom entry, carpet and tiled floors.							
Comparison: Older apartment in good condition. Age of subject would indicate higher rates are appropriate for subject 2 bedroom units.							
2003/29 George Street, Burwood	\$1,120,000	\$13,333	Jan-22	84	2	2	1
Description: 2018 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Timber floor to living areas.							
Comparison: Older apartment in good condition. Age of subject would indicate higher rates are appropriate for subject 2 bedroom units.							
1406/2a Elsie Street, Burwood	\$1,160,000	\$13,647	Mar -22	85	2	2	2
Description: Circa 2019 built, 2 bedroom 2 bathroom apartment on Level 14 featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Reverse cycle a/c. City views.							
Comparison: Slightly older apartment of good quality. Age of subject would indicate higher rates are appropriate.							
7b/88 Burwood Road, Burwood	\$1,275,000	\$14,655	Jan-22	87	2	2	2
6b/88 Burwood Road, Burwood	\$1,262,500	\$14,680	Jan-22	86	2	2	2
Description: New 2 bedroom 2 bathroom apartment on Level 7 featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Reverse cycle a/c. Herringbone timber floors.							
Comparison: Comparable quality apartment. Suggests similar rates for subject apartments.							
707/9 Wilga Street Burwood	\$925,800	\$10,765	Mar-22	86	2	2	2
Description: Circa 2013 2 bedroom 2 bathroom apartment on Level 7. Stone kitchen with gas cooking, dishwasher and stainless steel appliances. Polished timber and carpeted floors, built in robes, basement parking.							
Comparison: Substantially older apartment which justifies higher rates for subject apartments.							
602c/1-17 Elsie Street, Burwood	\$1,142,000	\$12,977	Mar-22	88	2	2	1
Description: 2011 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Timber floor to living areas.							
Comparison: Substantially older apartment which justifies higher rates for subject apartments.							

The assessed apartment values are as follows:

Apt No.	Lot No	Bed	Internal sqm	External sqm	Total sqm	Car Spaces	Assessed Value	Analysed Rate	Market Constraint Value	Market Constraint Rate
A105	10	2	74	12	86	1	\$1,122,000	\$15,162	\$1,010,000.00	\$13,649
A201	11	3	91	12	103	2	\$1,323,000	\$14,538	\$1,191,000.00	\$13,088
A202	12	2	78	11	89	1	\$1,137,000	\$14,577	\$1,023,000.00	\$13,115
A206	16	2	74	12	86	1	\$1,132,000	\$15,297	\$1,019,000.00	\$13,770
B101	31	2	81	10	91	1	\$1,117,000	\$13,790	\$1,005,000.00	\$12,407
B201	37	2	81	10	91	1	\$1,132,000	\$13,975	\$1,019,000.00	\$12,580
B202	38	2	80	11	91	1	\$1,196,000	\$14,950	\$1,076,000.00	\$13,450
B204	40	3	94	13	107	2	\$1,421,000	\$15,117	\$1,279,000.00	\$13,606
B301	43	2	81	10	91	1	\$1,142,000	\$14,099	\$1,028,000.00	\$12,691
B401	49	2	81	10	91	1	\$1,156,000	\$14,272	\$1,040,000.00	\$12,840
B501	55	2	81	10	91	1	\$1,196,000	\$14,765	\$1,076,000.00	\$13,284
B601	60	2	81	22	103	1	\$1,201,000	\$14,827	\$1,081,000.00	\$13,346
B701	65	2	82	22	104	1	\$1,274,000	\$15,537	\$1,147,000.00	\$13,988
BG01	27	2	80	33	113	1	\$1,107,000	\$13,838	\$996,000.00	\$12,450
BG04	30	2	78	34	112	1	\$1,142,000	\$14,641	\$1,028,000.00	\$13,179
C103	75	2	82	11	93	1	\$1,132,000	\$13,805	\$1,019,000.00	\$12,427
C104	76	2	88	12	100	1	\$1,225,000	\$13,920	\$1,103,000.00	\$12,534
C203	79	2	82	11	93	1	\$1,142,000	\$13,927	\$1,028,000.00	\$12,537
C204	80	2	88	12	100	1	\$1,240,000	\$14,091	\$1,116,000.00	\$12,682
C302	82	1	52	8	60	1	\$805,000	\$15,481	\$720,000.00	\$13,846
C303	83	2	82	11	93	1	\$1,195,000	\$14,573	\$1,075,000.00	\$13,110
C304	84	2	88	12	100	1	\$1,305,000	\$14,830	\$1,170,000.00	\$13,295
C404	88	2	88	12	100	1	\$1,274,000	\$14,477	\$1,147,000.00	\$13,034
CG01	70	3	96	35	131	2	\$1,425,000	\$14,844	\$1,280,000.00	\$13,333
D101	93	2	80	11	91	1	\$1,117,000	\$13,963	\$1,005,000.00	\$12,563
D103	95	2	75	10	85	1	\$1,098,000	\$14,640	\$988,000.00	\$13,173
D104	96	2	77	11	88	1	\$1,152,000	\$14,961	\$1,037,000.00	\$13,468
D201	97	2	80	11	91	1	\$1,127,000	\$14,088	\$1,014,000.00	\$12,675
D202	98	1	50	7	57	1	\$805,000	\$16,100	\$720,000.00	\$14,400
D203	99	2	75	10	85	1	\$1,098,000	\$14,640	\$988,000.00	\$13,173
D204	100	2	77	11	88	1	\$1,171,000	\$15,208	\$1,054,000.00	\$13,688
D302	102	1	50	7	57	1	\$815,000	\$16,300	\$733,000.00	\$14,660
D304	104	2	77	11	88	1	\$1,186,000	\$15,403	\$1,067,000.00	\$13,857
Total							\$38,110,000		\$34,282,000	

Our assessment of In One Line Value is detailed below:

Market Value

Input	Amount / Comments.						
Gross Realisation	\$38,110,000 including GST.						
Rate of Sale	We have adopted a sale rate of 3.3 apartments per month for a period of 10 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$3,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.8% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$415,090 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Inner West location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.64%, being to the midpoint in the range assuming the new quality of apartments and the Inner West location.</p>						
GST Liability	<p>We have been advised of the eligibility to adopt the Margin Rule (7%) for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$38,110,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$2,493,178</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$35,616,822</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$38,110,000</u>	Less GST	<u>\$2,493,178</u>	Gross Realisation Excluding GST	<u>\$35,616,822</u>
Residential Realisation Including GST	<u>\$38,110,000</u>						
Less GST	<u>\$2,493,178</u>						
Gross Realisation Excluding GST	<u>\$35,616,822</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$30,000,000 including GST and \$28,000,00 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 38.75% (including interest), and a net development profit of approximately \$4,277,738 all of which appear to be reasonable for a development of this nature.

In One Line Assessment – Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale

Input	Amount / Comments.						
Gross Realisation	\$34,282,000 including GST.						
Rate of Sale	We have adopted a sale rate of 4.7 apartments per month for a period of 7 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$4,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.8% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$415,090 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Inner West location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 13.19%, being to the midpoint in the range assuming the new quality of apartments and the Inner West location.</p>						
GST Liability	<p>We have been advised of the eligibility to adopt the Margin Rule (7%) for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$34,282,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$2,242,748</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$32,039,252</u></td></tr> </table> <p>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</p>	Residential Realisation Including GST	<u>\$34,282,000</u>	Less GST	<u>\$2,242,748</u>	Gross Realisation Excluding GST	<u>\$32,039,252</u>
Residential Realisation Including GST	<u>\$34,282,000</u>						
Less GST	<u>\$2,242,748</u>						
Gross Realisation Excluding GST	<u>\$32,039,252</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$26,950,000 including GST and \$25,185,000 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 58.62% (including interest), and a net development profit of approximately \$3,995,508 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 30 June 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection whether the 'cladding' was constructed using compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). This valuation report has been prepared: <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the building components and satisfy itself as to the potential risks and costs which could be incurred should the existing building components have to be remedied, replaced or adapted.</p>
In One Line Value	<ul style="list-style-type: none"> The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> That any reliant party has taken all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement. We have been provided with written confirmation of the eligibility of using the Margin Scheme by Aoyuan Property Group (International) Limited. The Margin Value to be applied is proportionate to 7% of the Gross Realisable Value.
CGT	<ul style="list-style-type: none"> That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Gross Realisation	<ul style="list-style-type: none"> The Gross Realisation assessment reflects an orderly sale of the apartments over time and is not reflective of an "In One Line Value" which has been separately assessed.
EPBC Act	<ul style="list-style-type: none"> That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Occupation Certificate	<ul style="list-style-type: none"> A part Occupation Certificate (OC20-047) was certified on 22 October 2021 by Metropolitan Building Approvals for the construction of residential flat building consisting of 4 towers and containing 103 units and two levels of basement car parking. The occupation certificate excluded all rooftop and barbeque areas. We assume there are not outstanding works/defects that will affect the marketing of the apartments
Body Corporate	<ul style="list-style-type: none"> We have not undertaken a search of the body corporate records and we assume that there is no current payment liability on the body corporate in relation to capital expenditure programs. We also assume that there are no indications from the minutes of meetings held that there are any areas of structural (or other) concern that may give rise to a special levy to be borne by the owners. We recommend any reliant party verify the position of the Body Corporate and any areas of concern prior to advancing funds.
Inspection	<ul style="list-style-type: none"> We note that we were not provided access to all individual units, however we did inspect each unit type. For the purpose of this valuation, we have assumed that these unseen units are of an identical nature in terms of finishes to the inspected apartments.
Contamination	<ul style="list-style-type: none"> We assume that the subject property is free from elevated levels of contaminants.

Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed a standard marketing period for the subject apartments is likely to be 10 months given the market reluctance to purchase the remaining stock in the subject complex. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 7 months and assumes a higher marketing budget and a more conservative value/price to attract buyers within a shorter sale period.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ We recommend that the reliant party undertake a search of the titles as Savills has only searched a sample lot to ensure there are no notations on title that may impact value. ■ That all apartments have unencumbered title and that any outstanding development contributions have been paid with nothing inhibiting the potential realisable sale of each unit individually or in aggregate. ■ Following the invasion of Ukraine by the Russian military in late February 2022, there was an immediate impact on the global economy due, in part, to sanctions imposed on Russia, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. Since the date of the invasion, there has already been an impact on the Australian economy, including rising inflation and increased interest rates, and we anticipate this will in turn affect the property markets. <p>Whilst the residential property markets continue to perform well, our valuation has been prepared against the backdrop of a very challenging economic outlook. There are concerns as to how the Australian economy will perform going forward given the current inflationary pressure, the cost of living crisis and rising interest rates that are impacting on the cost of debt. Although there is good liquidity in the market, with a significant amount of capital seeking opportunities, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance, may impact pricing in some areas of the market such that prices fall from their current levels.</p> <p>We stress the importance of the valuation date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty'.</p>

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.



1 August 2022

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Re: Valuation Summary Letter

Property: 11 Apartments – “Altessa”, 888 Pacific Highway, Gordon, NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 6 July 2022 to provide a summary report of the valuation providing the Market Value “In One Line” of 11 Apartments – “Altessa”, 888 Pacific Highway, Gordon, NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 30 June 2022.

This valuation summary letter (“summary letter”) has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute’s Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 30 June 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have assessed the “In One Line” market value of the property in accordance with the Market Value definition referred to above. Furthermore, the Sale in One Line Definition is

'Sale in one line' is the value of the gross realisation of the individual completed lots sold in a single transaction less a discount that takes into consideration legal and selling costs, profit and risk, holding costs and acquisition costs.

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing the valuation report.

Material Assumptions

- The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Various lots - SP101278
Registered Owner	Prime Gordon Pty Ltd.
Zoning	B4 Mixed Use under the Ku-ring-gai Local Environmental Plan 2015
Location	The subject property is located within Gordon on the Upper North Shore of Sydney, approximately 14 kilometres northwest of the Sydney Central Business District (CBD) and is within the Local Government Area administered by the Ku-ring-gai Council. More particularly the subject property is located on the western side of Pacific Highway between Merriwa Street and Ryde Road. The development is bounded by the Pacific Highway to the east and Fitzsimons Lane to the west. Surrounding development comprises primarily medium density apartment and retail properties along the Pacific Highway and medium density residential properties to the west. Beyond this is mostly established residential dwellings. The development is well serviced by public transport with bus services available 300 metres to the southeast of the development on the Pacific Highway and Gordon train station 1 kilometre to the southeast.
Property Description	<p>The parent development comprises the "Altessa" project, which is a mixed-use development of three buildings with a total of 143 apartments, 6 strata retail suites on the ground floor with frontage to the Pacific Highway, communal roof top areas and basement parking. The development was completed in July 2020. The apartments subject to assessment comprise 11 x 2 bedroom apartments. The two bedroom apartments range in size from 73m² to 89m² internally and 13m² to 116m² of external space being a courtyard or balcony.</p> <p>The apartments are fitted to a good standard, with reconstituted stone bench tops in the kitchens, stainless steel appliances, ducted air conditioning, and security intercom access.</p> <p>We note the apartments subject to assessment comprise mostly (9) of one apartment type in Building A which look directly into an adjoining development and lack privacy.</p>
Encumbrances	<p>The sample Title document lists the following notifications:</p> <ul style="list-style-type: none"> ■ AR752180 Mortgage to Gresham Property Investments Pty Ltd.
Environmental Comment	<p>The present use of the subject property as an apartment building is not classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a low risk use in regard to potential for site contamination.</p> <p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject</p>

Environmental Comment (contd)	<p>property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Ku-Ring-Gai Planning Scheme.</p> <p>A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land, and we are not aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting: -</p> <ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. 	
Valuation Approach	<p>Gross Realisation: Direct Comparison. In One Line Value: Hypothetical Sell Down.</p>	
Date of Inspection	12 July 2022	
Date of Valuation	30 June 2022	
	Market Value	Value Subject to Market Constraint
Gross Realisation Incl. GST	\$11,768,000	\$10,589,000
Gross Realisation Excl. GST	\$10,698,182	\$9,626,000
"In One Line Assessment" Incl. GST	\$9,300,000	\$8,400,000
"In One Line Assessment" Excl. GST	\$8,450,000	\$7,600,000
Prepared By	Sandra Peachey FAPI	
	Certified Practising Valuer	
	Savills Valuations Pty Ltd	

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market. Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Hypothetical Development Approach to assess the In One line Value.

This approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the In One Line Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Subject Complex -2020-2021 (2 Bedroom Units)

Pre-Sales	No	Min Area (m ²)	Max Area (m ²)	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
2 Bed	13	73	89	\$973,000	\$1,160,000	\$1,084,777	\$11,685	\$15,066	\$13,752	\$14,093,000

Comparable Sales outside of Development:

2 Bedroom

Address	Sale Price	Analysed Rate	Sale Date	Internal Area (m ²)	Bed	Bath	Car
26/16 Cecil Street, Gordon	\$1,033,800	\$11,747	April-22	88	2	2	1
Description: Large 2008 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, stone kitchen with European appliances and island bench, built in robes, bath to ensuite, carpet and tile floor coverings, split system a/c.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
17/8-18 McIntyre Street, Gordon	\$1,320,000	\$12,941	June-22	102	2	2	1
Description: 2008 built 2 bedroom, 2 bathroom apartment in the "La Maison" complex. Features modern kitchen with stone benchtops, breakfast bar and Smeg appliances, master bedroom with ensuite and WIR, timber oak floors. Building facilities include barbeque area, function centre, library, play area and gym.							
Older apartment in building. Larger floor area. Higher rates are appropriate for as subject are smaller apartments.							
13/61 Weron Avenue, Gordon	\$1,010,000	\$12,784	May-22	79	2	1	1
Description: 1975 built fully renovated 2 bedroom, 2 bathroom apartment in a Mirvac developed complex. Features new kitchen with stone benchtops, soft close cupboards and marble splashbacks, WIR, tiled and carpeted floors, fully renovated bathroom with bath.							
Older apartment. Similar floor area. Higher rates are appropriate for subject apartments given they are new.							
703/904 Pacific Highway, Gordon	\$925,000	\$11,011	April-22	84	2	2	1
Description: 2018 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Timber floor to living areas.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
732/3 McIntyre Street, Gordon	\$1,140,000	\$12,666	Dec-21	90	2	2	2
503/3 McIntyre Street, Gordon	\$1,040,000	\$12,235	Mar-22	85	2	2	2
Description: 2012 built, 2 bedroom 2 bathroom apartment featuring open plan living and dining, separate study, stone kitchen with gas cooking, integrated dishwasher and stainless steel appliances. Complex has gym and sauna.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
106/71 Ridge Street, Gordon	\$921,000	\$11,370	Sep-21	81	2	2	1
Description: 2017 built 2 bedroom, 2 bathroom apartment with secure basement parking and storage cage. Apartment features open plan living and dining with study area, stainless steel appliances and gas cooking to kitchen, two fully tiled bathrooms, internal laundry, covered balcony.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
408/30-34 Henry Street, Gordon	\$1,050,000	\$12,804	Mar 22	82	2	2	1
Description: 2017 built 2 bedroom, 2 bathroom apartment with secure basement parking and storage cage. Apartment features open plan living and dining, stainless steel appliances and gas cooking to kitchen, two fully tiled bathrooms, internal laundry, covered balcony.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							
31/23-31 McIntyre Street, Gordon	\$1,032,000	\$12,000	Mar-22	86	2	2	1
Description: 2011 built 2 bedroom, 2 bathroom apartment with secure basement parking and storage cage. Apartment features open plan living and dining, carpeted throughout, stainless steel appliances and gas cooking to kitchen, two fully tiled bathrooms, internal laundry, balcony.							
Older apartment in good condition. Age of subject would indicate higher rates are appropriate.							

The assessed apartment values are as follows:

Apt No.	Lot No	Beds	Internal sqm	External sqm	Total sqm	Car Spaces	Assessed Value	Adopted Rate	Forced Sale Price	Forced Sale Rate
AG04	10	2 Bed	73	116	189	1	\$1,115,000	\$15,274	\$1,003,000	\$13,740
A104	17	2 Bed	83	13	96	1	\$1,049,000	\$12,639	\$944,000	\$11,373
A105	18	2 Bed	83	13	96	1	\$1,049,000	\$12,639	\$944,000	\$11,373
A204	25	2 Bed	83	13	96	1	\$1,058,000	\$12,747	\$952,000	\$11,470
A205	26	2 Bed	83	13	96	1	\$1,058,000	\$12,747	\$952,000	\$11,470
A304	33	2 Bed	83	13	96	1	\$1,068,000	\$12,867	\$961,000	\$11,578
A305	34	2 Bed	83	13	96	1	\$1,068,000	\$12,867	\$961,000	\$11,578
A404	41	2 Bed	83	13	96	1	\$1,078,000	\$12,988	\$970,000	\$11,687
A405	42	2 Bed	83	13	96	1	\$1,078,000	\$12,988	\$970,000	\$11,687
A503	48	2 Bed	83	13	96	1	\$1,107,000	\$13,337	\$996,000	\$12,000
AL102	5	2 Bed	89	18	107	1	\$1,040,000	\$11,685	\$936,000	\$10,517
Total			909				\$11,768,000		\$10,589,000	

Our assessment of In One Line Value is detailed below:

Market Value

Input	Amount / Comments.						
Gross Realisation	\$11,768,000 including GST.						
Rate of Sale	We have adopted a sale rate of 1.83 apartments per month for a period of 6 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$2,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$146,500 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Upper North Shore location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.84%, being to the midpoint in the range assuming the new quality of apartments and the Gordon location.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$11,768,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$1,069,818</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$10,698,182</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$11,768,000</u>	Less GST	<u>\$1,069,818</u>	Gross Realisation Excluding GST	<u>\$10,698,182</u>
Residential Realisation Including GST	<u>\$11,768,000</u>						
Less GST	<u>\$1,069,818</u>						
Gross Realisation Excluding GST	<u>\$10,698,182</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$9,300,000 including GST and \$8,450,000 (rounded) excluding GST. Our feasibility analysis reflects an Internal Rate of Return of 68.06% (including interest), and a net development profit of approximately \$1,338,684 all of which appear to be reasonable for a development of this nature.

In One Line Assessment – Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale

Input	Amount / Comments.						
Gross Realisation	\$10,589,000 including GST.						
Rate of Sale	We have adopted a sale rate of 2.75 apartments per month for a period of 4 months.						
Selling Costs	2.2% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$4,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$146,500 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ A sale rate of 2.75 apartments per month. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Upper North Shore location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.57%, being to midpoint in the range assuming the new quality of apartments and the Gordon location.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$10,589,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$962,636</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$9,626,364</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$10,589,000</u>	Less GST	<u>\$962,636</u>	Gross Realisation Excluding GST	<u>\$9,626,364</u>
Residential Realisation Including GST	<u>\$10,589,000</u>						
Less GST	<u>\$962,636</u>						
Gross Realisation Excluding GST	<u>\$9,626,364</u>						

Feasibility Conclusions

Our calculations result in an "In One Line" value of \$8,400,000 including GST and \$7,600,000 (rounded) excluding GST. Our feasibility analysis reflects an Internal Rate of Return of 110.82% (excluding interest), and a net development profit of approximately \$1,182,046 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 30 June 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection whether the 'cladding' was constructed using compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). This valuation report has been prepared: <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the building components and satisfy itself as to the potential risks and costs which could be incurred should the existing building components have to be remedied, replaced or adapted.</p>
In One Line Value	<ul style="list-style-type: none"> The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> That any reliant party has taken all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement. We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibilities and to our 'as if complete' values on a GST exclusive basis.
CGT	<ul style="list-style-type: none"> That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Gross Realisation	<ul style="list-style-type: none"> The Gross Realisation assessment reflects an orderly sale of the apartments over time and is not reflective of an "In One Line Value" which has been separately assessed.
EPBC Act	<ul style="list-style-type: none"> That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Occupation Certificate	<ul style="list-style-type: none"> A Final Occupation Certificate (No.9695-02-2020-FOC) was certified on 3 July 2020 by AE&D Pty Ltd for a (DA0180/14) mixed use development containing 3 buildings, 147 units, retail space, basement parking and landscaping work and modification MOD0006/19. We assume there are not outstanding works/defects that will affect the marketing of the apartments.
Body Corporate	<ul style="list-style-type: none"> We have not undertaken a search of the body corporate records and we assume that there is no current payment liability on the body corporate in relation to capital expenditure programs. We also assume that there are no indications from the minutes of meetings held that there are any areas of structural (or other) concern that may give rise to a special levy to be borne by the owners. We recommend any reliant party verify the position of the Body Corporate and any areas of concern prior to advancing funds.
Inspection	<ul style="list-style-type: none"> We note that we were not provided access to all individual units, however we did inspect each unit type. For the purpose of this valuation, we have assumed that these unseen units are of an identical nature in terms of finishes to the inspected apartments.
Contamination	<ul style="list-style-type: none"> We assume that the subject property is free from elevated levels of contaminants.

Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed a standard marketing period for the subject apartments is likely to be 12 months given the market reluctance to purchase the remaining stock in the subject complex. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 5 months and assumes a higher marketing budget and a more conservative value/price to attract buyers within a shorter sale period.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ We recommend that the reliant party undertake a search of the titles as Savills has only searched a sample lot to ensure there are no notations on title that may impact value. ■ That all apartments have unencumbered title and that any outstanding development contributions have been paid with nothing inhibiting the potential realisable sale of each unit individually or in aggregate. ■ Following the invasion of Ukraine by the Russian military in late February 2022, there was an immediate impact on the global economy due, in part, to sanctions imposed on Russia, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. Since the date of the invasion, there has already been an impact on the Australian economy, including rising inflation and increased interest rates, and we anticipate this will in turn affect the property markets. <p>Whilst the residential property markets continue to perform well, our valuation has been prepared against the backdrop of a very challenging economic outlook. There are concerns as to how the Australian economy will perform going forward given the current inflationary pressure, the cost of living crisis and rising interest rates that are impacting on the cost of debt. Although there is good liquidity in the market, with a significant amount of capital seeking opportunities, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance, may impact pricing in some areas of the market such that prices fall from their current levels.</p> <p>We stress the importance of the valuation date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty'.</p>

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.



1 August 2022

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Re: Valuation Summary Letter

Property: "Ashbourne", 141 Yarrowa Road and 32 Lovelle Street, Moss Vale NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 6 July 2022 to provide a summary report of the valuation providing the Market Value of "Ashbourne", 141 Yarrowa Road and 32 Lovelle Street, Moss Vale NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 30 June 2022.

This valuation summary letter ("summary letter") has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute's Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 30 June 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion."

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charges a professional fee for producing valuation reports, and a fee has been paid for the Valuation Report and this Summary Letter.

Material Assumptions

- The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Lot 3 in Deposited Plan 706194 and Lot 12 in Deposited Plan 866036.
Registered Owner	Prime Moss Vale Pty Limited
Previous Sale Details	The subject parcel was purchased in May 2018 for \$95,000,000.
Zoning	R2 Low Density Residential, R5 Large Lot Residential, RE1 Public Recreation, B1 Neighbourhood Centre' under the Wingecarribee Local Environmental Plan 2010.
Location	The subject property is located to the south eastern fringe of the developed area of Moss Vale approximately 2 kilometres from the town centre and within the Local Government Area administered by the Wingecarribee Shire Council. Moss Vale is located in the area referred to as the Southern Highlands approximately 130 kilometres south west of Sydney and 160 kilometres north east of Canberra. More particularly the subject property is located to the south of the Moss Vale Golf Course, to the east of Yarrawong Road and to the south of Lovell Street. Surrounding development comprises predominately established residential dwellings to the north and rural acreage to the south and south east. The Moss Vale Golf Course adjoins to the north east. The Moss Vale train station is located in the town centres some 2 kilometres to the north west
Site Area	123.7 hectares approximately
Encumbrances	There are a number of nations on Title and if further information is required, the full valuation report should be viewed.
Property Description "As Is"	Two contiguous parcels of undulating land to the south eastern fringe of the developed area of Moss Vale approximately 2 kilometres from the town centre. Moss Vale is located in the area referred to as the Southern Highlands approximately 130 kilometres south west of Sydney and has a population of 9,000 people. The subject parcel has an area of 123.7 hectares with a developable area of some 110.1 hectares with Concept Plans to deliver 1,074 allotments and a small retail site.
Property Description "As If Complete"	The project known as "Ashbourne" is proposed to be developed according to the Masterplan in 6 main stages containing 176 lots (3 lots for retail), 294 lots, 301 lots, 66 lots, 154 lots and 83 lots consecutively. Stage 1 of the development comprising 174 lots ranging in area from 450m ² to 1,404m ² has been approved by Wingecarribee Council and the Southern Regional Planning Panel (DA 20/0227). There are 126 pre-sale exchanges subject to formal approval in Stage 1 totalling \$61,592,140 all of which are subject to a \$25,000 rebate for construction commencement and landscaping in line with the Estate Design Guidelines.

Environmental Comment	<p>The present use of the subject property for agricultural purposes is classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a medium risk use in regard to potential for site contamination.</p> <p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Wingecarribee City Planning Scheme.</p> <p>A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land, and we are not aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting: -</p> <ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. <p>Verification that the property is free from contamination and has not been affected by pollutants of any kind may be obtained from a suitably qualified environmental expert.</p> <p>Should we subsequently be advised of any contamination and/or defects we reserve the right to reassess our valuation.</p> <p>We do note we have been advised by the Instructing Party that the Environmental reports have been prepared which suggest that past grazing activities may have resulted in agrochemicals or heavy metal contamination, however the risk is low. We have not sighted these reports.</p>
Valuation Approach	Direct Comparison and Hypothetical Feasibility
Date of Inspection	12 July 2022
Date of Valuation	30 June 2022
"As Is" Market Value Excl. GST	\$91,000,000
Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale Excl. GST	\$82,800,000
Prepared By	Sandra Peachey FAPI
	Certified Practising Valuer
	Savills Valuations Pty Ltd

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual allotments and the Direct Comparison Approach and Hypothetical Development Approach to assess the current Market Value of the site.

The Hypothetical Development Approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the Residual Land Value.

To ascertain the value of the individual allotments we have relied upon the below comparable sales:

Sales in the Subject Subdivision:

Lot Size (m2)	No of Lots Sold	Min Value	Max Value	Min Rate	Max Rate	Avg Rate	Total Sales
400-500	4	\$412,500	\$452,500	\$917	\$1,006	\$949	\$1,710,000
500-600	1	\$442,500	\$442,500	\$776	\$776	\$776	\$442,500
600-700	103	\$410,000	\$507,500	\$616	\$813	\$748	\$47,564,440
700-800	10	\$455,200	\$500,000	\$596	\$688	\$639	\$4,770,700
800-900	3	\$460,000	\$495,500	\$544	\$560	\$553	\$1,425,500
900-1000	3	\$515,000	\$546,500	\$536	\$590	\$551	\$1,561,500
1000+	2	\$447,500	\$520,000	\$318	\$389	\$354	\$967,500
Total	126						\$58,442,140

Comparable Sales outside of Development:

42 Banksia Drive, Colo Vale	
Sale Price	\$515,000
Sale Date	21/6/21
Site Area	765m ²
\$Rate/m²	\$673
Description	Regular shaped, fully cleared inside parcel which is relatively level located in the small town of Colo Vale approximately 20 kilometres north of Moss Vale
Comments	Regular shaped parcel in a slightly superior location with inferior surrounding development. Similar rates per square metre of land area applies to the proposed lots.
2 Orchid Street, Colo Vale	
Sale Price	\$575,000
Sale Date	11/11/21
Site Area	1,001m ²
\$Rate/m²	\$574
Description	Regular shaped, fully cleared inside parcel which is relatively level located in the small town of Colo Vale approximately 20 kilometres north of Moss Vale
Comments	Regular shaped parcel in a slightly superior location with inferior surrounding development. Higher rates per square metre of land area applies to the proposed lots given generally they are smaller.
75 Bowral Road, Mittagong	
Sale Price	\$576,000
Sale Date	19/6/21
Site Area	763m ²
\$Rate/m²	\$754
Description	Irregular shaped parcel with derelict improvements of no value. Parcel is positioned on the southern alignment of Bowral Road which carries a moderate to heavy traffic flow.
Comments	Regular shaped parcel in a slightly superior location however inferior position with inferior surrounding development. Similar rates per square metre of land area applies to the proposed lots.

13 Green Street, Renwick	
Sale Price	\$571,000
Sale Date	8/5/21
Site Area	752m ²
\$Rate/m²	\$759
Description	Level corner allotment in the Renwick Estate located approximately 13 kilometres to the north and close to Mittagong. Surrounded by new housing
Comments	Regular shaped corner parcel in a slightly superior location Lower rates per square metre of land area applies to the proposed lots.
18 Green Street, Renwick	
Sale Price	\$630,000
Sale Date	14/7/21
Site Area	608m ²
\$Rate/m²	\$1,036
Description	Level inside allotment in the Renwick Estate located approximately 13 kilometres to the north and close to Mittagong. Surrounded by new housing
Comments	Regular shaped inside parcel in a slightly superior location. Suggests lower values for subject lots.
45 Darraby Drive, Moss Vale	
Sale Price	\$490,000
Sale Date	2/3/22
Site Area	804m ²
\$Rate/m²	\$609
Description	Level battle-axe allotment in the Darraby Estate at Moss Vale.
Comments	Inferior battle-axe shaped lot. Suggests higher values for subject lots.
39 Darraby Drive, Moss Vale	
Sale Price	\$510,000
Sale Date	16/11/21
Site Area	505m ²
\$Rate/m²	\$1,010
Description	Sloping inside allotment in the "Darraby Estate" at Moss Vale. Established estate that is now fully sold.
Comments	Irregular shaped corner parcel in a slightly superior location being in an established estate. Suggests slightly lower rates per square metre of land area for the proposed lots.
53 Darraby Drive, Moss Vale	
Sale Price	\$420,000
Sale Date	6/8/21
Site Area	752m ²
\$Rate/m²	\$559
Description	Level inside allotment in the "Darraby Estate" at Moss vale. Established estate that is now fully sold.
Comments	Irregular shaped corner parcel in a slightly superior location being in an established estate. Suggests similar rates per square metre of land area for the proposed lots.
16 Eliza Street, Moss Vale	
Sale Price	\$571,000
Sale Date	30/12/21
Site Area	829m ²
\$Rate/m²	\$688
Description	Level inside allotment in the "Darraby Estate" at Moss Vale. Established estate that is now fully sold.
Comments	Regular shaped corner parcel in a slightly superior location however inferior position with inferior surrounding development. Similar rates per square metre of land area applies to the proposed lots.

22 Tyndall Street, Mittagong	
Sale Price	\$685,000
Sale Date	30/4/22
Site Area	711m ²
\$Rate/m ²	\$963
Description	Level inside allotment in the established township of Mittagong.
Comments	Regular shaped corner parcel in a superior location Lower rates per square metre of land area apply to the proposed lots.
Lot 5, 42-48 Watson Road, Moss Vale	
Sale Price	\$595,000
Sale Date	4/2/22
Site Area	700m ²
\$Rate/m ²	\$850
Description	Level inside allotment in the established township of Mittagong.
Comments	Battle-axe shaped parcel in a superior location Lower rates per square metre of land area apply to the proposed lots.

The assessed allotment values are as follows:

Stage	Allotments	Average Lot Value	Total Realisation inc GST
1	173	\$461,110	\$79,772,140
2	294	\$475,000	\$139,650,000
3	301	\$475,000	\$142,975,000
4	66	\$475,000	\$31,350,000
5	154	\$475,000	\$73,150,000
6	83	\$475,000	\$39,425,000
Total Residential Realisation			\$506,322,140

Comparable sales to assess the value of the retail site within the development are as follows:

Address	Sale Price	Sale Date	Site Area	Zoning	Overall Site Area Rate
Lots 3 & 4 Digitaria Drive, Gregory Hills, NSW	\$9,008,800	Sep-20	11,261m²	B5 Business Development	\$800/m²
Vacant land parcel located in the Gregory Hills business precinct and within a developing residential region. Zoning provides for a range of land uses including light industries, bulky goods, retail, education and leisure. Site was sold without DA approval. Site is located directly opposite an approved private hospital precinct.					
Lots 1101 & 1102 Northbourne Drive, Marsden Park, NSW	\$8,850,000	Jun-20	25,272m²	B2 Local Centre	\$350/m²
A vacant parcel of land that is situated within a master planned residential estate. The site enjoys street frontage to Elara Boulevard (to the North), Parish Street (to the East), Harvest Street (to the South) and Northbourne Drive (to the West). The land is generally level throughout and predominantly cleared. The property is located in the suburb of Marsden Park which is situated approximately 52 kilometres North-West of the Sydney Central Business District.					
81-91 Railway Terrace, Schofields	\$5,100,000	Apr-20	8,226 m²	B1 Neighbourhood Centre & E2	\$620/m²
Recently purchased by a private developer for development into numerous fast food pad sites. A smaller site overall in a superior location to the subject. We comment the E2 zoned land portion of the site would equate to approximately 30% of the site.					
77-83 Maitland Road, Mayfield, NSW	\$8,900,000	Sep-19	13,990m²	B2 Local Centre	\$636/m²
The site includes multiple, irregular shaped adjoining allotments with a combined wide frontage to Maitland Road in the Newcastle inner city suburb of Mayfield. Woolworths is located approximately 150 metres north west on the opposite side of the road.					
326 Annangrove Road, Rouse Hill, NSW	\$10,200,000	Mar-19	16,035m²	B6 Enterprise Corridor	\$636/m²
Located in a developing, semi-rural area at the north western fringe of the Rouse Hill residential region in Sydney's north-west growth corridor. Level, rectangular shaped site which was proposed for a mixed use service station and multi-level commercial development.					
1079 – 1087 Great Western Highway, Minchinbury, NSW	\$15,028,200	Apr-17	45,500m²	B5 Business Development	\$330/m²
The property consists of two rectangular shaped allotments being generally level throughout and at road height. Sold by a private investor to Leda Holdings. The B5 zonings provides for a number of uses including Large Format Retail.					
1-5 Main Street, Mount Annan, NSW	\$15,000,000	Nov-16	54,900m²	B2 Local Centre	\$273/m²
The site comprises an irregular shaped allotment which is generally level throughout and presented at road height. Immediately surrounding development includes Mount Annan Shopping Centre. The B2 zoning provides for a range of retail uses.					
90-98 Glenmore Ridge Drive, Glenmore Park, NSW	\$7,220,000	Jun-16	21,110m²	B2 Local Centre	\$342/m²
A benched and levelled island site bounded by Darug Avenue, Glenmore Ridge Drive, Glenholme Drive and Deerubbin Drive. The site is located within a master planned community known as Glenmore Ridge. The purchaser is required to deliver a neighbourhood shopping centre (STCA) in line with the B2 Local Centre zoning.					

On the basis that the site is not approved we have adopted the approximate midpoint in the range of \$500 per square metre of site area.

Out total project realisation is therefore:

Stage	Allotments	Average Lot Value	Total Realisation inc GST
1	173	\$461,110	\$79,772,140
2	294	\$475,000	\$139,650,000
3	301	\$475,000	\$142,975,000
4	66	\$475,000	\$31,350,000
5	154	\$475,000	\$73,150,000
6	83	\$475,000	\$39,425,000
Total Residential Realisation			\$506,322,140
Retail Lots			\$904,500
Total Project Realisation			\$507,226,640

The comparable sales to estimate the current site value are detailed below:

Retford Road, Bowral NSW	
Sale Price	\$3,750,000
Sale Date	June 2016
Vendor	Department of Education and Communities
Purchaser	Paloma Blanca Pastoral Pty Ltd & Willow Properties Pty Ltd
Site Area	3 ha
Minimum Lot Size	700 m ²
Potential Lots	32
Zoning	R2 – Low Density Residential
\$/ha Site Area	\$1,250,000
\$/potential lots	\$117,187
Comment	A large almost rectangular shaped parcel zoned R2 Low Density Residential. The site features vegetation with minimal cleared vacant land. The parcel has three street frontages and a minimal lot size of 700sqm.
Comparison	Dated sale of a much smaller site in the superior township of Bowral. Given the much larger scale of the subject development a lower rate per lot is appropriate.
21 Ferguson Crescent, Mittagong NSW	
Sale Price	\$3,700,000
Sale Date	Sep 2016
Vendor	Unknown
Purchaser	Walters
Site Area	2.60 ha
Minimum Lot Size	700 m ²
Potential Lots	33
Zoning	R2 – Low Density Residential
\$/ha Site Area	\$1,423,076
\$/potential lots	\$112,121
Comment	A large triangular shaped parcel zoned R2 Low Density Residential. The site has an indicative scheme for 33 lots. It features a relatively flat parcel with existing improvements including a nursery and a number of ancillary sheds.
Comparison	Dated sale of a much smaller site in the superior township of Bowral. Given the much larger scale of the subject development a lower rate per lot is appropriate.
"The Gables" (Undeveloped Portion), Box Hill	
Sale Price	\$415,000,000
Sale Date	March 2020
Vendor	Celestino
Purchaser	Stockland
Site Area	293 hectares
Minimum Lot Size	R2 Low Density Residential
Potential Lots	1,913
Zoning	\$193,413
\$/ha Site Area	\$1,262,798 (analysed)
Comment	The masterplan for The Gables includes 75 hectares of green space, a 4 hectare lake, a K-12 Catholic School, and a variety of land lots ranging from townhouse lots of circa 240 sqm through to large homesites of circa 2,000sqm. Stockland plan to deliver approximately 1,913 lots over the life of the project. Payment terms included a \$40.2 million upfront payment and annual payments over a 6 year period. Based on Present Value Calculations we have assessed this to equate to circa \$370,000,000.
Comparison	Much larger sized parcel in a superior location. Suggests a lower rate per hectare for the subject land given its much lower end price for the allotments.

Lot 111 DP 1200781 Macdonald Road, Bardia	
Sale Price	\$148,244,850
Sale Date	March 2017
Site Area	51.77 ha
Zoning	R1 General Residential
\$/ha Site Area	\$2,863,528
Comment	Irregular shaped parcel that is mostly cleared. Located close to the end of the M5 Freeway and zoned for immediate development. Infill site with mostly newly developed lands surrounding. No mixed use zoning and minimum lots size as low as 125 sqm
Comparison	Dated sale in a superior location, to the southwest of Sydney. Higher density allowed given smaller minimum lot size. Smaller site. A lower rate per hectare is appropriate for the subject land.
Bingara Gorge, Wilton	
Sale Price	\$220,000,000
Sale Date	July 2021
Vendor	Lendlease
Purchaser	Metro Property Development
Site Area	112ha
Potential Lots	832
Zoning	R1 General Residential & RE1 Public Recreation
\$/ha Site Area	\$1,964,285
Comment	A collective of parcels zoned and approved for the development of 751 lots and an additional 81 lots under consideration. VPA's in place for contributions. 904 lots already delivered in the estate. Average lot size is 665sqm.
Comparison	A similar sized parcel to the north of the subject and closer to Sydney that sold with full approvals in place with part of the project completed and infrastructure in place. We believe a lower rate range per hectare is appropriate for the subject site.
"Clydesdale", 1270 Richmond Road, Marsden Park	
Sale Price	\$138,800,000
Sale Date	December 2016
Vendor	Vaughan Constructions
Purchaser	Boyuan
Site Area	215.1 ha
Potential Lots	650 lots + 300 units
Zoning	E2, E3, R2, R3, RE1, RE2 & SP2
\$/ha Site Area	\$2,759,443
Comment	<p>Irregular shaped parcel known as "Clydesdale" positioned within the Marsden Park Growth Centre. Improved with state significant heritage items including an 1840s homestead, Aboriginal relics and two cemeteries which provided the burial place for early pioneers of the property and the wider district. Positioned along the western alignment of Richmond Road with a private road traversing through the middle of the parcel.</p> <p>The gross developable land, being that zoned R2 Medium Density Residential and R3 Low Density Residential is located in the southwest portion of the site and is approximately 50 ha in size. The site was sold with a Concept Masterplan in place for 650 land lots and 320 apartments and a Development Application (DA 2016SYW208) for Stage One subdivision comprising 275 lots, four residue lots and two drainage lots.</p>
Comparison	A much larger parcel, however less usable area in the Northwest that sold with full approvals in place. Given the larger size of the subject and its inferior location, we believe a lower rate range is appropriate.

SE Wilton Precinct, Picton Road, Wilton	
Sale Price	\$193,500,000
Sale Date	September 2019
Vendor	Walker
Purchaser	Risland
Site Area	433.11ha
Potential Lots	3,500
Zoning	Urban Development, Environmental Conservation
\$/ha Site Area	\$730,229
Comment	Irregular shaped parcel known as the South East Wilton Precinct and home of the "Wilton Greens" estate a Masterplanned Estate that will be delivered over 20-30 years and accommodating circa 3,500 lots, schools, retail centres and large areas of open space.
Comparison	A much larger parcel, however less usable area in a comparable to slightly superior location. We believe a higher rate per hectare is appropriate for the subject site given its smaller scale.
421 The Northern Road, Cobbitty	
Sale Price	\$335,000,000
Sale Date	July 2021
Vendor	Robert Jones
Purchaser	Mirvac
Site Area	79.77
Potential Lots	950
Zoning	R2 Residential, E2 Environmental Living
\$/ha Site Area	\$4,199,573
Comment	Referred to as The Mews estate, a large englobo parcel in Cobbitty purchase by Mirvac with potential for circa 950 lots. A playing field, town centre and community facility will also form part of the site master plan, while a riparian zone will be restored and preserved as parkland.
Comparison	A smaller parcel, however less usable area in a superior location. We believe a much lower rate per hectare is appropriate for the subject site given its smaller scale.
Menangle Road, Menangle Park (Referred to as Menangle North)	
Sale Price	\$65,000,000
Sale Date	July 2016
Vendor	Campbelltown City Council
Purchaser	Dahua
Site Area	134.24ha
Potential Lots	65ha
Zoning	Non Urban - Deferred Matter
\$/ha Site Area	\$1,000,000
Comment	Four lots offered to the market. Comprised a Deferred Matter as at the time of sale with potential for approximately 780 residential lots. Within South west Growth Corridor. Dahua acquired a second nearby parcel from Urban Growth. A mostly cleared site with undulating areas. Land to be dedicated to Council for park at no cost.
Comparison	Located closer to the Sydney CBD, with superior planning status at the time of sale. Dated sale transacting in 2016. Market improvement post sale. Given inferior location of subject a slightly lower rate is considered appropriate.

203 Greendale Road, Bringelly	
Sale Price	\$52,250,000
Sale Date	March 2022
Vendor	Ascent Corporation
Purchaser	Austral Brick Co Pty Ltd
Site Area	120.8ha
Zoning	RU1: Primary Production
\$/ha Site Area	\$432,533
Comment	Irregular shaped parcel of land located on the southern side of Greendale Road situated on the boundary of the Southwest Growth Area, Zoned RU1 Primary Production with a minimum lot size of 40 hectares. Located in close proximity to Western Sydney Airport.
Comparison	Located closer to the Sydney CBD, with inferior planning status at the time of sale. Suggests a higher rate per hectare for the subject land.

Our assessment of site value on a Direct Comparison basis is as follows:

Subject	Site Area (Useable ha)	Land Rate	Value
Site Area	110.1ha	\$800,000	\$88,080,000
Site Area	110.1ha	\$850,000	\$93,585,000
Midpoint	110.1ha	\$825,000	\$90,832,500
Adopt			\$91,000,000
Subject	No. of Allotments	Unit Rate	Value
Approved Allotments	1,074	\$82,500	\$88,605,000
Approved Allotments	1,074	\$87,500	\$93,975,000
Midpoint	1,074	\$85,000	\$91,290,000
Adopt			\$91,000,000
Site Area	\$91,000,000		
Approved Allotment Rate	\$91,000,000		
Adopted As Is Market Value	\$91,000,000		

Our Hypothetical Development Assessment is detailed below:

Input	Amount / Comments										
Gross Realisation	\$507,226,640 including GST										
Rate of Sale	We have allowed for an annual uptake of allotments of 8 per month for the duration of the project.										
Selling Costs	2.0% of Gross Realisation										
Marketing Costs	\$4,000 per lot										
Legal Costs	\$750 per lot										
Site Acquisition Costs	7.1% of purchase price										
Legal Fees on Acquisition	\$200,000										
Construction/Development Cost	\$166,262,105 including VPA works and main roadworks (excluding GST and Contingency)										
Interest Rate	5.0% per annum (on the basis of 100% debt funding and including line fees)										
Application Fee	\$750,000										
Construction Period	97 months.										
Holding Costs	Approximately \$2,101,440 per annum (including Council rates and Land Tax)										
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 20% to 25%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ Sales in Stage 1 indicate market acceptance of pricing. ➤ Approval for Stage 1 has been granted ➤ A third party Civil Contract has not been executed ➤ Costs have been verified by a QS with appropriate escalation comments provided given the QS is now 12 months old ie: 20% increase ➤ The size and related capital value of the development ➤ Analysis of comparable developments ➤ The regional location <p>Having regard to the above, we have adopted a Profit and Risk Factor of 23.59%, reflecting that approvals are now held.</p>										
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td>\$506,322,140</td></tr> <tr> <td><u>Less GST</u></td><td><u>\$46,029,285</u></td></tr> <tr> <td>Residential Realisation Excluding GST</td><td><u>\$460,292,855</u></td></tr> <tr> <td>Plus Retail</td><td><u>\$904,500</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$461,197,355</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	\$506,322,140	<u>Less GST</u>	<u>\$46,029,285</u>	Residential Realisation Excluding GST	<u>\$460,292,855</u>	Plus Retail	<u>\$904,500</u>	Gross Realisation Excluding GST	<u>\$461,197,355</u>
Residential Realisation Including GST	\$506,322,140										
<u>Less GST</u>	<u>\$46,029,285</u>										
Residential Realisation Excluding GST	<u>\$460,292,855</u>										
Plus Retail	<u>\$904,500</u>										
Gross Realisation Excluding GST	<u>\$461,197,355</u>										

Feasibility Conclusions

Our calculations result in a residual value of \$90,190,465 excluding GST, which we have rounded to \$91,000,000 excluding GST for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 9.89% including interest, and a net development profit of approximately \$88,017,694 all of which appear to be reasonable for a development of this nature.

We have assumed the standard marketing period for a development of this scale with a project duration of circa 10 years is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions.

The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.

For the purposes of an assessment based on these adopted assumptions we have increased the Profit and Risk allowance in our residual land value analysis to 27.5% which indicated a residual land value of \$82,800,000 which has been adopted under this valuation scenario

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 30 June 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> ■ This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property. ■ This valuation is conditional upon development being undertaken in the immediate future and that the site will not be "landbanked". The "As Is" value is current as at the date of valuation only. It is not suitable for long term passive lending. If the site needs to be retained "As Is" for an extended period of time, it is likely that a lower site value may apply, or it may result after accounting for holding costs and changes in market environment in addition to any variation to construction costs.
Physical	<ul style="list-style-type: none"> ■ The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection of the property whether the 'cladding' constructed on the Sales Office or contained within any existing improvements has used compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). A Certificate of Compliance and/or Certification of building materials for the property has not been sighted nor confirmed by the valuer. <p>This valuation report has been prepared:</p> <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property/development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the existing building components and satisfy itself as to the potential risks and costs which could be incurred should the existing/new/future/currently proposed building component have to be remedied, replaced or adapted.</p>
Construction Costs	<ul style="list-style-type: none"> ■ The civil construction estimate provided by Rider Levett Bucknell including VPA works and main roadworks (excluding GST and Contingency) of \$166,262,105 equates to \$154,806 per proposed residential allotment, which is considered to be within acceptable market parameters and has been adopted in our valuation. We note the original QS advice provided for valuation purposes has been escalated in line with documentation provided by Aoyuan from Rider Levett Bucknell which indicate average price increases of circa 20% since the original advice was provided. ■ Additional allowances have been made for Design Fees, Council Contributions, Contingency and Development Management. ■ We note some minor adjustments to lot numbers per stage have been provided by Aoyuan as well as updated Professional Fees. ■ Construction and development of the project can be undertaken for the amount described above, in accordance with the documents provided by Rider Levett Bucknell and Aoyuan. We have adopted the construction and development costs provided as part of our instruction. Should the supplied costs be proven to be inadequate to deliver the project, Savills reserves the right to review this valuation accordingly. ■ We are not Quantity Surveyors nor are we Consulting Engineers. We have relied upon cost estimates provided and on the basis that the cost provided and adopted are accurate. We recommend the engagement of an independent Quantity Surveyor to confirm same. Should the cost estimate differ to that adopted within, then this report should be referred back to the Valuer for comment and accordingly we reserve the right to amend the assessment within
Land Value	<ul style="list-style-type: none"> ■ The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> ■ We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibilities and to our 'as if complete' values on a GST exclusive basis. As a result, GST on the development costs will be assessed at 10% to be remitted two months later, while GST on gross realisations will be assessed at 1/11th. All costs within our cash flow model are quoted, where applicable, excluding GST. ■ That all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement.

CGT	<ul style="list-style-type: none"> ■ That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Construction Timeframe	<ul style="list-style-type: none"> ■ We have adopted a construction period for the project of circa 97 months, based on the advice provided by Aoyuan and our assumed take up of lots. We have assumed this to be an accurate forecast and have adopted this within our Residual Cash Flow analysis.
“As If Complete” Assessment	<ul style="list-style-type: none"> ■ The “As If Complete” assessment is the estimated market value of the proposed development as detailed in this report on the assumption that all construction has been satisfactorily completed in all respects at the date of this report. Because of time lag and unknown future market conditions the valuation reflects the valuer’s view of the market conditions existing at the date of valuation and does not purport to predict future market conditions and the value at the actual completion date.
Construction Quality & Compliance	<ul style="list-style-type: none"> ■ The “As If Complete” assessment is provided on the basis that the proposed improvements will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that: <ul style="list-style-type: none"> – A detailed report of the structure and service installations of the building once completed would not reveal any defects requiring significant expenditure. – The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
EPBC Act	<ul style="list-style-type: none"> ■ That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Development Approvals (Including Plans & Specifications)	<ul style="list-style-type: none"> ■ The site has Development Approval for Stage 1. We have been provided with concept plans and drawings for the balance stages which have been relied upon when undertaking our Hypothetical Development exercise. Should there be any subsequent changes to the concept plans or onerous condition implied by the subsequent Development Approval for the latter stages, this valuation must not be relied upon before first consulting Savills to reassess any effect on the valuation.
Contamination	<ul style="list-style-type: none"> ■ We assume that the subject property is free from elevated levels of contaminants and have therefore made no allowance in our valuation for site remediation.
Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed the standard marketing period for a development of this scale with a project duration of circa 10 years is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ Following the invasion of Ukraine by the Russian military in late February 2022, there was an immediate impact on the global economy due, in part, to sanctions imposed on Russia, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. Since the date of the invasion, there has already been an impact on the Australian economy, including rising inflation and increased interest rates, and we anticipate this will in turn affect the property markets. <p>Whilst the residential property markets continue to perform well, our valuation has been prepared against the backdrop of a very challenging economic outlook. There are concerns as to how the Australian economy</p>

	<p>will perform going forward given the current inflationary pressure, the cost of living crisis and rising interest rates that are impacting on the cost of debt. Although there is good liquidity in the market, with a significant amount of capital seeking opportunities, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance, may impact pricing in some areas of the market such that prices fall from their current levels.</p> <ul style="list-style-type: none">■ We stress the importance of the valuation date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty'.
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Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.



1 August 2022

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Re: Valuation Summary Letter

Property: "Mesa", 61-75 Forest Road and 126 Durham Street, Hurstville NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 6 July 2022 to provide a summary report of the valuation providing the Market Value of "Mesa", 61-75 Forest Road and 126 Durham Street, Hurstville NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 30 June 2022.

This valuation summary letter ("summary letter") has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute's Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 30 June 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion."

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing the valuation report.

Material Assumptions

- The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Lot 1 in Deposited Plan 225302, Lot 101 in Deposited Plan 776275, Lot 100 in Deposited Plan 776275, Lot 10 in Deposited Plan 621395, Lot 1-4 in Deposited Plan 12517.
Registered Owner	Prime Hurstville Pty Ltd
Recent Sale Details	Purchased for \$50,000,000 in 2017 which is considered above market levels.
Zoning	'B4 Mixed Use' under the Georges River Local Environmental Plan 2021.
Site Area	8,551m ² approximately
Location	The subject property is located within Hurstville and is within the Local Government Area administered by the Georges River Council approximately 16 kilometres south west of the Sydney CBD by road. More particularly the subject property is located to the north eastern corner of Forest Road and Durham Street at Hurstville. Surrounding development comprises a mixture of older style properties of a commercial nature, light industrial uses, car yards, and further afield older style residential apartment buildings. A new mixed use development known as "Beyond" is under construction opposite the subject site to the south. Hurstville Westfield, a regional sized shopping centre is located approximately 900 metres to the west of the site. Hurstville Railway Station is located approximately 800 metres to the west, Allawah Station is located 450 metres to the south east and government buses service the property frontage.
Property Description "As Is"	Eight contiguous parcels forming the land holding on the north eastern corner of Forest Road and Durham Street at Hurstville. The site slopes from the north moderately to the south. The site is currently improved with various commercial buildings which we understand will be demolished to make way for the development. The site holds Deferred Development Approval for the construction of a mixed use building accommodating residential apartments, retail and hotel uses.
Property Description "As If Complete"	DA 2020/0352 Deferred Development Consent for demolition works, remediation and construction of a mixed use development comprising four (4) buildings being from three (3) to twenty (20) storeys in elevation containing commercial floor space, a 76 room hotel and 260 apartments above four (4) levels of basement containing 476 car spaces, landscaping, site works and stratum subdivision. The development has a Gross Floor Area (GFA) of 33,118m ² . A Voluntary Planning Agreement (VPA) has been negotiated with Georges River Council which stipulates additional contributions are payable. The retail, hotel and residential components will be stratum subdivided into 3 components. The apartments are configured in 4 buildings referred to as Buildings A-D, and are configured as 47 x 1 bedroom, 23 x 1 bedroom + study, 87 x 2 bedroom, 49 x 2 bedroom + study, 36 x 3 bedroom, 16 x 3 bedroom plus study and 2 x 4 bedroom apartments. There are 20 apartment pre-sales in the development totalling \$15,941,000. The hotel component comprises 42 serviced apartments (76 keys) in Building D. The retail component is over 3 levels occupying part Basement Level 1, part Lower Ground Floor and part Upper Ground Floor. There are no lease commitments in place and the tenancy mix proposes a supermarket, liquor store and 23 specialty stores.
Encumbrances	There are numerous notations on Title and if additional information is required the full valuation report should be viewed.

Environmental Comment.	<p>Given the age of the property, asbestos risk is present. Accordingly, we recommend that this risk be investigated and reviewed prior to reliance on this report.</p> <p>The present and past use of the subject property for automotive type uses is classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a high risk use in regard to potential for site contamination.</p> <p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the George River City Planning Scheme.</p> <p>We have been provided with a Remediation Action Plan prepared by ERM dated August 2020. The report notes the presence of petroleum hydrocarbons, naphthalene, volatile organic compounds and heavy metals as well as underground storage tanks.</p> <p>We have assumed, as instructed that the costs provided allow for remediation of the site.</p> <p>Savills does not have expertise in environmental or contamination risk. Given the risks of contamination from both the current and past uses of the site, it is recommended that any reliant party satisfy itself as to the risks and potential liabilities it is exposed to in relation to contamination of the site, and potential offsite migration of contaminants.</p>		
	Valuation Approach		
	Date of Inspection		
	Date of Valuation		
	"As Is" Market Value Excl. GST		
Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale Excl. GST	\$43,000,000		
	\$38,500,000		
Prepared By	Sandra Peachey FAPI	Chris Paul AAPI	James Cassidy AAPI
	Certified Practising Valuer	Certified Practising Valuer	Certified Practising Valuer
	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Capitalisation and Discounted Cash Flow methods to ascertain the value of the retail and hotel components.

The Direct Comparison Approach and Hypothetical Development Approach have been utilised to assess the current Market Value of the site.

The Hypothetical Development Approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the Residual Land Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Sales in the Subject Development:

Block	Level	Apartment No.	Type	Beds	Bath	Internal m2	External m2	Car	Exchange Date	Contract Price	Analysed Rate
B	Level 01	B.106	2 Bed	2	2	75	20	1	20/07/2021	\$788,000	\$10,507
B	Level 02	B.206	2 Bed	2	2	75	20	1	16/07/2021	\$798,000	\$10,640
B	Level 02	B.208	1 Bed + Study	1	1	55	9	1	16/07/2021	\$680,000	\$12,364
B	Level 03	B.303	2 Bed	2	2	75	29	1	19/07/2021	\$800,000	\$10,667
B	Level 03	B.306	2 Bed	2	2	75	44	1	22/07/2021	\$800,000	\$10,667
B	Level 03	B.307	3 Bed + Study	3	2	108	151	2	26/07/2021	\$1,150,000	\$10,648
B	Level 05	B.505	2 Bed	2	2	75.15	9	1	21/07/2021	\$810,000	\$10,778
B	Level 05	B.506	2 Bed	2	2	75	9	1	28/07/2021	\$820,000	\$10,933
B	Level 05	B.507	3 Bed + Study	3	2	108	12	2	11/08/2021	\$1,130,000	\$10,463
B	Level 06	B.602	2 Bed	2	2	76	10	1	16/07/2021	\$900,000	\$11,842
B	Level 06	B.605	2 Bed	2	2	75.15	9	1	30/07/2021	\$820,000	\$10,912
B	Level 07	B.701	2 Bed	2	2	76	10	1	03/08/2021	\$925,000	\$12,171
B	Level 07	B.705	2 Bed	2	2	75.15	9	1	16/07/2021	\$820,000	\$10,912
B	Level 07	B.706	2 Bed	2	2	75	9	1	19/07/2021	\$835,000	\$11,133
C	Level 05	C.502	1 Bed	1	1	55	8	1	16/08/2021	\$599,000	\$10,891
C	Level 05	C.505	1 Bed	1	1	54	8	1	21/07/2021	\$588,000	\$10,889
c	Level 05	C.506	1 Bed + Utility	1	1	54	8	1	20/12/21	\$650,000	\$12,037
C	Level 07	C.703	1 Bed	1	1	57	9	1	12/08/2021	\$640,000	\$11,228
C	Level 07	C.705	1 Bed	1	1	54	8	1	29/07/2021	\$600,000	\$11,111
D	Level 07	D.702	2 Bed	2	2	75	11	1	23/07/2021	\$788,000	\$10,507
Total										\$15,941,000	\$11,013

Comparable Sales outside of Development:

"Beyond" 93 Forest Road, Hurstville								
Launch Date	October 2019							
Number of Apartments	556							
Description	A large development by Fridcorp on the southern side of Forest Road, opposite the subject development comprising a mixed use development of 556 apartments, 4,345m2 of retail space including a Woolworths supermarket in 2 buildings. The apartments are configured as 202 x 1 bedroom, 48 x 1 bedroom plus study, 264 x 2 bedroom and 42 x 3 bedroom. Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, timber, carpet and tile floor coverings. The development shares rooftop areas and gym.							
Pre-Sale Comment	406 apartment have sold to date							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed & 1 bed + S	250	50	60	\$585,000	\$800,000	\$11,700	\$13,417
	2 Bed	264	76	92	\$805,000	\$1,025,000	\$10,000	\$11,413
	3 Bed	42	94	103	\$1,270,000	\$1,300,000	\$12,740	\$13,830
Comparative Analysis	Considered to be a similar superior quality development in a comparable location. Overall, similar rates are considered appropriate for the subject apartments.							

"Treacys Place" 33-35 Treacy Street, Hurstville

Launch Date	March 2021							
Number of Apartments	37							
Description	<p>Construction of a 13 storey mixed use development with 2 retail units (82m² & 128m²) at ground floor level & 37 apartments to comprise 6 x 1 bedroom, 17 x 2 bedroom, 10 x 3 bedroom & 4 x 4 bedrooms.</p> <p>Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, European appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, timber, air conditioning, carpet and tile floor coverings. Upper level units have good views.</p> <p>Due for completion October 2022.</p>							
Pre-Sale Comment	24 apartment have sold to date							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed & 1 bed + S	6	52	60	\$595,000	\$685,000	\$11,417	\$11,442
	2 Bed	17	77	90	\$749,000	\$910,000	\$10,000	\$10,111
	3 Bed	10	112	112	\$1,150,000	\$1,175,000	\$12,740	\$10,491
	4 Bed	4						
Comparative Analysis	Smaller development offering similar quality apartments. Overall, similar rates are considered appropriate for the subject apartments.							

"Lotus Residence" 105 Forest Road, Hurstville

Launch Date	February 2020							
Number of Apartments	116							
Description	<p>Construction of a 3-13 storey mixed use development containing 917sqm of gross leasable retail/commercial floor space (10 commercial units) on the ground floor & 116 residential units above, configured as 16 x 1 bedroom, 61 x 2 bedroom, 23 x 3 bedroom & 16 x 1 bedroom adaptable units. The 13 storey component of the development is located on the corner and the building then steps down to 7 and 4 storeys along the Forest Rd frontage.</p> <p>Apartments feature floor to ceiling glass in living areas with city views from upper levels, built in robes to bedrooms, European appliances and marble benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, carpet, timber and tile floor coverings. The development shares rooftop areas and pet playground.</p>							
Pre-Sale Comment	86 apartment have sold to date							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed & 1 bed + S	32	50	58	\$518,000	\$785,000	\$11,510	\$13,511
	2 Bed	61	76	90	\$810,000	\$1,025,000	\$9,999	\$11,284
	3 Bed	23	92	112	\$1,125,000	\$1,235,000	\$12,324	\$13,150
Comparative Analysis	Considered to be a superior quality development in a comparable location. Overall, slightly lower rates are considered appropriate for the subject apartments.							

"Grand H" 12 Woniara Road, Hurstville

Number of Apartments	383					
Description	<p>Completed in 2019 this development comprises a mixed use development of 4 buildings A, B, C & D of 12, 18 & 21 storeys comprising a community space, 2 commercial tenancies of 165m² & 383 residential apartments configured as 120 x 1 bedroom, 259 x 2 bedroom & 4 x 3 bedroom.</p> <p>Apartment's feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, carpet and tile floor coverings. The development shares rooftop areas.</p>					
Overall Summary	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m2)	Rate Internal (\$/m²)
	703	1 Bed, 1 Bath	14/10/21	\$620,000	60	\$10,333
	102	1 Bed, 1 Bath	14/12/21	\$650,000	60	\$10,833
	305	1 Bed, 1 Bath	12/5/22	\$650,000	59	\$11,016
	506	1 Bed, 1 Bath	14/9/21	\$626,000	57	\$10,928
	608	2 Bed, 2 Bath	1/10/21	\$800,000	80	\$10,000
	703	1 Bed, 1 Bath	7/10/21	\$620,000	56	\$11,071
	905	1 Bed, 1 Bath	8/11/21	\$660,000	60	\$11,000
Comparative Analysis	An older development that indicates higher prices are appropriate for the subject development.					

"The Forest" 456 Forest Road, Hurstville

Number of Apartments	57					
Description	<p>Completed in 2020 this development comprises 5 storey mixed use development comprising 57 units with a mix of studio, 1 & 2 bedrooms, 5 of which are adaptable, 1 x retail premises on ground floor & 1 commercial premises on first floor.</p> <p>Apartment's feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi frameless glass screens to showers, bath and full wall height tiling to bathrooms, carpet and tile floor coverings. The development shares rooftop areas.</p>					
Overall Summary	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m2)	Rate Internal (\$/m²)
	1	1 Bed	14/2/22	\$570,000	50	\$11,400
	2	Studio	3/5/22	\$400,000	42	\$9,523
	19	1 Bed	9/12/21	\$565,000	51	\$11,078
	25	2 Bed	21/5/22	\$785,000	78	\$10,064
	35	1 Bed	2/11/21	\$601,200	55	\$10,930
	43	2 Bed	4/3/22	\$664,000	70	\$9,485
	51	2 Bed	12/4/22	\$660,000	70	\$9,428
	105	2 Bed	7/4/22	\$665,000	70	\$9,500
	204	2 Bed	18/2/22	\$765,000	88	\$8,693
	205	2 Bed	16/3/22	\$666,000	73	\$9,123
	301	2 Bed	31/3/22	\$673,000	66	\$10,196
	601	2 Bed	31/3/22	\$680,000	70	\$9,614
	602	1 Bed	29/3/22	\$580,000	50	\$11,600
Comparative Analysis	An older development that indicates higher prices re appropriate for the subject development.					

The assessed apartments values are as follows:

Apartment Type	No	Min Area (m ²)	Max Area (m ²)	Avg Area (m ²)	Min Price (\$)	Max Price (\$)	Avg Price (\$)	Min Rate \$/m ²	Max Rate \$/m ²	Avg Rate \$/m ²	Total Realisation
1 Bed	47	54	61	55.6	\$588,000	\$730,000	\$652,064	\$10,526	\$13,273	\$11,730	\$30,647,000
1 Bed + Study	16	53	61	58.8	\$630,000	\$730,000	\$693,125	\$11,475	\$12,364	\$11,778	\$11,090,000
1 Bed + Utility	7	54	54	54	\$620,000	\$670,000	\$645,714	\$11,481	\$12,407	\$11,958	\$4,540,000
2 Bed	87	75	89	80.01	\$780,000	\$1,130,000	\$916,598	\$10,246	\$12,763	\$11,442	\$79,744,000
2 Bed + Study	45	90	96	85.3	\$860,000	\$1,130,000	\$989,778	\$10,361	\$12,500	\$11,598	\$44,540,000
2 Bed + Utility	4	87	89	88	\$890,000	\$920,000	\$902,500	\$10,227	\$10,337	\$10,255	\$3,610,000
3 Bed	36	94	109	102.1	\$1,040,000	\$1,370,000	\$1,243,611	\$9,720	\$13,505	\$12,199	\$44,770,000
3 Bed + Study	14	108	143	114.3	\$1,130,000	\$1,620,000	\$1,364,286	\$10,000	\$13,889	\$11,957	\$19,100,000
3 Bed + Utility	2	113	113	113	\$1,490,000	\$1,525,000	\$1,505,000	\$13,186	\$13,451	\$13,319	\$3,010,000
4 Bed	2	120	120	120	\$1,630,000	\$1,660,000	\$1,645,000	\$13,583	\$13,833	\$13,708	\$3,290,000
Total	260									\$11,730	\$244,341,000

Comparable sales to assess the value of the retail component within the development are as follows:

Centre Name	State	GLA (m ²)	Sale Date	Sale Price	EMY	IRR	Rate \$/m ²	WALE
Cameron Park Plaza	NSW	7,037	May-22	\$60,250,000	4.51%	5.50%	\$8,562	7.72
Tramsheds	NSW	5,952	Dec-21	\$52,020,000	5.47%	6.10%	\$8,740	5.54
Market Plaza, Chipping Norton	NSW	4,356	Dec-21	\$37,400,000	4.73%	5.06%	\$8,587	4.58
Beyond Hurstville	NSW	4,242	Dec-21	\$41,500,000	4.72%	4.84%	\$9,783	13.28
Cherrybrook Village	NSW	9,382	Aug-21	\$132,800,000	4.74%	5.79%	\$14,154	3.03
Oatley Village Square	NSW	3,523	Aug-21	\$21,750,000	4.99%	4.50%	\$6,175	5.03
Coles Greenacre	NSW	4,739	Jul-21	\$40,500,000	4.00%	5.48%	\$8,546	7.83
Marketown East & West SC	NSW	26,376	Jun-21	\$150,500,000	5.52%	6.06%	\$5,706	5.53
Kiama Village	NSW	5,156	Jun-21	\$49,000,000	5.40%	6.00%	\$9,503	8.47
Lederer Cessnock	NSW	5,633	Jun-21	\$45,000,000	5.53%	6.47%	\$7,988	6.50
Lederer Corrimal	NSW	9,759	Jun-21	\$88,000,000	5.90%	6.21%	\$9,018	5.46
The Imperial Centre, Gosford	NSW	16,706	Jun-21	\$57,500,000	6.14%	6.56%	\$3,442	3.67
Goulburn Marketplace	NSW	7,584	Jun-21	\$48,000,000	5.70%	6.41%	\$6,329	7.16
Lederer Miranda	NSW	4,603	Jun-21	\$37,500,000	4.56%	5.75%	\$8,146	2.65
Richmond Mall	NSW	5,153	Jun-21	\$24,000,000	5.34%	6.15%	\$4,657	2.12
Woolworths Bulli	NSW	3,949	Jun-21	\$36,000,000	3.97%	4.14%	\$9,114	8.97
Swan Hill Square	VIC	3,452	May-21	\$20,100,000	4.97%	5.89%	\$5,823	5.25
Ropes Crossing Village	NSW	5,807	Jan-21	\$42,000,000	5.47%	6.66%	\$7,235	8.87
Caddens Corner	NSW	9,544	Nov-21	\$66,000,000*	5.24%	6.02%	\$6,915	9.66
Auburn Central	NSW	13,590	Nov-20	\$129,500,000	5.93%	6.75%	\$9,529	6.62

The assessed value of the retail component is as follows:

Valuation Reconciliation			Value
Capitalisation Result	@	6.00%	\$46,500,000
10 Year NPV	@	7.00%	\$46,500,000
ADOPTED VALUE			\$46,500,000
10 Year IRR			6.98%
Passing Initial Yield			6.26%
Equated Market Yield			6.00%
\$Value/m ²			\$10,393

Comparable sales to assess the value of the hotel component within the development are as follows:

Date	Hotel	Sale Price	Rooms	Price Per Room	Passing Yield	Market Yield	Terminal Cap Rate	Discount Rate	5 Yr IRR	10 Yr IRR
Jun-22	Rydges North Sydney	\$75,000,000	169	\$443,787	5.14%	1.45%	5.25%	6.75%	6.57%	6.65%
Oct-21	Rydges Bankstown	\$28,000,000	120	\$233,333	-	1.97%	6.00%	7.50%	-	6.88%
Oct-21	1 Hosking Place, Sydney	\$26,500,000	49	\$540,816	4.55%	0.18%	5.00%	6.50%	6.84%	6.61%
Jan-21	Radisson Hotel & Suites	\$38,080,000	76	\$501,053	-	-	-	-	-	-
Feb-20	CitadelX, Pyrmont	\$28,700,000	60	\$478,333	5.02%	5.02%	5.00%	6.50%	-	6.58%
Dec-19	Quest Macquarie Park	\$46,000,000	111	\$414,414	5.52%	5.52%	5.75%	7.50%	-	7.60%
Dec-19	Adina Apartment Hotel Mascot	\$53,000,000	123	\$430,894	4.76%	4.93%	5.00%	6.50%	-	6.97%
Aug-19	Veriu Sydney Central	\$58,888,000	112	\$450,000	4.92%	5.55%	5.75%	7.50%	-	7.19%
Aug-19	Quest Mounts Bay Road Perth WA	\$22,425,000	71	\$315,845	-	6.89%	7.00%	8.50%	-	8.33%
Jun-18	Quest Springfield QLD	\$24,350,000	82	\$296,646	7.28%	7.28%	7.50%	9.00%	-	8.67%
Jul-17	Quest Penrith NSW	\$30,320,000	115	\$263,652	7.03%	6.91%	7.25%	8.75%	-	8.76%
Subject Valuation	Proposed Quest Hurstville	\$22,000,000	76	\$289,474	6.13%	5.92%	6.50%	7.50%	-	7.46%
	<i>Low</i>	\$22,425,000	49	\$233,333	4.55%	0.18%	5.00%	6.50%	6.57%	6.58%
	<i>Median of Sales</i>	\$30,320,000	111	\$430,894	5.08%	5.27%	5.75%	7.50%	6.71%	7.08%
	<i>High</i>	\$75,000,000	169	\$540,816	7.28%	7.28%	7.50%	9.00%	6.84%	8.76%

We have produced a value of \$22,000,000 under the capitalisation approach, \$22,700,000 under the DCF approach and a value range of \$21,280,000 to \$22,800,000 under the direct comparison approach.

Based upon the above results we have adopted an As If Complete Market value subject to the Proposed Lease of \$22,000,000 which reflects an initial yield of 6.22%, an equated market yield of 6.01%, an IRR of 7.93% and a capital rate of \$289,474/key, all of which appear reasonable having regards to the comments contained within our full valuation report.

Out total project realisation is therefore:

Component	Realisation inc GST
Residential	\$244,341,000
Retail	\$46,500,000
Hotel	\$22,000,000
Total Realisation	\$312,841,000

The comparable sales to estimate the current site value are detailed below:

Address	Sale Date	Sale Price	Site Area (m ²)	Equivalent Unit Yield	GFA	\$/Site Area (m ²)	\$/Unit	\$/GFA (m ²)	DA Approved	Comparison
56 Ashmore St & 165-475 Mitchell Rd, Erskineville	June 22	\$315,000,000	44,230	1,066	78,029	\$6,300	\$295,497	\$4,036	Yes	Superior
2 Rose Street, Hurstville	Dec-21	\$11,000,000	708	36	3,186	\$15,537	\$305,555	\$3,453	No	Smaller, hence higher rates
224-240 Pitt Street, Merrylands	Dec-21	\$75,000,000	15842	1012	83787	\$4,734	\$74,111	\$895	Yes	Inferior
2-5 Halifax St, Macquarie Park	Aug-21	\$137,000,000	18463	950	82212	\$7,420	\$144,211	\$1,666	No	Superior
37-41 Oxford St, Epping	Jun-21	\$55,000,000	4969	-	22361	\$11,069	-	\$2,460	No	Superior
12 Hassall Street, Parramatta	Aug-21	\$68,000,000	2055	365	32840	\$33,090	\$186,301	\$2,071	Subject to Approval	Superior
850-858 King George Road, South Hurstville	Aug-21	\$12,000,000	2024	60	5060	\$5,927	\$200,000	\$2,372	Yes	Superior
247-273 and 277-281 Pennant Hills Road Carlingford	Dec-20	\$68,500,000	27973	729	64339	\$2,449	\$93,278	\$1,065	Yes	Larger hence lower rates apply
28 Elizabeth St, Liverpool	Jun-21	\$28,000,000	3600	399	36000	\$7,778	\$70,175	\$778	Yes	Inferior
71-97 Regent St, Kogarah	Oct-17	\$37,000,000	4730	273	18920	\$7,822	\$135,531	\$1,956	No	Superior

Our assessment of site value on a Direct Comparison basis is as follows:

Subject	Site Area	Land Rate	Value
Site Area	8,551m ²	\$4,750	\$40,617,250
Site Area	8,551m ²	\$5,250	\$44,892,750
Midpoint	8,551m ²	\$5,000	\$42,755,000
Adopt			\$42,700,000
Subject	No. of Units*	Unit Rate	Value
Approved Units	314	\$135,000	\$42,390,000
Approved Units	314	\$140,000	\$43,960,000
Midpoint	314	\$137,500	\$43,175,000
Adopt			\$43,100,000
Subject	GFA	Rate	Value
GFA	33,118m ²	\$1,250	\$41,397,500
GFA	33,118m ²	\$1,350	\$44,709,300
Midpoint	33,118m ²	\$1,300	\$43,053,400
Adopt			\$43,000,000
Site Area	\$42,700,000		
Approved Unit Rate	\$43,100,000		
GFA	\$43,000,000		
Adopted As Is Market Value	\$43,000,000		

*Equated units

Our Hypothetical Development Assessment is detailed below:

Input	Amount / Comments												
Gross Realisation	Residential - \$244,341,000 including GST Retail - \$46,500,000 excluding GST Hotel - \$22,000,000 excluding GST												
Rate of Sale	Having regard to the existing presales we have assumed that the remaining unsold apartments will be sold 'off the plan' during the construction period and within 18 months post construction. We have assumed the hotel and retail components will transact on practical completion.												
Selling Costs	Residential – 2.2% Retail – 1.5% Hotel – 1.5%												
Marketing Costs	Residential – \$2,500 per apartment Retail – \$30,000 Hotel – \$30,000												
Legal Costs	Residential – \$750 per apartment Retail – \$25,000 Hotel – \$25,000												
Site Acquisition Costs	7.2% of purchase price												
Legal Fees on Acquisition	\$150,000												
Construction/Development Cost	\$137,864,337 excluding GST (as per Section 9 of this Report)												
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees)												
Application Fee	\$400,000												
Construction Period	22 months												
Holding Costs	Approximately \$380,000 per annum (including Council rates and Land Tax)												
Developers Margin	Profit and Risk expectations for a project of this nature would normally vary from 20% to 25%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors: <ul style="list-style-type: none"> ➤ Limited pre-sales to date. ➤ No pre-commitment for the retail or hotel space. ➤ A third party Building Contract has not been executed ➤ The Contract sum has not been verified by a QS ➤ The cost and revenue parameters of the project are largely known ➤ The size and related capital value of the development ➤ Analysis of comparable developments ➤ The southern Sydney location Having regard to the above, we have adopted a Profit and Risk Factor of 22.49%, being the approximate mid-point of the adopted range.												
GST Liability	We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows: <table> <tr> <td>Residential Realisation Including GST</td><td>\$244,341,000</td></tr> <tr> <td><u>Less GST</u></td><td><u>\$22,212,818</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$222,128,182</td></tr> <tr> <td>Plus: Hotel</td><td>\$22,000,000</td></tr> <tr> <td>Plus: Retail</td><td><u>\$46,500,000</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$290,628,182</td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	\$244,341,000	<u>Less GST</u>	<u>\$22,212,818</u>	Gross Realisation Excluding GST	\$222,128,182	Plus: Hotel	\$22,000,000	Plus: Retail	<u>\$46,500,000</u>	Gross Realisation Excluding GST	\$290,628,182
Residential Realisation Including GST	\$244,341,000												
<u>Less GST</u>	<u>\$22,212,818</u>												
Gross Realisation Excluding GST	\$222,128,182												
Plus: Hotel	\$22,000,000												
Plus: Retail	<u>\$46,500,000</u>												
Gross Realisation Excluding GST	\$290,628,182												

Feasibility Conclusions

Our calculations result in a residual value of \$42,984,912 excluding GST, which we have rounded to \$43,000,000 excluding GST for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 10.48% (including interest), and a net development profit of approximately \$53,355,221, all of which appear to be reasonable for a development of this nature.

We have assumed the standard marketing period for a development of this scale with a mixed use profile incorporating retail, hotel and residential with limited pre-commitments, however advanced planning is 3-

6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions.

The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.

Practically, this scenario therefore assumes that a prospective buyer would look to increase the risk allowances to cover less than full diligence.

For the purposes of an assessment based on these adopted assumptions we have increased the Profit and Risk allowance in our residual land value analysis by 3 basis points to 25.5% which indicates a residual land value of \$38,500,000 which has been adopted under this valuation scenario.

Whilst our analysis could alter other inputs in the feasibility such as apartment price and Hotel and Retail component values, and sale rate and cost, realistically the sale rate of the apartments/components, the value of the completed apartments/components and the cost of producing the development does not change. The risk essentially lies with the acquisition of a project with a long development life without exploring all aspects of the project to ascertain an educated and informed acquisition.

Feasibility Conclusions

Our calculations result in a residual value of \$38,585,459 excluding GST, which we have rounded to \$38,500,000 excluding GST for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 11.94% including interest, and a net development profit of approximately \$59,168,606 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 30 June 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> ■ This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property. ■ This valuation is conditional upon development being undertaken in the immediate future and that the site will not be "landbanked". The "As Is" value is current as at the date of valuation only. It is not suitable for long term passive lending. If the site needs to be retained "As Is" for an extended period of time, it is likely that a lower site value may apply, or it may result after accounting for holding costs and changes in market environment in addition to any variation to construction costs.
Physical	<ul style="list-style-type: none"> ■ The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection of the proposed plans whether the 'cladding' to be constructed will use compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). A Certificate of Compliance and/or Certification of building materials for the development has not been sighted nor confirmed by the valuer. <p>This valuation report has been prepared:</p> <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the currently proposed building components and satisfy itself as to the potential risks and costs which could be incurred should the currently proposed building component have to be remedied, replaced or adapted.</p>
Construction Costs	<ul style="list-style-type: none"> ■ The civil construction estimate provided by the instructing party (excluding GST and Contingency) of \$137,864,337 equates to \$4,162 per square metre of GFA, which is considered to be within acceptable market parameters and has been adopted in our valuation. ■ Construction and development of the project can be undertaken for the amount described above, in accordance with the documents provided by the instructing party. We have adopted the construction and development costs provided as part of our instruction. Should the supplied costs be proven to be inadequate to deliver the project, Savills reserves the right to review this valuation accordingly. ■ We are not Quantity Surveyors nor are we Consulting Engineers. We have relied upon cost estimates provided and on the basis that the cost provided and adopted are accurate. We recommend the engagement of an independent Quantity Surveyor to confirm same. Should the cost estimate differ to that adopted within, then this report should be referred back to the Valuer for comment and accordingly we reserve the right to amend the assessment within
Land Value	<ul style="list-style-type: none"> ■ The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> ■ We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibilities and to our 'as if complete' values on a GST exclusive basis. As a result, GST on the development costs will be assessed at 10% to be remitted two months later, while GST on gross realisations will be assessed at 1/11th. All costs within our cash flow model are quoted, where applicable, excluding GST. ■ That all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement.
CGT	<ul style="list-style-type: none"> ■ That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Construction Timeframe	<ul style="list-style-type: none"> ■ We have adopted a construction period for the project of 26 months with a 12 month lead time, based on the advice provided by the instructing party. We have assumed this to be an accurate forecast and have adopted this within our Residual Cash Flow analysis.
"As If Complete" Assessment	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is the estimated market value of the proposed development as detailed in this report on the assumption that all construction has been satisfactorily completed in all respects at the date of this report. Because of time lag and unknown future market conditions the valuation reflects the valuer's view of the market conditions existing at the date of valuation and does not purport to predict future market conditions and the value at the actual completion date.

Construction Quality & Compliance	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is provided on the basis that the proposed improvements will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that: <ul style="list-style-type: none"> – A detailed report of the structure and service installations of the building once completed would not reveal any defects requiring significant expenditure. – The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
EPBC Act	<ul style="list-style-type: none"> ■ That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Development Approvals (Including Plans & Specifications)	<ul style="list-style-type: none"> ■ We have been provided with a copy of the Development Approval for the subject development including approved plans. We assume that the development will be completed in full accordance with the noted Development Approval and any conditions contained within the approval. Should there be any subsequent changes to the Development Approval or the Approved development plans, this valuation must not be relied upon before first consulting Savills to reassess any effect on the valuation.
Contamination	<ul style="list-style-type: none"> ■ We have been provided with a Remediation Action Plan prepared by ERM dated August 2020. The report notes the presence of petroleum hydrocarbons, naphthalene, volatile organic compounds and heavy metals as well as underground storage tanks. ■ We have assumed, as instructed that the costs provided allow for remediation of the site.
Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed the standard marketing period for a development of this scale with advanced planning status, minor pre-sales and without any pre-commitment for the hotel and retail areas is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.
General	<ul style="list-style-type: none"> ■ The rental and sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ Following the invasion of Ukraine by the Russian military in late February 2022, there was an immediate impact on the global economy due, in part, to sanctions imposed on Russia, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. Since the date of the invasion, there has already been an impact on the Australian economy, including rising inflation and increased interest rates, and we anticipate this will in turn affect the property markets. ■ Whilst the residential property markets continue to perform well, our valuation has been prepared against the backdrop of a very challenging economic outlook. There are concerns as to how the Australian economy will perform going forward given the current inflationary pressure, the cost of living crisis and rising interest rates that are impacting on the cost of debt. Although there is good liquidity in the market, with a significant amount of capital seeking opportunities, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance, may impact pricing in some areas of the market such that prices fall from their current levels. <p>We stress the importance of the valuation date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty'.</p>
Serviced Apartment Hotel	<ul style="list-style-type: none"> ■ That the proposed apartment hotel will be completed to a standard commensurate with existing industry standards for an upscale (4 to 4.5 star standard) serviced apartment hotel and as outlined within the valuation. ■ The value of the serviced apartment hotel subject to the proposed lease is reliant on the ability of the Leasehold business owner to maintain sufficient revenue and profit levels in order to meet its rental obligations. Should the business deteriorate and the Lessee struggle to meet rental obligations, the value of the property may be negatively impacted. ■ That the proposed serviced apartment hotel will be managed by Quest Apartment Hotels (or nominated franchisee) under the proposed terms of the Non-Binding Offer to Lease. Should the terms of the lease vary to those adopted herein and outlined within the Non-Binding Offer to Lease, then we reserve the right to amend the valuation. ■ That the FF&E and plant and equipment will be owned by the property owner and that an asset register or asset depreciation schedule is available on sale of the property. That the FF&E will be transferred to a purchaser on sale. ■ The trading forecast including within the valuation have been undertaken solely for the purposes of assessing an appropriate market rent. Furthermore, the projections of Fair Maintainable Trade (FMT) are based on a reasonably efficient operator.

	<ul style="list-style-type: none">■ The DCF exercise appended hereto has been undertaken for the sole purpose of assisting in the determination of the market value of the property and we make no guarantees or warranty as to the accuracy of the future rental income stream projections in so far as they relate to market rental movements.■ We have not been provided with legal advice but based on our experience, if the subject property was sold as a going concern, it would be GST-free (provided that certain GST requirements are met) and have based our analysis upon this advice; any user of this valuation should make appropriate enquiries in this respect. If any of the above assumptions prove to be incorrect, we reserve the right to revise our valuations as provided herein, should we deem it to be necessary.■ That all licences and approvals required to operate the hotel and remain open for full trading will be granted to the applicant on completion and will continue without restriction.
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Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.



1 August 2022

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Re: Valuation Summary Letter

Property: 248 Apartments – “The Lennox”, 12-14 Phillip Street & 331a-339 Church Street, Parramatta, NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 6 July 2022 to provide a summary report of the valuation providing the Market Value “In One Line” of 248 Apartments – “The Lennox”, 12-14 Phillip Street & 331a-339 Church Street, Parramatta, NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 30 June 2022.

This valuation summary letter (“summary letter”) has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute’s Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 30 June 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation on Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have assessed the In One Line market value of the property in accordance with the Market Value definition referred to above. Furthermore, the Sale in One Line Definition is

'Sale in one line' is the value of the gross realisation of the individual completed lots sold in a single transaction less a discount that takes into consideration legal and selling costs, profit and risk, holding costs and acquisition costs.

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charged a professional fee for producing valuation report.

Material Assumptions

- The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Various lots - SP102896
Registered Owner	PCC Devco 1 Pty Limited.
Zoning	B4 Mixed Use, RE2 Private Recreation and RE1 Public Recreation under the Parramatta Local Environmental Plan 2011.
Location	The subject property is located within Parramatta in Central Western Sydney, approximately 23 kilometres west of the Sydney Central Business District (CBD) and is within the Local Government Area administered by the City of Parramatta Council. More particularly the subject property is located approximately 800 metres to the north of the Parramatta train station and future Parramatta Square re-development on the South Bank of the Parramatta River. The site is bounded by Church Street to the east and Phillip Street to the south. Surrounding development comprises a mix of uses and development types including residential, commercial, retail and entertainment uses. Open space and parklands are located along the foreshore area to the north of the site. The Riverside Theatre and Prince Alfred Park are located to the north of the site on the North Bank of the Parramatta River. The site is well serviced by public transport with bus routes operating regularly along Church Street and bus stops on Market and Church Streets. The site is also in walking proximity to the Parramatta train station, bus and ferry terminals.
Property Description	The subject apartments comprise 248 apartments within "The Lennox" project. The apartments were completed in December 2021 and comprise of 21 x studios, 40 x 1 bedroom apartments, 133 x 2 bedroom apartments, 47 x 3 bedroom apartments, 6 x 4 bedroom apartments and 1 x 5 bedroom apartment. Common amenities are located on level 3 including a 20 metre covered swimming pool, rooftop terrace, gym, and shared entertaining space. Three levels of basement parking are accessed via a ramp at the front of the building offering conventional and automatic parking. We note the project has been marketing since May 2017 and 166 apartments are noted as settled (2.6 apartments per month average).
Encumbrances	The sample Titles search listed numerous encumbrances, and should full details be required; the full valuation report should be viewed.

Environmental Comment (contd)	<p>The present use of the subject property as an apartment building is not classified as a "potentially contaminating activity, industry or land use" as defined under the API's Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a low risk use in regard to potential for site contamination.</p> <p>The subject property is not contained within the EPA's "List of Issued Certificates and Statements of Environmental Audit" based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an "Environmental Audit Overlay" under the Burwood City Planning Scheme.</p> <p>A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we wish to advise that we are not qualified to provide advice on the physical condition of the land and we are not aware of any geotechnical and/or environmental defects with the land. Further, we have not sighted any environmental audits or geotechnical reports, which suggest site contamination or defects. This valuation has therefore been made on the assumption that there are no actual or potential contamination issues affecting: -</p> <ul style="list-style-type: none"> ■ The value or marketing of the property; or ■ The site. 	
Valuation Approach	<p>Gross Realisation: Direct Comparison In One Line Value: Hypothetical Sell Down.</p>	
Date of Inspection	12 July 2022	
Date of Valuation	30 June 2022	
	Market Value – "As Is"	Subject to Market Constraint
Gross Realisation Incl. GST	\$207,906,000	\$187,134,000
Gross Realisation Excl. GST	\$189,005,455	\$170,121,818
"In One Line Assessment" Incl. GST	\$146,800,000	\$131,350,000
"In One Line Assessment" Excl. GST	\$133,450,000	\$119,400,000
Prepared By	<p>Sandra Peachey FAPI Certified Practising Valuer Savills Valuations Pty Ltd</p>	

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have primarily relied upon the Direct Comparison Approach to assess the value of the individual apartments and the Hypothetical Development Approach to assess the In One line Value.

This approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the In One Line Value.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Subject Complex

We note the following details in regard to sale prices for the subject development since launch (noting this includes 52 apartments which are now for re-sale):

Pre-Sales	No	Min Area (m ²)	Max Area (m ²)	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate
Studio	23	40	40	\$435,000	\$545,000	\$490,000	\$10,875	\$13,625	\$12,250
1 Bed	66	50	53	\$525,000	\$720,000	\$604,242	\$10,500	\$13,585	\$11,824
2 Bed	123	72	95	\$670,000	\$1,055,000	\$949,899	\$9,306	\$12,991	\$10,974
3 Bed	14	94	149	\$960,000	\$1,825,000	\$1,355,000	\$9,397	\$12,248	\$11,135
4 Bed	1	192		\$2,400,000			\$12,500		
Average						\$778,487			\$11,267
Total	227								

Comparable Sales outside of Development:

"South Quarter – Stage 1", 53-87 Church Street, Parramatta								
Launch Date	March 2017							
Number of Units	413							
Description	<p>Site 1 Construction of a 12 storey non-residential building (with an in principal approval sought for a hotel containing 270 rooms and associated activities) fronting Church Street, two residential towers (21 storey and 39 storey) containing a total of 524 apartments over 3 levels of a retail/commercial podium at the rear of the site, with associated landscaping and plaza works.</p> <p>Site 2 Construction of a 10 storey non-residential building fronting Church Street, and a mixed use tower containing 9 levels of non-residential floor space and 22 storeys comprising 235 apartments at the rear of the site, with associated landscaping and plaza works.</p>							
Pre-sale Summary	Unit Type	Internal Min (m ²)	Internal Max (m ²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m ²)	Max Rate Internal (\$/m ²)	Av Rate Internal (\$/m ²)
	Studio	34	38	\$404,500	\$510,000	\$11,897	\$14,286	\$13,201
	1 Bed	50.00	53.00	\$530,500	\$745,000	\$10,490	\$12,400	\$11,155
	2 Bed	69	79	\$652,800	\$957,460	\$9,461	\$12,598	\$10,959
Comparative Analysis	Considered a comparable to inferior position. Prices achieved 2020-2021 considered to be comparable to the subject development.							

"The Galleria", 23 Hassall Street, Parramatta								
Launch Date	March 2018							
Number of Units	140							
Description	<p>A development of 140 apartments in a 20 storey mixed use development incorporating retention of heritage dwellings and refurbishment of an existing office building. The apartments are configured as 32 x studio/1 bedroom, 103 x 2 bedroom and 5 x 3 bedroom units.</p> <p>Construction is now complete.</p> <p>The apartments feature timber and stone kitchens with European stainless steel appliances, carpeted bedrooms with built ins, fully tiled bathrooms, full height glass doors to balconies, ducted a/c, building security entry, common skygarden. Views east available to the CBD.</p>							
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)	Av Rate Internal (\$/m²)
	1 Bed	50	55	\$589,000	\$679,000	\$11,780	\$12,345	\$12,042
	2 Bed	72	85	\$688,000	\$865,000	\$9,555	\$10,321	\$9,978
	3 Bed	95	105	\$950,000	\$1,025,000	\$9,761	\$10,000	\$9,972
Comparative Analysis	Located slightly closer to the train station. Lower elevation, which implies a higher average value should be achieved by the subject development.							

"PS I Love You", 8 Phillip Street, Parramatta								
Launch Date	December 2016							
Number of Units	314							
Description	<p>A 55 storey mixed-use apartment building located in the centre of Parramatta CBD, comprising of 35 levels of residential apartments, and 14 levels of 5-star designer QT Hotel accommodation.</p> <p>The apartments include a mix of studio, 1, 2 and 3 bedroom residences. The development is designed by Woods Bagot and includes outdoor entertainment areas, marble finishes and Miele appliances. Additionally, amenities such as the open-air pool, a spa, restaurants, and rooftop bar Studio 54 can be accessed via lifts within the building.</p> <p>Immediate surroundings to the development comprise of older commercial/office buildings, café and restaurants, and retail. The site is in walking distance to Parramatta River, Parramatta Park, and Westfield Parramatta (approximately 650m).</p> <p>Parramatta Train Station is approximately a 10 minute walk from the subject site. Additionally, various bus services are available throughout the Parramatta CBD.</p>							
Overall Summary	Unit Type	Qty	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	Studio	1	40	40	\$508,000	\$508,000	\$12,700	\$12,700
	1 Bed + Media	20	55	57	\$630,000	\$748,000	\$11,455	\$13,123
	1 Bed + Study	13	50	54	\$610,000	\$628,000	\$11,630	\$12,200
	2 Bed + Media	8	75	76	\$906,000	\$987,000	\$12,080	\$12,987
	2 Bed + Study	30	75	77	\$885,000	\$1,055,000	\$11,800	\$13,701
	3 Bed + Study	3	100	102	\$1,350,000	\$1,460,000	\$13,500	\$14,314
	Sub P/H Bed	1	96	96	\$1,365,000	\$1,365,000	\$14,219	\$14,219
	Sub P/H 3 Bed + Study	1	92	92	\$1,555,000	\$1,555,000	\$16,902	\$16,902
	P/H 3 Bed + Study	5	158	170	\$3,002,000	\$3,400,000	\$19,000	\$20,000
Comparative Analysis	Superior project located next to subject development, selling off the plan with superior quality finishes. Pre-sales were secured in a stronger market and would indicate lower average rates are appropriate.							

“Charles and George” – 180 George Street, Parramatta								
Launch Date	August 2019							
Number of Units	753							
Description	Construction of 58 and 66 storey mixed used buildings over a podium on the corner of George Street & Charles Street, comprising 2 new ground floor retail units, 5 levels of basement car parking for 640 vehicles, a child care centre, a commercial gym, 271 serviced apartments and 753 residential units. Amenities include a 1,000 sqm major supermarket, indoor pool, spa, sauna & gym and 1,200sqm podium garden with BBQ area. The apartments achieve high quality views across the metropolitan area and feature Bosch appliances, stone kitchen benchtops, frameless glass shower screens, floor to ceiling glass to living areas and high quality bathroom fittings.							
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)	
	1 Bed	50	62	\$531,000	\$731,000	\$10,620	\$11,790	
	1 Bed + Study	51	78	\$606,000	\$785,000	\$10,064	\$10,647	
	2 Bed	71	90	\$688,000	\$1,193,000	\$9,690	\$13,255	
	3 Bed	102	132	\$1,310,000	\$1,578,000	\$11,954	\$12,843	
Comparative Analysis	High rise building considered a comparable location and quality of apartment. Similar rates are appropriate for the subject apartments.							
“Riva”, 30 Charles Street, Parramatta								
Launch Date	March 2017							
Number of Units	146							
Description	A medium rise development by Meriton positioned with frontage to Charles Street and adjoining the 180 George Street development under construction. The apartments feature a range of 1 bed, 2 bed, dual key and 3 bed configurations, some over two levels. Generic fitment including stone kitchens with Bosch appliances, carpeted living area, built in robes, frameless glass showers, ducted a/c.							
Pre-Sale Comment	The development is now complete and the below represents sale to date averages. RP data records 115 sales.							
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)	Av Rate Internal (\$/m²)
	Studio	35	42	\$430,000	\$452,000	\$10,476	\$12,285	\$11,923
	1 Bed No Car	50	66	\$475,000	\$673,000	\$9,500	\$12,211	\$11,974
	2 Bed Dual Key	95	102	\$855,000	\$892,000	\$8,627	\$9,095	\$8,858
	2 Bed 2 Bath	74	83	\$780,000	\$985,000	\$9,945	\$10,986	\$10,252
	2 Bed P/H	95	105	\$980,000	\$1,090,000	\$9,761	\$10,000	\$9,986
	3 Bed	103	125	\$1,100,000	\$1,250,000	\$9,880	\$10,679	\$10,421
Comparative Analysis	Inferior elevation. Comparable to superior position. Overall inferior and considering recent market movements we have adopted higher rates.							

"V By Crown" 45 Macquarie Street, Parramatta

Constructed	April 2017								
Number of Units	514								
Description	<p>Located on Macquarie Street in the heart of the Parramatta CBD within close proximity of Parramatta Park. The subject will comprise a mixed use development providing 4 residential apartment towers (Buildings 1, 2, 3 & 4) ranging from 19 to 29 storeys situated above a 3 storey retail podium. Overall configuration provides 514 residential apartments, 72 serviced apartments, 2,952m² of commercial office space, 1,240m² of commercial retail space, a 448m² Archaeological Interpretation Centre, 665m² conference centre and 6 level basement car park.</p> <p>Designed by Allen Jack+Cottier, the apartments are finished to a high level including stone tiled floors, stone and stainless steel kitchens with European appliances and high quality cabinetry. Bedrooms will include built-in robes and built in cabinetry, ducted air conditioning and video intercom. Common facilities include a 25 metre lap pool, sauna, gymnasium, theatre, library, wine room and conference facilities.</p>								
Unit	Level	Type	Int Area (m²)	Ext Area (m²)	Car Spaces	Contract Price	Resale Date	Resale Price	\$/m²
2.18	2	1 Bed	52.6	8.2	1		28/1/22	\$565,000	\$10,741
3.13	3	1 Bed	58	4	0	\$480,500	19/3/21	\$565,000	\$9,741
4.13	4	1 Bed	58	6	1	\$489,000	15/4/21	\$607,000	\$10,465
4.14	4	1 Bed	58	6	1	\$504,000	19/5/21	\$600,000	\$10,344
5.10	5	2 Bed	82	8	1	\$580,000	11/4/22	\$750,000	\$9,146
6.01	6	1 Bed + Study	58	22	1	\$467,950-	25/7/21	\$580,000	\$10,000
8.10	8	2 Bed	82	6	1	\$595,000	22/9/21	\$740,000	\$9,024
9.14	9	1 Bed	50	3	1	\$567,000	30/1/21	\$580,000	\$11,600
9.26	9	Studio	40	4	0	\$350,000	12/5/22	\$370,000	\$9,250
12.10	12	2 Bed	83	8	1	\$584,250	3/4/22	\$775,000	\$9,337
14.06	14	2 Bed	90	8	1	\$710,000	20/7/21	\$890,880	\$9,898
15.09	15	2 Bed	84	0	1	\$564,000	17/12/21	\$730,000	\$8,690
15.10	15	2 Bed	82	6	1	\$617,000	24/6/21	\$740,000	\$9,024
15.11	15	2 Bed	80	6	1	\$637,000	21/4/22	\$720,000	\$9,000
19.13	19	1 Bed + Study	58	5	1		1/11/21	\$622,000	\$10,724
20.17	20	2 Bed	90	4	1	\$640,000	17/5/21	\$680,000	\$7,555
21.06	21	3 Bed	102	11	2	\$800,000	13/4/21	\$985,000	\$9,656
22.06	22	3 Bed	110	12	1	\$800,000	6/3/21	\$960,000	\$8,727
24.09	24	2 Bed	82	6	1	\$675,000	18/6/21	\$730,000	\$8,902
Comparative Analysis	Good quality apartments with modern inclusions and similar elevation in a superior location. Slightly higher average rate appropriate for subject apartments given new condition.								

"River Vistas" – 1A Morton Street, Parramatta

Constructed	2016							
Number of Units	355							
Description	<p>Positioned on the northern banks of the Parramatta River along the western alignment of Morton Street, 2 kilometres north-east of the Parramatta CBD. The site was historically a council depot.</p> <p>The development comprises six residential apartment buildings (Blocks A-F) that range between 4-11 stories, containing 355 apartments with two levels of basement car parking accommodating 471 vehicles. The units are configured as a mix of 1 bedroom, 1 bedroom + studio, 2 bedroom, 2 bedroom + studio, 3 bedroom, and 3 bedroom + studio units.</p> <p>Blocks A, B & C will be positioned along the northern portion of the site and with Blocks D, E & F positioned across the southern section of the development overlooking Parramatta River.</p>							
Re-Sale Comment	The average rate of the resales analyses equates to \$8,167/m ² .							
Resales	Level	Type	Int Area (m²)	Ext Area (m²)	Car Spaces	Resale Date	Resale Price	\$/m²
15.05	5	2 Bed	79	11	1	9/2/22	\$625,000	\$7,911
21.11	2	2 Bed + S	85	18	1	12/4/22	\$667,500	\$7,852
69.13	6	2 Bed	81	8	1	31/1/22	\$670,000	\$8,271
61.107	6	3 Bed	120	122	2	1/7/22	\$950,000	\$7,916
Comparative Analysis	Inferior location on the northern side of Parramatta River. Lower building heights between 4-11 stories and older stock. The inferior location and lower elevation indicate that higher rates are appropriate for the subject apartments.							

"Altitude" – 330 Church Street, Parramatta

Constructed	2017							
Number of Units	644							
Description	<p>Positioned towards the northern end of the Parramatta CBD, south of Phillip Street. The development comprises 2 towers above a 4 level podium. The lower level contains 8 x retail tenancies, residential lobby and Levels 1-3 comprising car parking. The East Tower is 27 storeys above the podium and contains 266 serviced apartments configured as 3 x studio, 170 x 1, 66 x 2 bedroom and 27 x 3 bedroom apartments. The west tower is 50 stories and comprises 378 serviced apartments configured as 66 x 1 bedroom, 292 x 2 bedroom and 20 x 3 bedroom apartments with basement parking accommodating 709 vehicles.</p> <p>Internal unit finishes are average standard with stone kitchens with stainless steel appliances, tiled and carpeted flooring, built in robes, ducted air conditioning and secure building entry.</p>							
Resales	Level	Type	Int Area (m²)	Ext Area (m²)	Car Spaces	Sale Date	Sale Price	\$/m²
402	4	2 Bed	78	8	1	7/6/21	\$790,000	\$10,128
705	7	2 Bed	70	8	1	9/4/21	\$712,888	\$10,184
1504	15	1 Bed	51	5	0	5/2/21	\$515,000	\$10,098
1506	15	2 Bed	78	8	1	1/3/21	\$705,000	\$9,038
1704	17	1 Bed	50	6	1	10/5/22	\$525,000	\$10,500
1906	19	2 Bed	80	6	1	6/4/22	\$725,000	\$9,062
2206	22	2 Bed	79	10	1	14/5/22	\$765,000	\$9,683
2805	28	3 Bed	100	25	2	10/3/22	\$1,000,000	\$10,000
3002	30	2 Bed	78	12	1	16/2/22	\$875,000	\$11,217
3101	31	2 Bed	83	8	1	15/4/22	\$805,000	\$9,698
3501	35	2 Bed	82	13	1	23/4/22	\$786,000	\$9,585
5401	54	3 Bed	1146	44	2	8/5/22	\$2,000,000	\$13,698
Comparative Analysis	Second hand apartment stock within a high-rise project with modern inclusions and a similar elevation. Despite the sales being negotiated in a stronger market, the older nature of the apartments reflects that slightly higher rates will be achieved by the proposed apartments.							

The assessed apartment values under a Market Value based scenario are as follows:

Type	No	Min Area	Max Area	Avg Area	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
Studio	21	40	40	40	\$396,000	\$491,000	\$445,524	\$9,900	\$12,275	\$11,138	\$9,356,000
1 Bed	40	50	53	52.1	\$477,000	\$637,000	\$568,425	\$9,540	\$12,018	\$10,905	\$22,737,000
2 Bed	133	72	85	78.6	\$644,000	\$950,000	\$807,263	\$8,944	\$11,620	\$10,278	\$107,366,000
3 Bed	47	94	149	112.7	\$882,000	\$1,672,000	\$1,220,213	\$9,383	\$11,611	\$10,786	\$57,350,000
4 Bed	6	140	206	151	\$1,401,000	\$2,347,000	\$1,563,667	\$10,007	\$11,393	\$10,274	\$9,382,000
5 Bed	1	153	153	153	\$1,715,000	\$1,715,000	\$1,715,000	\$11,209	\$11,209	\$11,209	\$1,715,000
	248										\$207,906,000

The assessed apartment values based on a market constraint are as follows:

Type	No	Min Area	Max Area	Avg Area	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
Studio	21	40	40	40	\$356,000	\$442,000	\$401,000	\$8,900	\$11,050	\$10,025	\$8,421,000
1 Bed	40	50	53	52.1	\$437,000	\$577,000	\$513,244	\$8,580	\$10,887	\$9,843	\$20,466,000
2 Bed	133	72	85	78.6	\$580,000	\$855,000	\$726,578	\$8,055	\$10,456	\$9,250	\$96,635,000
3 Bed	47	94	149	112.7	\$794,000	\$1,505,000	\$1,098,303	\$8,447	\$10,451	\$9,709	\$51,624,000
4 Bed	6	140	206	151	\$1,261,000	\$2,112,000	\$1,407,333	\$9,007	\$10,252	\$9,247	\$8,444,000
5 Bed	1	153	153	153	\$1,544,000	\$1,544,000	\$1,544,000	\$10,092	\$10,092	\$10,092	\$1,544,000
Total	248										\$187,134,000

Our assessment of In One Line Value is detailed below:

Market Value

Input	Amount / Comments.						
Gross Realisation	\$207,906,000 including GST.						
Rate of Sale	We have adopted a sale rate of 5 apartments per month for a period of 49 months.						
Selling Costs	3.0% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$2,500 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$2,800,680 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Parramatta location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 12.49%, being to the midpoint in the range assuming the new quality of apartments and the Parramatta location.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$207,906,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$18,900,545</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$189,005,455</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$207,906,000</u>	Less GST	<u>\$18,900,545</u>	Gross Realisation Excluding GST	<u>\$189,005,455</u>
Residential Realisation Including GST	<u>\$207,906,000</u>						
Less GST	<u>\$18,900,545</u>						
Gross Realisation Excluding GST	<u>\$189,005,455</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$146,800,000 including GST and \$133,450,000 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 11.02% (including interest), and a net development profit of approximately \$23,081,627 all of which appear to be reasonable for a development of this nature.

In One Line Assessment – Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale

Input	Amount / Comments.						
Gross Realisation	\$187,134,000 including GST.						
Rate of Sale	We have adopted a sale rate of 6 apartments per month for a period of 41 months.						
Selling Costs	3.0% of Gross Realisation based on existing average sales commission rate.						
Marketing Costs	\$5,000 per apartment.						
Legal Costs	\$1,000 per apartment.						
Site Acquisition Costs	6.9% of purchase price including legal fees.						
Construction/Development Cost	N/A – Development completed.						
Interest Rate	5.00% per annum (on the basis of 100% debt funding and including line fees).						
Construction Period	N/A – Development completed.						
Holding Costs	Approximately \$2,800,860 per annum (including Council Rates, Water Rates, Land Tax, Strata Levies).						
Developers Margin	<p>Profit and Risk expectations for a project of this nature would normally vary from 10% to 15%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors:</p> <ul style="list-style-type: none"> ➤ The sale rate considered achievable for the apartments moving forward. ➤ Current market conditions. ➤ The adopted pricing of the apartments. ➤ The quality of the apartments compared to the market. ➤ Buyer pool in this capital value bracket. ➤ New and modern apartment building. ➤ The size and related capital value of the development. ➤ Analysis of comparable developments. ➤ The Parramatta location and current market conditions. <p>Having regard to the above, we have adopted a Profit and Risk Factor of 14.51%, being to the higher point in the range given the volume of apartments and shorter marketing period adopted.</p>						
GST Liability	<p>We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows:</p> <table> <tr> <td>Residential Realisation Including GST</td><td><u>\$187,134,000</u></td></tr> <tr> <td>Less GST</td><td><u>\$17,012,182</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td><u>\$170,121,818</u></td></tr> </table> <p><u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u></p>	Residential Realisation Including GST	<u>\$187,134,000</u>	Less GST	<u>\$17,012,182</u>	Gross Realisation Excluding GST	<u>\$170,121,818</u>
Residential Realisation Including GST	<u>\$187,134,000</u>						
Less GST	<u>\$17,012,182</u>						
Gross Realisation Excluding GST	<u>\$170,121,818</u>						

Feasibility Conclusions

Our calculations result in an “In One Line” value of \$131,350,000 including GST and \$119,400,000 excluding GST (rounded). Our feasibility analysis reflects an Internal Rate of Return of 13.48% (including interest), and a net development profit of approximately \$23,706,476 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 30 June 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection whether the 'cladding' was constructed using compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). This valuation report has been prepared: <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the property development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the building components and satisfy itself as to the potential risks and costs which could be incurred should the existing building components have to be remedied, replaced or adapted.</p>
In One Line Value	<ul style="list-style-type: none"> The assessed "In One Line Value" via Residual Cash Flow analysis reflects a number of factors, including the interest (borrowing) rate, assessed value of the units, sale rate for apartment stock, and acceptable performance margins. The assessed value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> That any reliant party has taken all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement. We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibility and to our 'as if complete' values on a GST exclusive basis.
CGT	<ul style="list-style-type: none"> That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.
Gross Realisation	<ul style="list-style-type: none"> The Gross Realisation assessment reflects an orderly sale of the apartments over time and is not reflective of an "In One Line Value" which has been separately assessed and illustrates a discount to the Gross Realisation assessed.
EPBC Act	<ul style="list-style-type: none"> That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Occupation Certificate	<ul style="list-style-type: none"> A Final Occupation Certificate (No.9695-02-2020-FOC) was certified on 3 July 2020 by AE&D Pty Ltd for a (DA0180/14) mixed use development containing 3 buildings, 147 units, retail space, basement parking and landscaping work and modification MOD0006/19. We assume there are not outstanding works/defects that will affect the marketing of the apartments.
Body Corporate	<ul style="list-style-type: none"> We have not undertaken a search of the body corporate records and we assume that there is no current payment liability on the body corporate in relation to capital expenditure programs. We also assume that there are no indications from the minutes of meetings held that there are any areas of structural (or other) concern that may give rise to a special levy to be borne by the owners. We recommend any reliant party verify the position of the Body Corporate and any areas of concern prior to advancing funds.
Inspection	<ul style="list-style-type: none"> We note that we were not provided access to all individual units, however we did inspect each unit type. For the purpose of this valuation, we have assumed that these unseen units are of an identical nature in terms of finishes to the inspected apartments.
Contamination	<ul style="list-style-type: none"> We assume that the subject property is free from elevated levels of contaminants.

Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed a standard marketing period for the subject apartments in a sell down scenario is likely to be 50 months or 5 apartments per month. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 42 months or 6 apartments per month and assumes a more conservative value/price to attract buyers within a shorter sale period as well as additional funds allocated to marketing.
General	<ul style="list-style-type: none"> ■ The sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ We recommend that the reliant party undertake a search of the titles as Savills has only searched a sample lot to ensure there are no notations on title that may impact value. ■ That all apartments have unencumbered title and that any outstanding development contributions have been paid with nothing inhibiting the potential realisable sale of each unit individually or in aggregate. ■ Following the invasion of Ukraine by the Russian military in late February 2022, there was an immediate impact on the global economy due, in part, to sanctions imposed on Russia, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. Since the date of the invasion, there has already been an impact on the Australian economy, including rising inflation and increased interest rates, and we anticipate this will in turn affect the property markets. <p>Whilst the residential property markets continue to perform well, our valuation has been prepared against the backdrop of a very challenging economic outlook. There are concerns as to how the Australian economy will perform going forward given the current inflationary pressure, the cost of living crisis and rising interest rates that are impacting on the cost of debt. Although there is good liquidity in the market, with a significant amount of capital seeking opportunities, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance, may impact pricing in some areas of the market such that prices fall from their current levels.</p> <p>We stress the importance of the valuation date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty'.</p>

Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.



1 August 2022

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Re: Valuation Summary Letter

Property: Stage 4 - "Woollooware Town Centre", 461 Captain Cook Drive, Woollooware NSW, Australia

We refer to instructions issued by Aoyuan Property Group (International) Pty Ltd dated 6 July 2022 to provide a summary report of the valuation providing the Market Value including the Value of Works to Date of Stage 4 - "Woollooware Town Centre", 461 Captain Cook Drive, Woollooware NSW, Australia. We have prepared a full and comprehensive Valuation Report for the property in accordance with our instructions from Aoyuan Property Group (International) Pty Ltd for internal reporting purposes dated 30 June 2022.

This valuation summary letter ("summary letter") has been prepared for part of a submission to The Stock Exchange of Hong Kong Limited (in accordance with Chapter 5 of the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited) to be issued by China Aoyuan Group Limited as responsible entity for the sale of the property assessed.

Our full valuation report valuation report has been prepared in accordance with the Australian Property Institute's Current Valuation Standard and Guidance Notes, RICS Valuation - Global Standards 2020 together with the Australian National Supplement effective August 2019 and International Valuation Standards (IVS).

This summary letter should be read in conjunction with the Valuation Report (prepared as at 30 June 2022) as we note this summary letter does not include all essential information and the assumptions which are detailed in our Valuation Report. The Valuation Report provides a detailed description of the property; its current configuration, location, assumptions impacting value and local market characteristics.

An extract from the valuation report comprising the Critical Assumptions is annexed to this summary letter.

We have assessed the valuation based on the Freehold Title of the property.

Market Value as defined by the International Valuation Standards Council (IVSC) and as adopted by the Australian Property Institute (API) is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion."

In addition, we have been requested to assess an Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale.

We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

Savills Valuations Pty Ltd ("Savills") charges a professional fee for producing valuation reports, and a fee has been paid for the Valuation Report and this Summary Letter.

Material Assumptions

- The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.

Valuation Summary

Interest Valued	100% Freehold
Title Details	Stratum Lots 313 and 315 within Deposited Plan 1232026 and Lot 3120 in Deposited Plan 1265238
Registered Owner	Lot 3120 - Prime Woollooware 4 Pty Ltd Lot 313 - Sharks Retail Pty Limited & Cronulla -Sutherland Leagues Club Limited Lot 315 - Prime Woollooware 4 Pty Ltd
Recent Sale Details	According to RP Data records part of the site (Lot 2 DP 1180482) was purchased for \$41,500,000 in 2017. Lot 1 in Deposited Plan 1180482 and Lot 314 in Stratum Plan 1232026 was purchased in 2014 for \$5,000,000. These two sales are related sales. We have been informed Aoyuan International have entered into an equity agreement for the redevelopment of Stage 4 with the total consideration being \$50,100,000.
Zoning	'B2 Local Centre' under the Sutherland Council Local Environmental Plan 2015.
Encumbrances	There are numerous notations on Title and should further information be required, the full valuation report should be viewed.
Location	The subject property is located within Woollooware and is within the Local Government Area administered by the Sutherland Council approximately 29 kilometres by road south of the Sydney CBD. More particularly the subject property is located to the northern side of Captain Cook Drive and comprises part of what used to be the Cronulla Sharks Leagues Club. Surrounding development comprises Woollooware Bay to the north, Woollooware Golf Club to the south, a Caltex service station to the east and Shark Park, a playing field to the west. The Caringbah local retail strip is located 1.7 kilometres to the south west and Miranda Westfield, a regional sized shopping centre is located 3.5 kilometres to the west of the site. Woollooware train station is located approximately 900 metres to the south east west, and government buses service the property frontage providing a link to the train station.
Site Area	2.783 hectares approximately
Property Description "As Is"	The subject property comprises a development site with construction works commenced. As at the date of assessment according to Progress payment No. 13 prepared by Coutts Consulting dated 17 July 2022 and a reconciliation spreadsheet provided by Auyuan estimating costs to 30 June 2022, works are approximately 43.8% complete.
Property Description "As If Complete"	DA18/1448 approved 25 August 2012 for construction of Stage 1 of Woollooware Bay Town Centre comprising of: Partial demolition of existing Leagues Club and other structures; Construction of a new retail centre; Fitout of Levels 3 and 4 for the Leagues Club; Public Domain works; Infrastructure works; Construction and use of hotel accommodation; Construction of 4 residential apartment buildings containing 255 dwellings; Construction and use of office tenancies; Construction of a child care centre and above ground carpark; 4 lot strata subdivision and Staged Construction and Occupation Certificates.

Property Description “As If Complete” (contd)	<p>The final design subject to the original approval comprises 24,892m² of residential GFA (255 apartments), 29,019m² of retail/club/office/childcare GFA, (anchor tenants including Woolworths, Aldi, Dan Murphy’s and 4 large format tenancies to the retail plus 12 commercial suites), 5,132m² of hotel GFA (71 keys) and a 1,764m² club deck area. The development will comprise 5 buildings and will provide 1,127 carspaces allocated across the development.</p> <p>A Voluntary Planning Agreement (VPA) has been negotiated with Sutherland Council which stipulates additional contributions for new bicycle links, allocation of 5% of the Residential GFA to Affordable Housing and offered to market at 20% below market rental rates, allocation of 12 units to First Home Buyers.</p> <p>There are 222 apartment pre-sales in the development totalling \$236,173,864 and all of the 13 commercial lots have also been pre-sold.</p>		
Encumbrances	There are numerous notations on Title and should further information be required; the full valuation report should be viewed.		
Environmental Comment	<p>The subject property is not contained within the EPA’s “List of Issued Certificates and Statements of Environmental Audit” based on our recent online search. We also note that the subject property and surrounding immediate development as at the date of valuation, is not subject to an “Environmental Audit Overlay” under the Sutherland Planning Scheme.</p> <p>The present and past use of the subject property for landfill uses is classified as a “potentially contaminating activity, industry or land use” as defined under the API’s Australia Real Property Guidance Note 1 – Land Contamination Issues (Appendix 2) and is considered a high risk use in regard to potential for site contamination</p> <p>We have been informed the site was found to contain high levels of asbestos, methane gas, and contaminated fill in the soil prior to construction commencement, as the site was formerly used as a landfill by Sutherland Council. The site is its original state was found to be unsuitable for the proposed redevelopment.</p> <p>The method to remediate the site was the Cap and Contain method whereby a high visibility non-woven geotextile layer was placed over the surface to cover all contaminated material and extending 3 metres beyond the property perimeter. Above this an impervious additional layer was installed.</p> <p>Given these works a Long-term Environmental Plan will be required to be prepared and continually monitored.</p> <p>We have assumed, as instructed that the costs provided have allowed for the appropriate remediation of the site.</p>		
Valuation Approach	Direct Comparison and Hypothetical Feasibility		
Date of Inspection	12 July 2022		
Date of Valuation	30 June 2022		
“As Is” Market Value Excl. GST including Value of Works To Date	\$158,450,000		
Estimated Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale Excl. GST including Value of Works to Date	\$148,500,000		
Prepared By	Sandra Peachey FAPI	Chris Paul AAPI	James Cassidy AAPI
	Certified Practising Valuer	Certified Practising Valuer	Certified Practising Valuer
	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd

Valuation Methodology

We have assessed the valuation on the basis of Freehold Title.

The valuation is determined on the basis that the property, the Title thereto and its use is not affected by any matter other than that mentioned in the full valuation report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

Given the nature of the subject property, we have relied upon the Direct Comparison Approach to assess the value of the individual apartments and commercial suites and the Capitalisation and Discounted Cash Flow methods to ascertain the value of the retail and hotel components As if Complete.

The Direct Comparison Approach and Hypothetical Development Approach have been utilised to assess the current Market Value of the site including the Value of Works to Date.

The Hypothetical Development Approach utilises our assessment of the estimated 'total gross realisation' value from which we have deducted selling costs and other costs including holding costs, finance costs and interest, and our adopted development (profit and risk) margin, to arrive at an estimate of the Residual Land Value including the Value of Works to Date.

To ascertain the value of the individual apartments we have relied upon the below comparable sales:

Sales in the Subject Development:

Type	No	Min Area (m ²)	Max Area (m ²)	Avg Area (m ²)	Min Price	Max Price	Avg Price	Min Rate (\$/m ²)	Max Rate (\$/m ²)	Avg Rate (\$/m ²)	Total Realisation
1 Bed	34	53	60.9	57.2	\$565,580	\$720,300	\$673,512	\$10,413	\$13,313	\$11,790	\$22,899,414
1 Bed + M	15	53	60	55.5	\$635,000	\$725,000	\$675,329	\$10,677	\$13,220	\$12,182	\$10,128,590
1 Bed + U	39	53	67	58	\$623,040	\$735,000	\$683,923	\$9,873	\$13,473	\$11,854	\$26,672,990
2 Bed	34	77	110	90	\$799,999	\$1,135,000	\$905,497	\$8,247	\$12,682	\$10,684	\$30,786,899
2 Bed + M	11	78	90.5	84.6	\$907,200	\$1,134,000	\$948,472	\$10,064	\$12,530	\$11,191	\$10,433,200
2 Bed + U	42	81	102	89.7	\$874,000	\$1,220,000	\$977,829	\$9,175	\$13,480	\$10,914	\$41,068,850
3 Bed	6	119	211.5	138.4	\$1,570,000	\$2,774,500	\$1,920,500	\$11,056	\$15,390	\$14,062	\$11,523,000
3 Bed + M	8	110	116.2	113.2	\$1,610,000	\$1,850,000	\$1,745,714	\$14,636	\$15,920	\$15,409	\$12,220,000
3 Bed + U	26	91.6	173	124.6	\$1,635,000	\$3,059,799	\$1,927,035	\$13,159	\$24,419	\$15,570	\$50,102,922
3 Bed P/H	6	125.6	238	159.2	\$2,254,000	\$3,619,999	\$2,647,333	\$15,210	\$19,904	\$16,875	\$15,883,999
4 Bed + U	2	188	188	188	\$2,200,000	\$2,254,000	\$2,227,000	\$11,702	\$1,989	\$11,845	\$4,454,000
Total	222									\$12,545	\$236,173,864

Comparable Sales outside of Development:

Stage 3, "Woollooware Bay" – Subject Development						
Number of Apartments	238					
Description	<p>Comprises 4 separate building envelopes accommodating 238 apartments, rooftop Infinity pool, community rooms, BBQ and outdoor fitness station. The apartments are configured as 92 x 1 bedroom, 118 x 2 bedroom and 28 x 3 bedroom. Completed in 2020.</p> <p>Apartments feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, carpet and tile floor coverings and ducted a/c.</p>					
Recent Sales	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	204	2 Bed, 2 Bath	30/6/22	\$1,055,000	85	\$12,411
	235	3 Bed, 2 Bath	29/3/22	\$1,600,000	120	\$13,333
	303	2 Bed, 2 Bath	28/8/21	\$940,500	84	\$11,196
	308	1 Bed, 1 Bath	4/3/22	\$727,500	50	\$14,550
	410	2 Bed, 2 Bath	20/10/21	\$1,000,000	81	\$12,345
	507	2 Bed, 2 Bath	25/5/22	\$1,050,000	82	\$12,804
	806	2 Bed, 2 Bath	22/12/21	\$1,050,000	82	\$12,804
	714	3 Bed, 2 Bath	9/9/21	\$3,400,000	152	\$22,368
Comparative Analysis	Earlier stage of the subject development offering similar quality apartments. Higher levels have been achieved in Stage 4 which allows for market movement, and which can be justified.					

Stage 1-2, "Woollooware Bay" – Subject Development						
Number of Apartments	221					
Description	<p>A Joint Venture development of the Sharks Leagues Club site comprising 6 buildings ranging in height from 8 to 18 stories. Includes 2 swimming pools, conference and meeting areas and BBQ areas.</p> <p>Completed in 2018.</p> <p>Apartments feature built in robes to bedrooms, stainless steel appliances and stone benchtops to kitchen, semi-frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, carpet and tile floor coverings and ducted a/c.</p>					
Recent Sales	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	701	1 Bed, 1 Bath	5/5/22	\$715,000	50	\$14,300
	204	2 Bed, 2 Bath	24/1/22	\$940,000	82	\$11,463
	902	3 Bed, 2 Bath	7/4/22	\$1,775,000	108	\$16,435
	403	1 Bed, 1 Bath	27/9/21	\$685,000	53	\$12,924
	402	2 Bed, 2 Bath	16/8/21	\$845,000	85	\$9,941
	309	2 Bed, 2 Bath	21/8/21	\$1,015,000	88	\$11,534
	103	2 Bed, 2 Bath	15/12/21	\$910,000	80	\$11,375
	204	2 Bed, 2 Bath	24/1/22	\$940,000	82	\$11,463
	1005	2 Bed, 2 Bath	1/12/21	\$1,000,000	82	\$12,195
	1105	2 Bed, 2 Bath	17/2/22	\$1,000,000	84	\$11,904
Comparative Analysis	An earlier stage of the subject development. Apartments now almost 4 years old which suggests higher values for the subject apartments.					

"Acqua" 5-7 Burke Road, Cronulla

Number of Apartments	17					
Description	<p>Completed in 2021 this development comprises a 5 storey residential building with 17 apartments configured as 2 x 1 bedroom, 14 x 2 bedroom & 1 x 3 bedroom apartments.</p> <p>Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, stainless steel appliances and quartz stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, engineered timber, carpet and tile floor coverings and ducted a/c. Penthouse features Gaggenou appliances and has ocean and city views.</p>					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	Lot 2	2 Bed, 2 Bath	28/5/21	\$1,950,000	89	\$21,910
	Lot 5	2 Bed, 2 Bath	24/4/21	\$1,450,000	89	\$16,292
	Lot 6	2 Bed, 2 Bath	12/3/21	\$1,450,000	88	\$16,477
	Lot 8	2 Bed, 2 Bath	9/4/21	\$1,450,000	87	\$16,666
	Lot 9	2 Bed, 2 Bath	11/5/21	\$1,630,000	85	\$19,176
	Lot 10	2 Bed, 2 Bath	6/5/21	\$1,650,000	87	\$18,966
	Lot 11	2 Bed, 2 Bath	23/6/21	\$1,650,000	88	\$18,750
	Lot 12	2 Bed, 2 Bath	30/9/21	\$1,650,000	87	\$18,966
	Lot 13	2 Bed, 2 Bath	5/10/21	\$1,850,000	88	\$21,023
	Lot 14	2 Bed, 2 Bath	2/9/21	\$1,850,000	88	\$21,023
	Lot 15	2 Bed, 2 Bath	3/9/21	\$1,850,000	86	\$21,512
	Lot 16	2 Bed, 2 Bath	13/7/21	\$1,850,000	88	\$21,023
	Lot 17	3 Bed, 3 Bath	18/6/21	\$3,500,000	139	\$25,179
Comparative Analysis	A smaller sized development of superior quality to the subject. Overall suggest lower rates for the subject development.					

"Tara Maree" 6 Gerrale Street, Cronulla

Number of Apartments	17					
Description	<p>Completed in 2018 this development comprises of a 7 storey residential flat building containing 12 units configured as 1 x 1 bedroom, 6 x 2 bedroom & 5 x 3 bedroom apartments.</p> <p>Apartment's feature built in robes to bedrooms, stainless steel Miele appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling plus freestanding bath, internal laundry with dryer, carpet and tile floor coverings and ducted a/c. Ocean views from all apartments</p>					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	201	2 Bed, 2 Bath	18/2/21	\$1,500,000	81	\$18,518
Comparative Analysis	A smaller sized development of superior quality to the subject in a superior location. Overall suggest lower rates for the subject development.					

"Wavelength" 49-57 Gerrale Street, Cronulla

Completion Date	April 2018							
Number of Apartments	67							
Description	<p>Construction of a mixed use development containing 6 ground floor commercial units & 67 residential units with 4 rooftop swimming pools & a podium level pool. The apartments are configured as 14 x 1 bedroom, 28 x 2 bedroom & 25 x 3 bedroom units.</p> <p>Apartments feature floor to ceiling glass in living areas, built in robes to bedrooms, European stainless steel appliances and quartz stone benchtops to kitchen, freestanding bath, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, engineered timber, carpet and tile floor coverings and ducted a/c. The apartments have extensive ocean views.</p>							
Overall Summary	Unit Type	QTY	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	14	52	60	\$882,000	\$1,000,000	\$16,667	\$16,962
	2 Bed	28	96	104	\$1,720,000	\$2,300,000	\$17,719	\$22,005
	3 Bed	22	154	156	\$3,800,000	\$4,300,000	\$24,675	\$30,759
	Penthouse	3	197	219	\$6,000,000	\$6,200,000	\$28,311	\$30,457
Comparative Analysis	Considered to be a superior quality development in a superior near beach position. Overall, lower rates are considered appropriate for the subject apartments.							

"Ivori" 10 Clyde Avenue, Cronulla

Number of Apartments	32					
Description	<p>Completed in 2021 this development comprises of a 5 storey residential building with 32 apartments configured as 10 x 1 bedroom, 11 x 2 bedroom & 11 x 3 bedroom apartments.</p> <p>Apartment's feature built in and walk-in robes to bedrooms, stainless steel Miele appliances and stone benchtops to kitchen, frameless glass screens to bathroom showers and full wall height tiling, internal laundry with dryer, parquetry timber, carpet and tile floor coverings and ducted a/c. Ocean views from all apartments.</p>					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	Lot 1	3 Bed, 2 Bath	6/5/21	\$2,200,000	135	\$16,296
	Lot 2	2 Bed, 2 Bath	1/3/21	\$1,735,000	107	\$16,215
	Lot 5	3 Bed, 2 Bath	23/4/21	\$2,110,000	135	\$15,630
	Lot 6	2 Bed, 2 Bath	6/7/21	\$1,700,000	105	\$16,190
	Lot 11	2 Bed, 2 Bath	10/5/21	\$1,620,000	90	\$18,000
	Lot 12	3 Bed, 2 Bath	16/7/21	\$2,050,000	125	\$16,400
	Lot 14	2 Bed, 2 Bath	21/9/21	\$1,642,000	90	\$18,244
	Lot 15	3 Bed, 2 Bath	4/3/21	\$2,150,000	126	\$17,063
	Lot 17	2 Bed, 2 Bath	22/10/21	\$1,695,000	90	\$18,833
	Lot 18	3 Bed, 2 Bath	22/6/21	\$2,150,000	125	\$17,200
	Lot 19	2 Bed, 2 Bath	29/3/21	\$1,700,000	94	\$18,085
	Lot 20	2 Bed, 2 Bath	9/7/21	\$1,680,000	90	\$18,667
	Lot 24	3 Bed, 2 Bath	15/7/21	\$2,200,000	125	\$17,600
	Lot 25	2 Bed, 2 Bath	17/3/21	\$1,725,000	94	\$18,351
	Lot 28	3 Bed, 2 Bath	19/11/21	\$2,800,000	152	\$18,421
	Lot 29	3 Bed, 2 Bath	20/9/21	\$2,950,000	149	\$19,799
Comparative Analysis	A smaller sized development of superior quality to the subject in a superior location. Overall suggests lower rates for the subject development.					

"Soul" 131-133 Gerrale Street, Cronulla						
Number of Apartments	13					
Description	<p>A 5 level building in close proximity the beach accommodating 13 apartments. The apartments are configured as 4 x 2 bedroom and 9 x 3 bedroom.</p> <p>The apartments feature Gaggenou appliances, floor to ceiling glass windows, stone benchtops to kitchens with marble splashbacks, custom cabinetry, heated towel rails, CBUS home automation, and rooftop terrace with BBQ.</p>					
Sales 2021	Unit No	Unit Type	Sale Date	Sale Price	Internal Area (m²)	Rate Internal (\$/m²)
	103	3 Bed, 2 Bath	13/1/22	\$2,920,000	96	\$30,416
Comparative Analysis	A smaller sized development of superior quality to the subject in a superior location. Overall suggests lower rates for the subject development.					

"Victoria and George" - 6-16 Victoria Street, Kogarah, NSW							
Launch Date	March 2020						
Number of Apartments	83						
Description	<p>A new 12 storey residential apartment building and the adaptive reuse of 2 heritage listed terraces. The apartment tower will accommodate 83 apartments configured as 21 x 1 bedroom, 50 x 2 bedroom and 12 x 3 bedroom.</p> <p>Apartments feature modern stone kitchens with European appliances, timber-effect flooring, a/c to living areas, tiled bathrooms with frameless glass screens, common rooftop terrace with CBD and Botany Bay views.</p>						
Overall Summary	Unit Type	Internal Min (m²)	Internal Max (m²)	Min Price (\$)	Max Price (\$)	Min Rate Internal (\$/m²)	Max Rate Internal (\$/m²)
	1 Bed	50	62	\$585,000	\$632,000	\$10,985	\$11,700
	2 Bed 1 Bath	75	83	\$695,000	\$890,000	\$9,266	\$10,627
	2 Bed 2 Bath	76	89	\$729,000	\$932,000	\$9,592	\$10,471
	3 Bed	94	122	\$943,000	\$1,120,000	\$8,956	\$9,926
Comparative Analysis	A good quality development closer to the city, however inferior quality. Higher rates are considered appropriate for the subject apartments.						

The assessed apartments values in the subject development are as follows:

Type	No	Min Area	Max Area	Avg Area	Min Price	Max Price	Avg Price	Min Rate	Max Rate	Avg Rate	Total Realisation
1 Bed	33	53	60.9	57.3	\$625,000	\$720,300	\$676,782	\$10,413	\$13,313	\$11,830	\$22,333,834
1 Bed Affordable	8	51	54	51.75	\$565,580	\$565,580	\$565,580	\$10,185	\$10,588	\$10,523	\$4,355,580
1 Bed + M	15	53	60	55.5	\$635,000	\$725,000	\$675,329	\$10,677	\$13,220	\$12,182	\$10,128,590
1 Bed + U	42	53	67	58.4	\$623,040	\$735,000	\$683,923	\$9,873	\$13,473	\$11,821	\$28,862,990
2 Bed	37	77	110	84.9	\$799,999	\$1,135,000	\$905,497	\$8,247	\$12,681	\$10,684	\$33,726,899
2 Bed Affordable	6	77	88	81	\$750,000	\$760,000	\$753,333	\$8,636	\$9,870	\$9,335	\$4,520,000
2 Bed + M	14	78	90.5	84.6	\$907,200	\$1,134,000	\$948,472	\$10,064	\$12,530	\$11,191	\$13,403,200
2 Bed + U	43	81	102	89.7	\$874,000	\$1,220,000	\$977,829	\$9,175	\$13,480	\$10,914	\$41,068,850
2 Bed + U Affordable	2	77	88	83	\$760,000	\$780,000	\$770,000	\$8,864	\$9,870	\$9,367	\$1,540,000
3 Bed	6	119	211.5	138.4	\$1,570,000	\$2,774,500	\$1,920,500	\$11,056	\$15,390	\$14,062	\$11,523,000
3 Bed + M	13	105	116.2	111	\$1,610,000	\$1,850,000	\$1,666,923	\$13,333	\$15,938	\$15,037	\$21,670,000
3 Bed + U	28	91.6	173	126	\$1,635,000	\$3,059,799	\$1,941,175	\$13,159	\$24,419	\$15,532	\$54,352,921
3 Bed P/H	6	125.6	238	159.2	\$2,254,000	\$3,619,999	\$2,647,333	\$15,210	\$19,904	\$16,875	\$15,883,999
4 Bed + U	2	188	188	188	\$2,200,000	\$2,254,000	\$2,227,000	\$11,702	\$1,989	\$11,845	\$4,454,000
Total	255										\$267,823,864

Income for the retail component of the proposed development has been assessed as follows:

		GLAR	MARKET RENT	
Shop	Tenant Name	Existing m²	Gross Market Rent \$ pa	\$/m²
G01	Dan Murphy's	1,400.0	600,000	429
G02	Aldi Supermarket	1,538.0	602,896	392
G03	UFC Gym	1,043.0	438,900	421
1.01	Woolworths Supermarket	4,000.0	2,575,000	644
1.08	Shanes Meats	141.0	191,340	1,357
1.46	LT Learning Child Care	1,080.0	569,100	527
1.32	TWD Spa	70.0	92,784	1,325
1.33	TWD Spa	98.0	130,165	1,328
1.34	Lee M&A	90.0	119,782	1,331
1.3	Terry White Pharmacy	300.0	382,507	1,275
1.31	Medical centre	980.0	710,523	725
1.45	Lone Star	348.0	275,016	790
1.38	Wonder Sushi	107.0	141,002	1,318
1.24	Ocean Nails	75.0	108,752	1,450
1.25	Colour Lounge Hairdresser	84.0	120,122	1,430
1.28	Cronulla Barber	55.0	85,566	1,556
1.56	Rosetta Café	47.0	83,749	1,782
1.57	Shushi Junction	31.0	100,346	3,237
G.09 & 2.01	Snap Carwash	92.0	95,000	1,033
1.14	Cook & Baker	72.0	111,720	1,552
1.28	Independent Skin Care	85.0	123,250	1,450
1.43A	Masala Indian	266.0	334,005	1,256
MM	Balance Mini Major Space	1,629.0	814,500	500
Spec	Balance Specialty Space	3,590.0	3,410,500	950
Kiosks	Balance Kiosks	266.0	478,800	1,800
ATMs	Balance ATM's	2.0	-	-
Total		17,489.0	12,695,325	726

Comparable sales to assess the value of the retail component within the development are as follows:

Centre Name	State	GLA (m ²)	Sale Date	Sale Price	Equated Market Yield	IRR	Sale Price/m ²
Maitland Riverside Plaza	NSW	11,669m ²	Mar-22	\$46,000,000	5.46%	6.16%	\$3,942
Sapphire Marketplace	NSW	17,310m ²	Feb-22	\$54,050,000	6.56%	5.99%	\$3,122
Northgate Shopping Centre	WA	15,774m ²	Oct-21	\$71,225,000	5.92%	6.40%	\$4,515
Mount Pleasant	QLD	22,331m ²	Aug-21	\$162,500,000	6.24%	6.29%	\$6,015
Coolalinga Central	NT	20,086m ²	Jul-21	\$83,000,000	6.75%	7.47%	\$4,132
Raymond Terrace	NSW	14,837m ²	Jul-21	\$87,550,000	5.75%	6.70%	\$5,901
Casey Central Shopping Centre	VIC	31,196m ²	Jul-21	\$225,018,000	5.25%	5.75%	\$12,068
Marketown East & West	NSW	26,376m ²	Jun-21	\$150,500,000	5.52%	6.06%	\$5,706
The Square Mirrabooka	WA	42,800m ²	May-21	\$195,000,000	6.51%	6.76%	\$4,556
Mildura Central	VIC	20,692m ²	Mar-21	\$81,100,000	7.47%	7.67%	\$3,919
Stockland Bundaberg	QLD	23,276m ²	May-21	\$140,000,000	6.78%	7.16%	\$6,015
Clifford Gardens	QLD	27,729m ²	Apr-21	\$145,000,000	7.37%	7.40%	\$5,229
CS Square Shopping Centre	VIC	26,915m ²	Apr-21	\$136,501,000	6.11%	6.45%	\$4,830

Having regard to the available sales evidence and critical issues listed within our full valuation report and on the basis of the subject property's investment attributes, we have chosen to adopt a capitalisation rate of **5.50%** within our capitalisation approach to value whilst within our discounted cash flow approach to value we have chosen to apply a discount rate (i.e., 10 Year Target IRR) of **6.50%** and a terminal yield of **5.75%**, which reflects a **0.25%** premium above our adopted capitalisation rate.

Valuation Reconciliation		Value
Capitalisation Result	@ 5.50%	\$185,000,000
10 Year NPV	@ 6.50%	\$187,000,000
ADOPTED VALUE		\$185,000,000
10 Year IRR		6.62%
Passing Initial Yield		5.62%
Equated Market Yield		5.49%
\$Value/m ²		\$10,578

Comparable sales to assess the value of the hotel component within the development are as follows:

Date	Hotel	Sale Price	Rooms	Price Per Room	Passing Yield	Market Yield	Terminal Cap Rate	Discount Rate	5 Yr IRR	10 Yr IRR
Jun-22	Rydges North Sydney	\$75,000,000	169	\$443,787	5.14%	1.45%	5.25%	6.75%	6.57%	6.65%
Oct-21	Rydges Bankstown	\$28,000,000	120	\$233,333	-	1.97%	6.00%	7.50%	-	6.88%
Oct-21	1 Hosking Place, Sydney	\$26,500,000	49	\$540,816	4.55%	0.18%	5.00%	6.50%	6.84%	6.61%
Jan-21	Radisson Hotel & Suites	\$38,080,000	76	\$501,053	-	-	-	-	-	-
Feb-20	CitadelX, Pyrmont	\$28,700,000	60	\$478,333	5.02%	5.02%	5.00%	6.50%	-	6.58%
Dec-19	Quest Macquarie Park	\$46,000,000	111	\$414,414	5.52%	5.52%	5.75%	7.50%	-	7.60%
Dec-19	Adina Apartment Hotel Mascot	\$53,000,000	123	\$430,894	4.76%	4.93%	5.00%	6.50%	-	6.97%
Aug-19	Veriu Sydney Central	\$58,888,000	112	\$450,000	4.92%	5.55%	5.75%	7.50%	-	7.19%
Aug-19	Quest Mounts Bay Road Perth WA	\$22,425,000	71	\$315,845	-	6.89%	7.00%	8.50%	-	8.33%
Jun-18	Quest Springfield QLD	\$24,350,000	82	\$296,646	7.28%	7.28%	7.50%	9.00%	-	8.67%
Jul-17	Quest Penrith NSW	\$30,320,000	115	\$263,652	7.03%	6.91%	7.25%	8.75%	-	8.76%
Subject Valuation	Proposed Quest Woollooware	\$21,000,000	71	\$295,775	6.17%	5.96%	6.50%	7.50%		7.52%
	<i>Low</i>	\$22,425,000	49	\$233,333	4.55%	0.18%	5.00%	6.50%	6.57%	6.58%
	<i>Median of Sales</i>	\$30,320,000	111	\$430,894	5.08%	5.27%	5.75%	7.50%	6.71%	7.08%
	<i>High</i>	\$75,000,000	169	\$540,816	7.28%	7.28%	7.50%	9.00%	6.84%	8.76%

We have produced a value of \$21,000,000 under the capitalisation approach, \$21,750,000 under the DCF approach and a value range of \$20,590,000 to \$22,010,000 under the direct comparison approach.

Based upon the above results we have adopted an As If Complete Market value subject to the Proposed Lease of \$21,000,000 which reflects an initial yield of 6.25%, an equated market yield of 6.04%, an IRR of 7.99% and a capital rate of \$295,775/key, all of which appear reasonable having regards to the comments contained within our full valuation report.

Comparable sales to assess the value of the office component within the development are as follows:

Address	Sale Date	Sale Price	Lettable area (m ²)	Parking	Net Income (P/A)	\$psm Net Strata Area	Initial Yield
13/152 Kingsway, Caringbah							
Lot 1	1 Sep 20	\$665,000	66	4	VP	\$10,083	VP
Description: A ground floor strata suite in a new mixed use building with 4 basement carspaces. Good street exposure							
Comparison: Modern commercial suite in a similar location. Suggests similar rates for the subject commercial space.							
206/28-32 Kingsway, Caringbah							
Lot 1	1 May 20	\$765,000	75	1	\$49,536	\$10,200	4.8%
Description: A first floor office suite located in Caringbah on the corner of Kingsway and Croydon Street with modern fitment and shared amenities. Includes 1 basement carspaces.							
Comparison: Modern commercial suite in a similar location. Suggests similar rates for the subject commercial space.							
4 Railway Parade, Burwood							
Lot 21	18 Aug 20	\$2,500,000	447	8	VP	\$5,593	VP
Lot 13	15 July 20	\$1,815,000	248	3	VP	\$7,319	VP
Description: A modern 5 level office building located 300 metres from Burwood Station. Carpeted and portioned office space serviced by 2 passenger lifts. Both suites sold with basement parking.							
Comparison: Modern commercial suites in an inferior location. Suggests higher rates for the subject commercial space.							
230 Victoria Road, Gladesville							
Lot 2	15 Jan 21	\$1,639,000	242	8	VP	\$6,773	VP
Description: A modern mixed use building with ground floor retail and upper apartments. Sold strata lot forms ground floor position and marketed as for medical use. Bare shell condition with 3 basement carspaces.							
Comparison: Modern ground floor suites in a slightly inferior location. Suggests higher rates for the subject commercial space.							
118-122 Church Street, Parramatta							
Lot 9 and 10	4-Nov-19	\$4,650,000	585	4	VP	\$7,949	VP
Description: Referred to as B1 Tower, located opposite Westfield a 28-storey mixed residential and commercial building, comprising of 80 residential apartments, 5 levels of retail and commercial space and 4 levels of basement parking. Completed in May 2013. Comprises carpeted office space with basement parking serviced by 2 lifts.							
Comparison: Modern commercial suites in established commercial location. Larger area of sold suite suggests higher rates for the subject commercial space.							
Lot 42, 55 Phillip Street, Parramatta							
Lot 42	11-Mar-21	\$2,150,000	164	2	VP	\$13,110	VP
Lot 41	11-Sep-20	\$680,000	66	1	VP	\$10,303	VP
Description: Formerly the Shaw Stockbroking House and prior to that, Legal & General Court, a 7-storey office building, comprising office space on four floors, retail space on lower and upper ground levels and car parking for 27 cars on level two, accessed via a ramp from Erby Place. The lower levels were remodelled in 1986 and refurbished in late 2003. The building was upgraded and extensively refurbished in late 2006.							
Comparison: Good quality commercial space in superior commercial location. Suggests lower rates for the subject commercial space.							

Woollooware Town Centre- Stage 3							
Lot 56	10/10/19	\$370,000	35	1	VP	\$10,571	VP
Lot 57	1/10/19	\$450,000	42	1	VP	\$10,714	VP
Lot 58	5/10/19	\$1,053,000	104	2	VP	\$10,125	VP
Description: Modern office suites in Stage 3 of the subject development. Slightly dated sales.							
Comparison: Good evidence of value for the subject lots							
55 Miller Street, Pyrmont							
Lot 14	16-July-21	\$1,300,000	122	1	VP	\$10,655	VP
Lot 18	3-Nov-21	\$485,000	47	0	VP	\$10,319	VP
Lot 213	1-Feb-21	\$517,000	48	0	VP	\$10,770	VP
Lot 51	18-Dec-20	\$649,000	47	1	VP	\$13,808	VP
Description: Circa 2000's 7 level commercial building, configured with multiple suites. Close to fish markets.							
Comparison: Superior location, however slightly older accommodation. Good evidence of value for subject commercial space.							

The assessed value of the office component is as follows:

Building	Lot No	Level	NLA	Status	Sale Price	Analysis \$/m2	Exchange Date	Adopted Value	Analysis \$/m2
E	1	2	68	Exchanged	\$850,000	\$12,500	19/09/2019	\$850,000	\$12,500
E	2	2	73	Exchanged	\$825,000	\$11,301	20/12/2019	\$825,000	\$11,301
E	3	2	73	Exchanged	\$900,000	\$12,329	27/05/2021	\$900,000	\$12,329
E	4	2	37	Exchanged	\$462,500	\$12,500	26/11/2019	\$462,500	\$12,500
E	5	2	61	Exchanged	\$750,000	\$12,295	13/09/2021	\$750,000	\$12,295
E	6	3	75	Exchanged	\$850,000	\$11,333	15/12/2021	\$850,000	\$11,333
E	7	3	77	Exchanged	\$850,000	\$11,039	25/10/2021	\$850,000	\$11,039
E	8&9	3	104	Exchanged	\$1,125,000	\$10,817	29/01/2020	\$1,125,000	\$10,817
E	10, 11 & 12	3	150	Exchanged	\$1,699,998	\$11,333	3/12/2020	\$1,699,998	\$11,333
E	13	2	64	Exchanged	\$450,000	\$7,031	3/08/2021	\$450,000	\$7,031
Total			782		\$8,762,498	\$11,205		\$8,762,498	\$11,205

Out total project realisation is therefore:

Component	Assessed Realisation
Residential	\$267,823,864
Hotel	\$21,000,000
Retail	\$185,000,000
Commercial	\$8,762,498
Total Project Realisation inc GST	\$482,586,362

The comparable sales to estimate the current site value are detailed below:

Address	Sale Date	Sale Price	Site Area (m ²)	Equivalent Unit Yield	GFA	\$/Site Area (m ²)	\$/Unit	\$/GFA (m ²)	DA Approved	Comparison
56 Ashmore St & 165-475 Mitchell Rd, Erskineville	June 22	\$315,000,000	44,230	1,066	78,029	\$6,300	\$295,497	\$4,036	Yes	Superior
224-240 Pitt Street, Merrylands	Dec-21	\$75,000,000	15842	1012	87787	\$4,734	\$74,111	\$854	Yes	Inferior
12 Hassall Street, Parramatta	Oct-21	\$68,000,000	2055	365	32840	\$33,090	\$186,301	\$2,071	No	Superior
2 Halifax Street, Macquarie Park	Aug-21	\$137,000,000	18463	950	82212	\$7,420	\$144,211	\$1,666	No	Superior
247-273 and 277-281 Pennant Hills Road Carlingford	Dec-20	\$68,500,000	27973	729	64339	\$2,449	\$93,964	\$1,065	Yes	Larger hence higher rates apply
12-20 Berry St & 11-19 Holdsworth Ave, St Leonards	Jun-21	\$73,500,000	5105	165	16410	\$14,398	\$445,455	\$4,479	No	Superior
54-56 Anderson Street, Chatswood	Jun-21	\$64,000,000	2216	-	11080	\$28,881	-	\$5,776	No	Superior
28 Elizabeth Street, Liverpool	Jun-21	\$28,000,000	3600	399	36000	\$7,778	\$70,175	\$778	No	Inferior
37-41 Oxford St, Epping	Jun-21	\$55,000,000	4969	-	22361	\$11,069	-	\$2,460	No	Superior
3-5 Parramatta Street, Cronulla	Feb-20	\$11,100,000	1530	25	2287	\$7,255	\$444,000	\$4,854	Yes	Superior
67 Gerrale St, Cronulla	Feb-22	\$38,000,000	1327	20	4042	\$28,636	\$1,900,000	\$9,401	Yes	Superior

Our assessment of site value on a Direct Comparison basis is as follows:

Subject	No. of Units	Unit Rate	Value
Approved Units	476	\$145,000	\$69,020,000
Approved Units	476	\$155,000	\$73,780,000
Midpoint	476	\$150,000	\$71,400,000
Adopt			\$71,400,000
Subject	GFA (m ²)	Rate	Value
GFA	58,006m ²	\$1,150	\$66,706,900
GFA	58,006m ²	\$1,250	\$72,507,500
Midpoint	58,006m ²	\$1,200	\$69,607,200
Adopt			\$69,600,000
Approved Unit Rate	\$71,400,000		
GFA	\$69,600,000		
Adopted As Is Market Value	\$70,500,000		
Plus: Value of Works To Date	\$87,950,000		
Current Market Value Assessed	\$158,450,000		

Our Hypothetical Development Assessment is detailed below:

Input	Amount / Comments														
Gross Realisation	Residential - \$267,823,864 including GST Retail - \$185,000,000 excluding GST Hotel - \$21,000,000 excluding GST Office - \$8,762,498 excluding GST														
Rate of Sale	Having regard to the existing presales we have assumed that the remaining unsold apartments (which are predominately Affordable Housing) will be sold 'off the plan' during the construction period and within 12 months post construction. We have assumed the hotel and retail components will transact on practical completion and we have assumed the commercial suites will transact within 3 months of completion of construction given the pre-sale position.														
Selling Costs	Residential – 2.2% Retail – 1.5% Hotel – 1.5% Office – 1.5%														
Marketing Costs	Residential – \$3,000 per unsold apartment Retail – \$100,000 Hotel – \$100,000 Office - \$2,000 per suite														
Legal Costs	Residential – \$1,000 per apartment Retail – \$75,000 Hotel – \$75,000 Office - \$1,200 per suite														
Site Acquisition Costs	7.21% of purchase price														
Legal Fees on Acquisition	\$250,000														
Cost to Complete	\$141,846,320 excluding GST														
Interest Rate	5.25% per annum (on the basis of 100% debt funding and including line fees)														
Application Fee	\$1,100,000														
Construction Period	19 months to completion														
Holding Costs	Approximately \$960,000 per annum (including Council rates and Land Tax)														
Developers Margin	Profit and Risk expectations for a project of this nature would normally vary from 20% to 30%. In adopting an appropriate Profit and Risk factor for the subject project, we have had regard to the following factors: <ul style="list-style-type: none"> ➤ On the basis that a major proportion of the total list value has been pre-committed. ➤ Construction has commenced and is approximately 43.8% complete. ➤ The Contract sum has been verified by a QS. ➤ The cost and revenue parameters of the project are largely known. ➤ The size and related capital value of the development. ➤ Buyer pool for partially completed projects and buyer concerns in regard to building warranties. ➤ Analysis of comparable developments. ➤ The Sutherland location. Having regard to the above, we have adopted a Profit and Risk Factor of 25.0%, being the approximate mid-point of the adopted range.														
GST Liability	We have adopted the General Tax Rule Scheme for valuation purposes. Our calculations on this basis are as follows: <table> <tr> <td>Residential Realisation Including GST</td><td>\$267,823,864</td></tr> <tr> <td><u>Less GST</u></td><td><u>\$24,347,624</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$243,476,240</td></tr> <tr> <td>Plus: Hotel</td><td>\$21,000,000</td></tr> <tr> <td>Plus: Retail</td><td>\$185,000,000</td></tr> <tr> <td>Plus: Commercial</td><td><u>\$8,762,498</u></td></tr> <tr> <td>Gross Realisation Excluding GST</td><td>\$458,238,738</td></tr> </table> <u>Note: The GST liability has been utilised for the purpose of the residual cash flow analysis and is an indicative figure only.</u>	Residential Realisation Including GST	\$267,823,864	<u>Less GST</u>	<u>\$24,347,624</u>	Gross Realisation Excluding GST	\$243,476,240	Plus: Hotel	\$21,000,000	Plus: Retail	\$185,000,000	Plus: Commercial	<u>\$8,762,498</u>	Gross Realisation Excluding GST	\$458,238,738
Residential Realisation Including GST	\$267,823,864														
<u>Less GST</u>	<u>\$24,347,624</u>														
Gross Realisation Excluding GST	\$243,476,240														
Plus: Hotel	\$21,000,000														
Plus: Retail	\$185,000,000														
Plus: Commercial	<u>\$8,762,498</u>														
Gross Realisation Excluding GST	\$458,238,738														

Feasibility Conclusions

Our calculations result in a residual value of \$158,450,000 excluding GST including the value of works to date. Our feasibility analysis reflects an Internal Rate of Return of 21.17% including interest, and a net development profit of approximately \$91,653,703 all of which appear to be reasonable for a development of this nature

We have assumed the standard marketing period for a development of this scale with a mixed use profile incorporating retail, hotel and residential with limited pre-commitments, however advanced planning is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions.

The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value. This is particularly important for an asset such as the subject where construction is commenced as substantial time and due diligence would be required to confirm building contracts and warranties, pre-sale contracts and pre-commitments to the retail and hotel areas.

Practically, this scenario therefore assumes that a prospective buyer would look to increase the risk allowances to cover less than full diligence.

For the purposes of an assessment based on these adopted assumptions we have increased the Profit and Risk allowance in our residual land value analysis by 4 basis points to 29% which indicates a residual land value of \$148,500,000 which has been adopted under this valuation scenario.

Whilst our analysis could alter other inputs in the feasibility such as apartment price and Hotel and Retail component values, and sale rate and cost, realistically the sale rate of the apartments/components, the value of the completed apartments/components and the cost of producing the development does not change. The risk essentially lies with the acquisition of a project with a long development life without exploring all aspects of the project to ascertain an educated and informed acquisition.

Feasibility Conclusions

Our calculations result in a residual value of \$148,500,000 excluding GST including the value of works to date for practical valuation purposes. Our feasibility analysis reflects an Internal Rate of Return of 24.37% including interest, and a net development profit of approximately \$103,106,383 all of which appear to be reasonable for a development of this nature.

Reliance

The full valuation report is for the reliance of Aoyuan Property Group (International) Pty Ltd as the proprietor of the property.

The Valuation Summary Letter is for the purpose of inclusion in a submission to The Stock Exchange of Hong Kong Limited for disposal of the asset.

Liability Disclaimer

Savills Valuations Pty Ltd (Savills) has prepared this summary letter for Aoyuan Property Group (International) Pty Ltd to assist it in disposal of the assets and Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the submission, other than with respect to this summary letter.

This Summary Letter is to be read in conjunction with our full Valuation Report dated 31 March 2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Aoyuan Property Group (International) Pty Ltd to obtain a copy of the Full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in any associated Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Savills has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). Savills assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or any associated document have been extracted from Savills Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Savills recommends that this Summary Letter must be read and considered together with the Valuation Report.

Savills Valuations Pty Ltd accepts no responsibility to third parties nor does it contemplate that the valuation report will be relied upon by third parties (other than in relation to the market valuation referred to in this summary letter). We invite other parties who may come into possession of the valuation report seek our written consent to them relying upon the valuation report and we reserve our rights to review the contents in the event that our consent is sought.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as a liability where the valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Savills consents to the Valuation Report being made available for inspection at the registered address of Aoyuan Property Group (International) Pty Ltd.

Liability limited by a scheme approved under Professional Standards Legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peachey', written in a cursive style.

Sandra Peachey FAPI
National Director
Valuation & Advisory

Critical Assumptions

Market Movement	<ul style="list-style-type: none"> ■ This valuation is current as at the date of valuation and may change as a result of either external or specific factors affecting the property. We do not accept liability for losses arising from such subsequent changes in value. We will not accept liability where this valuation is relied upon after the expiration of three months from the date of valuation, or earlier if there are significant alterations to conditions affecting the value of the property.
Physical	<ul style="list-style-type: none"> ■ The valuer does not hold itself out to be an expert in building materials and has been unable to identify from a visual inspection of the proposed plans whether the 'cladding' to be constructed will use compliant or non-compliant building products (i.e., combustible polyethylene core aluminium composite panels). A Certificate of Compliance and/or Certification of building materials for the development has not been sighted nor confirmed by the valuer. <p>This valuation report has been prepared:</p> <ol style="list-style-type: none"> on the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. without consideration to any diminution in value that may arise due to the identification of non-compliant building products within the development. <p>Should this not be the case, we reserve the right to review our valuation.</p> <p>The valuer strongly advises the reader to investigate the nature of the currently proposed building components and satisfy itself as to the potential risks and costs which could be incurred should the currently proposed building component have to be remedied, replaced or adapted.</p>
Construction Costs	<ul style="list-style-type: none"> ■ The cost to complete the development provided by Coutts Consulting (Progress Payment 13) as of June 2022 and refined by Aoyuan (excluding GST and Contingency) is \$141,846,320 which has been adopted for the purpose of this assessment. ■ We note additional costs to complete have been provided by the instructing party and these include: <ul style="list-style-type: none"> • <i>Outstanding Council Contributions - \$875,706</i> • <i>Outstanding Infrastructure Works - \$1,248,544</i> ■ Construction and development of the project can be completed for the amount described above, in accordance with the documents provided by Coutts Consulting and the spreadsheet provided by Aoyuan. We have adopted the cost to complete as part of our instruction. Should the supplied costs be proven to be inadequate to deliver the project, Savills reserves the right to review this valuation accordingly. ■ We are not Quantity Surveyors nor are we Consulting Engineers. We have relied upon cost estimates provided and on the basis that the cost provided and adopted are accurate. We recommend the engagement of an independent Quantity Surveyor to confirm same. Should the cost estimate differ to that adopted within, then this report should be referred back to the Valuer for comment and accordingly we reserve the right to amend the assessment within
Land Value	<ul style="list-style-type: none"> ■ The assessed land value via the Residual Cash Flow analysis reflects a number of factors, including the status of approvals, civil construction costs, associated development costs, interest (borrowing) rate, assessed value of the completed units, adopted pre-sales prior to construction, sale rate for completed stock, and acceptable performance margins. The assessed land value by this approach could be impacted by a change in any of the above circumstances.
GST	<ul style="list-style-type: none"> ■ We have not been provided with independent Accounting or Legal advice regarding the eligibility of using the margin scheme for this development. As this falls outside the scope of our investigations, we have applied the full GST impost in our feasibilities and to our 'as if complete' values on a GST exclusive basis. As a result, GST on the development costs will be assessed at 10% to be remitted two months later, while GST on gross realisations will be assessed at 1/11th. All costs within our cash flow model are quoted, where applicable, excluding GST. ■ That all appropriate measures to mitigate the risks associated with the GST remittance changes from 1 July 2018 i.e., the Federal Government's requirement that purchasers of new residential premises will remit the GST directly to the ATO as part of settlement.
CGT	<ul style="list-style-type: none"> ■ That all appropriate measures to mitigate the risks associated with the foreign resident capital gains tax withholding scheme changes under the Federal Budget 2017, under which: Australian resident vendors of real property of \$750,000 or more must provide a Clearance Certificate issued by the ATO to a purchaser on settlement of the sale, to avoid the purchaser withholding 12.5% of the purchase price and remitting it as withholding tax to the ATO; and Foreign resident vendors will see 12.5% of the purchase price being withheld and remitted to the ATO, unless the ATO approves a Variation.

Construction Timeframe	<ul style="list-style-type: none"> ■ We have adopted a construction period to complete the project of 19 months, based on the advice provided in Coutts Progress Report No. 13. We have assumed this to be an accurate forecast and have adopted this within our Residual Cash Flow analysis.
"As If Complete" Assessment	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is the estimated market value of the proposed development as detailed in this report on the assumption that all construction has been satisfactorily completed in all respects at the date of this report. Because of time lag and unknown future market conditions the valuation reflects the valuer's view of the market conditions existing at the date of valuation and does not purport to predict future market conditions and the value at the actual completion date.
Construction Quality & Compliance	<ul style="list-style-type: none"> ■ The "As If Complete" assessment is provided on the basis that the proposed improvements will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that: <ul style="list-style-type: none"> – A detailed report of the structure and service installations of the building once completed would not reveal any defects requiring significant expenditure. – The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
EPBC Act	<ul style="list-style-type: none"> ■ That the subject property is not impacted in any way by matters covered by the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including, but not limited to, listed threatened species and ecological communities or migratory species protected under international agreements.
Development Approvals (Including Plans & Specifications)	<ul style="list-style-type: none"> ■ We have been provided with a copy of the Development Approval for the subject development including approved plans. We assume that the development will be completed in full accordance with the noted Development Approval and any conditions contained within the approval. Should there be any subsequent changes to the Development Approval or the Approved development plans, this valuation must not be relied upon before first consulting Savills to reassess any effect on the valuation.
Contamination	<ul style="list-style-type: none"> ■ The site was found to contain high levels of asbestos, methane gas, and contaminated fill in the soil prior to construction commencement, as the site was formerly used as a landfill by Sutherland Council. The site is its original state was found to be unsuitable for the proposed redevelopment. ■ The method to remediate the site was the Cap and Contain method whereby a high visibility non-woven geotextile layer was placed over the surface to cover all contaminated material and extending 3 metres beyond the property perimeter. Above this an impervious additional layer was installed. ■ Given these works a Long-term Environmental Plan will be required to be prepared and continually monitored. ■ We have assumed, as instructed that the costs provided have allowed for the appropriate remediation of the site.
Encumbrances, Restrictions, Caveats etc.	<ul style="list-style-type: none"> ■ Our valuation is on the basis that the property is free of encumbrances, restrictions, caveats, or other impediments of an onerous nature which could affect value. Our valuation has been undertaken on the basis the property is free of mortgages, charges and other financial liens.
Marketing Period	<ul style="list-style-type: none"> ■ We have assumed the standard marketing period for a development of this scale with advanced pre-sale status and construction commenced is 3-6 months to allow a prospective purchaser to undertake the required due diligence to inform purchase decisions. ■ The Realisable Price Reflective of a Market Constraint being a short period considered less than a standard marketing period in which to achieve a sale assumes a shorter sale period of 1.5-3 months and assumes full due diligence would not be able to be undertaken which would be reflected in a more conservative value.
General	<ul style="list-style-type: none"> ■ The rental and sales information has been obtained from a number of sources including RP Data and registered government sales transfers. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. ■ Unless otherwise set out in the Proposal, Savills is not aware of any conflict of interest in accepting your instruction to value the Property and the valuer set out in the Proposal is in a position to provide an objective and unbiased valuation. ■ We confirm that the valuer undertaking this valuation is considered to have the appropriate level of skills and competence to complete the valuation to a professional standard, taking into account the property type. ■ Following the invasion of Ukraine by the Russian military in late February 2022, there was an immediate impact on the global economy due, in part, to sanctions imposed on Russia, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. Since the date of the invasion, there has already been an impact on the Australian economy, including rising inflation and increased interest rates, and we anticipate this will in turn affect the property markets.

	<ul style="list-style-type: none">■ Whilst the residential property markets continue to perform well, our valuation has been prepared against the backdrop of a very challenging economic outlook. There are concerns as to how the Australian economy will perform going forward given the current inflationary pressure, the cost of living crisis and rising interest rates that are impacting on the cost of debt. Although there is good liquidity in the market, with a significant amount of capital seeking opportunities, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance, may impact pricing in some areas of the market such that prices fall from their current levels.■ We stress the importance of the valuation date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty'.
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Should any of the assumptions in our full valuation report be incorrect or inaccurate, then we reserve the right to amend the valuation, the report and this summary report.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. SHARE CAPITAL**(a) Share capital of the Company**

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

Authorised:

Class	Par value per Share	Number	Total nominal value
Ordinary	HK\$0.01	100,000,000,000	HK\$1,000,000,000

Issued and fully paid:

Class	Par value per Share	Number	Total nominal value
Ordinary	HK\$0.01	2,965,571,354	HK\$29,655,713.54

All existing issued Shares rank *pari passu* in all respects, including, in particular, as to dividends, voting rights and capital.

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived. As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, no shares, options, warrants, conversion rights or any equity or debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

Save and except for the allotment and issuance of (i) 107,875,000 Shares on 8 October 2021 to Successful Lotus Limited (details of which are set out in the announcements of the Company dated 27 September 2021 and 8 October 2021) and (ii) 161,813,000 Shares on 28 December 2021 to Joy Pacific Group Limited (details of which are set out in the announcements of the Company dated 27 September 2021 and 2 November 2021 and the circular of the Company dated 8 November 2021), since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date, no Shares had been allotted and issued by the Company.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

- (i) Long position in shares and/or underlying shares under equity derivatives of the Company:

Name of Director	Capacity in which interests were held	Number of Shares/ underlying Shares (Note 1)	Approximate percentage of the issued share capital
Mr. Guo Zi Wen	Settlor of The Golden Jade Trust	1,660,925,625 (L) (Note 2)	56.01%
Mr. Guo Zi Ning (Note 3)			
Mr. Ma Jun	Beneficial owner	3,500,000 (L)	0.12%
Mr. Chen Zhi Bin	Beneficial owner	1,250,000 (L)	0.04%

Notes:

- The letter “L” denotes long position in the Shares.
- Among these 1,660,925,625 Shares, 1,395,201,062 shares are registered in the name of Ace Rise, while 265,724,563 ordinary shares are registered in the name of Joy Pacific. Ace Rise is owned as to 90% by Joy Pacific (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited (a company wholly owned by Ms. Su Chaomei who is the wife of Mr. Guo Zi Ning, a Director of the Company). Sturgeon Limited is wholly owned by Arowana Holdings Ltd., as nominee for First Advisory Trust (Singapore) Limited holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner, spouse of Mr. Guo Zi Wen.

3. Since April 2013, upon completion of a share transfer, Ace Rise is owned as to 90% by Joy Pacific (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited, a company wholly owned by Ms. Su Chaomei who is the wife of Mr. Guo Zi Ning, a Director of the Company. As a result, Mr. Guo Zi Ning has a deemed effective interest of about 4.70 % of the shares of the Company. Since Ace Rise is not a controlled corporation of Mr. Guo Zi Ning or Ms. Su Chaomei under the SFO, no notice has been filed under the SFO by Mr. Guo Zi Ning in respect his deemed interest in Ace Rise.

- (ii) Long position in shares and/or underlying shares of the associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity in which interests were held	Number of Shares/ underlying shares	Approximate percentage of the issued share capital
Mr. Guo Zi Ning	Aoyuan Healthy Life Group Company Limited	Interest of spouse	1,143,000 (L) (Note)	0.16%

Note: The 1,143,000 shares are beneficially owned by Ms. Su Chaomei, who is the spouse of Mr. Guo Zi Ning.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor any of their spouse or minor children was granted or held options to subscribe for shares in the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised such rights.

(b) Substantial Shareholders

As at the Latest Practicable Date, the following person (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity in which interests were held	Number of Shares/ underlying Shares (Note 1)	Approximate percentage of the issued share capital
Jiang Miner (Note 2)	Settlor of The Golden Jade Trust	1,660,925,625 (L)	56.01%
Joy Pacific (Note 2)	Interest of controlled corporation	1,395,201,062 (L)	47.05%
	Beneficial owner	265,724,563 (L)	8.96%
Sturgeon Limited (Note 2)	Interest of controlled corporation	1,660,925,625 (L)	56.01%
Arowana Holdings Ltd. (Note 2)	Interest of controlled corporation	1,660,925,625 (L)	56.01%
First Advisory Trust (Singapore) Limited (Note 2)	Trustee	1,660,925,625 (L)	56.01%
Ace Rise (Note 2)	Beneficial owner	1,395,201,062 (L)	47.05%

Notes:

1. The letter “L” denotes long position in the Shares.
2. Ace Rise is owned as to 90% by Joy Pacific (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited. Surgeon Limited is wholly-owned by Arowana Holdings Ltd., as nominee for First Advisory Trust (Singapore) Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. Each of Mr. Guo Zi Wen, an executive director of the Company, and Ms. Jiang Miner, the spouse of Mr. Guo Zi Wen, is the settlor of The Golden Jade Trust.

4. DIRECTORS’ SERVICE CONTRACTS

Each of the existing executive Directors has been appointed for a term of three years subject to the provision of retirement and rotation of directors under the articles of association of the Company.

Each of the independent non-executive Directors has been appointed for a term of one year at an annual remuneration set out in their appointment letters and other discretionary bonuses as may be determined by the Board according to the recommendation of the Remuneration Committee of the Company subject to the provision of retirement and rotation of Directors under the articles of association of the Company.

Save as disclosed above, as at the Latest Practicable Date, no other Directors had entered into service contracts with the Company which were not determined by the Company within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

- (a) On 15 June 2021, the Company as the issuer and certain subsidiaries of the Company as guarantors entered into a purchase agreement with Deutsche Bank, Guotai Junan International, Haitong International, UBS, Bank of China (Hong Kong), The Bank of East Asia, Limited, Barclays, China International Capital Corporation, CMBC Capital, CMB International, China CITIC Bank International, Goldman Sachs (Asia) L.L.C., J.P. Morgan and Standard Chartered Bank in connection with the issue of the USD200,000,000 7.95% senior notes due 2024 (the “**Notes Issue**”). Pursuant to the Notes Issue, Mr. Guo Zi Wen, an executive Director and the Chairman of the Company, and Ms. Jiang Miner, the spouse of Mr. Guo Zi Wen, have jointly purchased the senior notes in an aggregate amount of USD5,000,000.
- (b) On 27 September 2021, the Company and Joy Pacific entered into a subscription agreement, pursuant to which the Company conditionally agreed to allot and issue, and Joy Pacific conditionally agreed to subscribe for, 161,813,000 subscription shares in cash under the specific mandate at the subscription price of HK\$3.708 per subscription share. Joy Pacific is wholly-owned by Sturgeon Limited, which is in turn wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. holding such interests on trust for the beneficiaries of The Golden Jade Trust, a discretionary family trust. The settlors of The Golden Jade Trust are (i) Mr. Guo Zi Wen, an executive Director, the Chairman of the Company and a controlling Shareholder, and (ii) Ms. Jiang Miner, spouse of Mr. Guo Zi Wen. The aforesaid subscription was completed and settled on 28 December 2021.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2020, being the date of which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors had interests in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

7. MATERIAL ADVERSE CHANGE

Save as disclosed in: (i) the announcements of the Company dated 22 November 2021, 2 December 2021, 19 January 2022, 25 March 2022, 31 March 2022 and 29 April 2022 in relation to, among other things, the liquidity issues faced by the Group, certain non-payments by the Group which had triggered events of default under its offshore financial indebtedness and the delay in dispatch of 2021 annual report of the Company; (ii) the announcement of the Company dated 31 March 2022 in relation to, among other things, suspension of trading in the Shares on the Stock Exchange; (iii) the announcement of the Company dated 30 June 2022 in relation to, among other things, the resumption guidance; (iv) the announcement of the Company dated 5 August 2022 in relation to, among others things, business update of the Group; and (v) the announcement of the Company dated 31 August 2022 in relation to the delay in publication of the 2022 Interim Results and despatch of the 2022 Interim Report; as at the Latest Practicable Date, the Directors confirmed that there were no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date of which the latest published audited financial statements of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. QUALIFICATIONS AND CONSENT OF EXPERTS

The following is the qualification of each expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
Savills Valuation and Professional Services Limited	Independent professional valuer
Savills Valuations Pty Ltd	Independent professional valuer

As at the Latest Practicable Date, each of the experts above 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 2020, being the date to which the latest published audited financial statements of the Group were made up; and was not beneficially interested in the share capital of any member of the Group and had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports and opinions and reference to its name in the form and context in which they respectively appear.

10. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material:

- (a) the APGA Deed;
- (b) the Company A Deed;
- (c) the sale and purchase agreement dated 12 November 2021 entered into between Aoyuan Property (Hong Kong) Limited as vendor and Sharpview Investment Development Limited as purchaser, pursuant to which Aoyuan Property (Hong Kong) Limited agreed to sell and Sharpview Investment Development Limited agreed to purchase the entire issued share capital of Mingwan Investments Limited, Double Bliss Investments Limited and Prestige Well Investments Limited, and the related shareholder's loan at the consideration of HK\$900,000,000 in cash;

- (d) the subscription agreement dated 27 September 2021 and entered into between the Company as issuer and Successful Lotus Limited as subscriber in relation to the subscription of 107,875,000 new Shares at an issue price of HK\$3.708 per Share;
- (e) the subscription agreement dated 27 September 2021 and entered into between the Company as issuer and Joy Pacific as subscriber in relation to the subscription of 161,813,000 new Shares at an issue price of HK\$3.708 per Share;
- (f) the formal equity transfer agreements dated 14 July 2021 entered into between 深圳市凱弦投資有限責任公司 (Shenzhen Kaixian Investment Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, as purchaser, and Aoyuan Beauty Valley Technology Co., Ltd. (奧園美谷科技股份有限公司), an indirect non-wholly owned subsidiary of the Company, as vendor, in relation to the transfer of the 100% equity interests in 京漢置業集團有限責任公司 (Kinghand Property Group Co., Ltd.*), 100% equity interests in 北京養嘉健康管理有限公司 (Beijing Yangjia Health Management Co., Ltd.*), and 35% equity interests in 蓬萊華錄京漢養老服務有限公司 (Penglai Hualu Kinghand Senior Care Services Co., Ltd*); and
- (g) a share transfer agreement dated 19 February 2021 entered into by the Company as transferor and Star Image Development Limited, a direct wholly-owned subsidiary of the Company, as transferee, for the transfer of the entire issued share capital of Main Trend Limited, which was settled by the allotment and issue of one ordinary share to the Company by Star Image Development Limited.

11. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The joint company secretaries of the Company are Ms. Wong Mei Shan, a member of the Hong Kong Institute of Certified Public Accountants, and Ms. Lee Mei Yi, an executive director of Corporate Services of Tricor Services Limited and a fellow member of The Hong Kong Chartered Governance Institute.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://en.aoyuan.com.cn>) for a period of 14 days from the date of this circular:

- (a) the APGA Deed;
- (b) the Company A Deed;
- (c) the valuation report on 100% of the equity interest in APGA as at 31 March 2022 issued by Savills Valuation and Professional Services Limited, the text of which is set out in part (i)(a) of Appendix II to this circular;
- (d) the valuation report on 100% of the equity interest in APGA as at 30 June 2022 issued by Savills Valuation and Professional Services Limited, the text of which is set out in part (ii)(a) of Appendix II to this circular;
- (e) the valuation reports on the six property projects of the APGA Group as at 31 March 2022, issued by Savills Valuations Pty Ltd, the text of which are set out in part (i)(b) of Appendix II to this circular;
- (f) the valuation reports on the six property projects of the APGA Group as at 30 June 2022, issued by Savills Valuations Pty Ltd, the text of which are set out in part (ii)(b) of Appendix II to this circular;
- (g) the consent letters as referred to in the paragraph headed “9. Qualifications and Consent of Experts” in this appendix;
- (h) the annual reports of the Company for the two financial years ended 31 December 2019 and 31 December 2020;
- (i) the interim report of the Company for the six months ended 30 June 2021; and
- (j) this circular.