

ASX ANNOUNCEMENT & MEDIA RELEASE

MFS SELLS SYDNEY PARK HYATT HOTEL FOR AN AUSTRALIAN RECORD \$201.6 MILLION

MFS Limited (ASX: MFS) wholly-owned subsidiary McLaughlins Financial Services Limited (MFSL), the Responsible Entity for the PH Sydney Hotel Trust, today announced it has sold Sydney's iconic five-star Park Hyatt Hotel to a Japanese investor for \$201.6 million.

The price is an Australian record for a single hotel asset and represents a price of \$1.276 million per room for the iconic 158-room hotel.

MFS Tourism CEO Rolf Krecklenberg said the performance of the Trust and the success of the sale process is further evidence of MFS' ability to enhance and realise value on assets within the tourism and leisure sector.

"Investors in the Trust voted to appoint MFSL as the responsible entity after disappointing performance under a previous manager," he said. "Since being appointed we have used our industry knowledge and experience to improve the performance of the asset and the scheme. Unit holders received a 50 per cent increase in the rate of distribution prior to any capital gains on the sale of the asset."

Having achieved a record sale price for the asset MFS Limited will receive at least a \$5 million transaction fee.

Mr Krecklenberg said the sale attracted a quality list of domestic and international bidders with the final price justifying MFS' decision to take advantage of robust demand for luxury hotels by putting the asset on the market.

"The price achieved is further evidence of Australia's growing international reputation for premium property asset classes with the yield on sale moving towards rates achieved by comparative properties around the world," he said.

"Their decision has allowed us to capitalise on the Park Hyatt Hotel's attractive operating performances and a strong marketplace, resulting in an excellent return for our unit holders," he said.

MFSL had managed the Park Hyatt Hotel on behalf of 2,400 retail investors in the PH Sydney Hotel Trust since September 2005, with unit holders voting overwhelmingly in favour of the sale at an Annual General Meeting in October.

Located on Circular Quay overlooking the Sydney Opera House and Harbour Bridge, the 158-room Park Hyatt Hotel is arguably the premiere hotel within the Asia-Pacific region and has enjoyed record trading performances during the past 12 months, resulting in a 50 per cent increase in investor returns.

Stella Update

Mr Krecklenberg added MFS' Stella operations, comprising travel services and hospitality, continued to enjoy strong forward bookings. The Group's accommodation division continues to increase room yields. The Stella Group remains on track to exceed both EBITDA of \$100 million at the end of December 2007 and guidance previously given.

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Resolution of Legal Issue

It was noted in the MFS Limited (ASX: MFS) 2007 Financial Year Annual Report that, subsequent to balance date, a controlled entity of MFS Limited had become the subject of an adverse judgment for \$4,800,000 plus interest and legal costs.

The controlled entity had appealed the adverse decision and in the event of not being fully successful, it intended to pursue a range of indemnity rights.

MFS has now settled the appeal and has now paid the claimant the reduced amount of \$4,400,000 (fully inclusive of all interest and legal costs) in full and final resolution of this matter.

MFS will now take legal advice and undertake a series of commercial considerations as to whether given the amount now involved it is commercial and in the best interests of MFS to seek to pursue a range of possible indemnity claims to recover this amount.

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