

ASX Release

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GHG Completes Sale of 5 further Properties

Grand Hotel Group (GHG) today announced the sale of the following properties:

Country Comfort Port Macquarie
Country Comfort Wagga Wagga
Country Comfort Albury
Country Comfort Tamworth
Chifley Adelaide

The sales will provide cash proceeds of \$48.3m and a capital profit of approximately \$2.7m after all costs which will be brought to account in the December half year trading results. All sales are on a vacant possession basis.

Upon settlement of these sales the GHG portfolio will comprise the Chifley Brisbane, Chifley Canberra, the Country Comfort Hotels in Sydney, Coffs Harbour and Rockhampton as well as four Hyatt managed properties in Melbourne, Canberra, Adelaide and Perth.

The retained Chifley and Country Comfort properties are currently the subject of a strategic review for repositioning to take advantage of stronger accommodation demand. These properties will also be reviewed by independent valuers following the positive results of the tender process.

GHG Chairman Bill Conn said, "We are pleased to have achieved strong interest in all properties and solid premiums to book values. The result will further enhance GHG's profit performance for its investors".

"The cash raised will be applied to further debt reduction and the converting preference securities buyback which GHG announced recently.

"The debt reduction and the buy-back will strengthen the GHG capital structure and enable it to make further inroads on its strategy to concentrate on major properties in the main hospitality and leisure markets.

"This is the final element of the restructuring of GHG which we have been implementing over the past 2 years.

"All elements of the restructure have ultimately been successful and will have positive implications for the future performance of the entire GHG portfolio," Mr Conn said.

GHG Managing Director Garry Cameron, said "The retained properties will continue to give GHG a presence in all mainland capital cities and a spread of coverage over both 4 and 5 star properties.

"This diversified exposure to quality properties provides the solid foundation for further growth into the major eastern seaboard markets that we have been seeking to establish," Mr Cameron said.

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