
APPENDIX III VALUATION REPORT ON SELECTED PROPERTY INTERESTS

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, commissioned by our Company, in connection with its opinion of value of the selected property interests of our Company as at 31 January 2015.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

24 March 2015

The Board of Directors
NIRAKU GC HOLDINGS, INC.*
(株式会社ニラク・ジー・シー・ホールディングス)
1-39 Hohaccho 1-chome, Koriyama-shi,
Fukushima, Japan

* for identification purpose only

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value selected properties in which NIRAKU GC HOLDINGS, INC.* (株式会社ニラク・ジー・シー・ホールディングス) (referred to as the “Company”) and its subsidiaries (together referred to as the “Group”) have interests in Japan (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 January 2015.

Definition of Market Value

Our valuation of the each of the properties represents its market value which in accordance with The HKIS Valuation Standards (2012 Edition) issued by The Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the date of valuation 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”.

Valuation Basis and Assumption

In valuing the properties, we have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) published by the Stock Exchange and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in Japan, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in Japan, the status of titles and grant of major certificates approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Method of Valuation

We have used investment approach by capitalising the current rent passing derived from the existing tenancies with due provision for reversionary rental income potential or the net earnings that would be generated from the property.

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

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In the course of our valuation, we have relied on a very considerable extent on the information given to us by the Group regarding the title to each of the properties and the interests of the Group in the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Title investigation

We have been provided with extracts of documents relating to the titles of the properties in Japan, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in Japan and we have therefore relied on the advice given by the Group regarding the Group's interests in Japan properties.

Site Inspection

We inspected the exterior and, wherever possible, the interior of each of the properties between 28 and 31 October in 2014. However, no structural survey has been made, but in the course of our valuation, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

We have not made any investigations into past or present uses, either of the property interests or any neighbouring land to establish whether there is any contamination or potential for contamination or buried cultural treasures to the property interests. We have assumed that no contamination or other adverse environment matters or buried cultural treasures exist in relation to the property interests that are sufficient to affect their values. Commensurate with our comments set out above, we have made no allowance in these valuations for any effect in respect of actual or potential contamination of land or buildings or buried cultural treasures. However, a purchaser in the market would, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination or buried cultural treasures exist at any of the properties or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use, then this might reduce the values now reported.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

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Currency

Unless otherwise stated, all sums stated in our valuations are in Japanese Yen, the official currency of Japan.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited

Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Senior Director, Valuation & Advisory Services

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has extensive experience in Asian countries including Japan.

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SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 January 2015 (¥)	Attributable interest to the Group (%)	Market value in existing state as at 31 January 2015 attributable to the Group (¥)
Group I – Properties held by the Group for investment in Japan			
1. Nomurasyoken Building, 104 and other tracts, Ekimae 2-chome, Koriyama-shi, Fukushima-ken, Japan 野村證券ビル 福島県郡山市駅前二丁目104番外	627,000,000	100	627,000,000
2. Nikku Club Omori, 217-6 and other tracts, Omori-nishi 3-chome, Ota-ku, Tokyo-to, Japan ニッケ倶楽部大森 東京都大田区大森西 三丁目217番6外	97,200,000	100	97,200,000
Sub-total of Group I:	724,200,000		724,200,000
Group II – Property owned and operated by the Group in Japan			
3. Koriyama City Hotel, 90 and other tracts, Ekimae 2-chome, Koriyama-shi, Fukushima-ken, Japan 郡山シティホテル 福島県郡山市駅前二丁目90番外	728,000,000	100	728,000,000
Sub-total of Group II:	728,000,000		728,000,000
Total:	1,452,200,000		1,452,200,000

VALUATION CERTIFICATE

Group I – Properties held by the Group for investment in Japan

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
1. Nomurasyoken Building, 104 and other tracts, Ekimae 2-chome, Koriyama-shi, Fukushima-ken, Japan 野村証券ビル 福島県郡山市駅前二丁目104番外	<p>The property is situated on a site of 456.40 sq m.</p> <p>The subject building consists of an 8-storey plus 1 basement office building of gross floor area and net rentable area of 2,699.35 sq m and 2,008.13 sq m respectively. The property is constructed of steel framed reinforced concrete and was completed in 1987.</p> <p>The property is in the centre of Koriyama city in front of Koriyama station on the JR Tohokuhonsen.</p> <p>The property is held freehold.</p>	<p>As at the date of valuation, the commercial portions of the property were subject to various tenancies for terms of 2 years at a current total monthly rent of ¥6,931,855.</p>	<p>¥627,000,000</p> <p>(100% interest attributable to the Group: ¥627,000,000)</p>

Notes:

- (1) The owner of the land with an area of 456.40 sq m is NEXIA Inc.* (株式会社ネクシア).
- (2) The owner of the building with an area of 2,699.35 sq m is NEXIA Inc.* (株式会社ネクシア).
- (3) The property is subject to a revolving mortgage with the maximum amount of ¥0.5 billion.
- (4) Inspection of the property was carried out by our valuer, Mr. Yasuhiro Takebe on 30 October 2014. Yasuhiro Takebe is a Registered Japanese Licensed Real Property Appraiser and a member of the Royal Institution of Chartered Surveyors.
- (5) Our key assumptions of the valuation are:

Portion	Market Rent per month	Capitalisation Rate
Aboveground office	¥3,025 per sq m	7.8%
Basement office	¥1,512 per sq m	7.8%
Retail.	¥4,537 per sq m	7.8%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office on aboveground floor premises range from approximately ¥2,873 to ¥3,176 per sq m, the monthly rental levels of major office on basement floor premises range from approximately ¥1,436 to ¥1,588 per sq m, the monthly rental levels of major retail premises range from approximately ¥4,310 to ¥4,764 per sq m.

We have gathered and analysed the rates of return of relevant market segment which indicate yields of approximately 7.5% to 8.0% for this type of property.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalisation rates adopted are reasonable having regard to the analysed yields.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
2. Nikku Club Omori, 217-6 and other tracts, Omori-nishi 3-chome, Ota-ku, Tokyo-to, Japan ニッケ倶楽部大森 東京都大田区大森西三丁目217番6外	<p>The property is situated on a site of 156.71 sq m.</p> <p>The subject building consists of a 3-storey residential building of gross floor area and net rentable area 263.58 sq m and 243.33 sq m respectively. The property is constructed of reinforced concrete and was completed in 1991.</p> <p>The property is in the residential area consisting of apartments and detached houses. It is about 3 minutes' walk from the nearest station, "Omori" station on the Keikyu Honsen.</p> <p>The property is held freehold.</p>	As at the date of valuation, the property was subject to various tenancies for terms of 2 years at a current total monthly rent of ¥713,000.	<p>¥97,200,000</p> <p>(100% interest attributable to the Group: ¥97,200,000)</p>

Notes:

- (1) The owner of the land with an area of 156.71 sq m is NEXIA Inc.* (株式会社ネクシア).
- (2) The owner of the building with an area of 263.58 sq m is NEXIA Inc.* (株式会社ネクシア).
- (3) The property is subject to a revolving mortgage with the maximum amount of ¥80 million.
- (4) Inspection of the property was carried out by our valuer, Mr. Hiroaki Honda on 28 October 2014. Hiroaki Honda is a Registered Japanese Licensed Real Property Appraiser.
- (5) Our key assumptions of the valuation are:

Portion	Market Rent per month	Capitalisation Rate
Residential	¥2,917 per sq m	6.5%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major residence premises range from approximately ¥2,069 to ¥3,906 per sq m.

We have gathered and analysed the rates of return of relevant market segment which indicate yields of approximately 6.0% to 6.5% for this type of property.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalisation rates adopted are reasonable having regard to the analysed yields.

VALUATION CERTIFICATE

Group II – Property owned and operated by the Group in Japan

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
3. Koriyama City Hotel, 90 and other tracts, Ekimae 2-chome, Koriyama-shi, Fukushima-ken, Japan 郡山シティホテル 福島県郡山市駅前 二丁目90番外	<p>The property is situated on a site of 1,014.24 sq m.</p> <p>The subject building consists of an 11-storey plus 1 basement economy hotel of gross floor area of 2,994.38 sq m. The property, having 84 guest rooms, is constructed of a steel framed reinforced concrete and was completed in 1979.</p> <p>The property is in the centre of Koriyama city in front of Koriyama station on the JR Tohokuhonsen.</p> <p>The property is held freehold.</p>	As at the date of valuation, the property was occupied and operated by the Group as an economy hotel with ancillary retail facilities.	¥728,000,000 (100% interest attributable to the Group: ¥728,000,000)

Notes:

- (1) The owner of the land with an area of 1,014.24 sq m is Niraku Corporation* (株式会社ニラク).
- (2) The owner of the building with an area of 2,994.38 sq m is Niraku Corporation* (株式会社ニラク).
- (3) The property is subject to a revolving mortgage with the maximum amount of ¥1.3 billion.
- (4) Inspection of the property was carried out by our valuer, Mr. Yasunobu Uehara on 30 October 2014. Yasunobu Uehara is a Registered Japanese Licensed Real Property Appraiser.
- (5) Our key assumptions of the valuation are:

Portion	Market Rent per month	Capitalisation Rate
Hotel	¥1,512 per sq m	8.0%
Retail (Pachinko hall)	¥5,293 per sq m	8.0%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major hotel premises range from approximately ¥1,436 to ¥1,588 per sq m, the monthly rental levels of major retail premises range from approximately ¥5,029 to ¥5,558 per sq m.

We have gathered and analysed the rates of return of relevant market segment which indicate yields of approximately 7.5% to 8.0% for this type of property.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalisation rates adopted are reasonable having regard to the analysed yields.