

10th February 2009

Mr Ben Wachter
ASX Markets Supervision
20 Bridge Street
SYDNEY NSW 2000

Sent via email to ben.wachter@asx.com.au

Dear Ben

Response to Price Query

As per your letter dated 9th February 2009, please find our response below:

1. We are unaware of any information that requires an announcement that could explain the recent trading activity of our securities.
2. n/a
3. In January through April this year, the Group acquired 13 investment properties and businesses and signed one business lease as outlined in our PDS dated 23 November 2007. Due to these transactions, our operating profit for the 6 months to 31 December 2008 will vary by more than 15% of the corresponding period.
4. Due to the recent movement in interest rates by the Reserve Bank of Australia, the Group's hedging arrangements, under the guidance of our auditors, will result in a write down of approximately \$21m on the fair value of our derivative financial instruments. These will be disclosed in our half year results as an abnormal item.

Also, as part of our half year review, in conjunction with our auditors, we are reviewing the carrying value of our Cash Generating Units. Given recent movements in the property market, we anticipate an impairment in the range of 20-30% of these assets. These will be disclosed in our half year results as an abnormal item.
5. We are unaware of any reason for the price change in our securities.
6. The Group is compliant with Listing Rule 3.1.

Yours sincerely



Regan Cheriton
Company Secretary



Compass Hotel Group Ltd
ABN 18 127 909 835

Primary Compass Ltd
ABN 98 129 159 182
AFSL 323380
as Responsible Entity of
Compass Hotel Group Trust
ABN 72 922 408 903

Corporate Office
Level 8, Suite 803
Alfred Street
North Sydney NSW 2060
Telephone 612) 8908 9500
Facsimile: 612) 8920 0788

Operations Office
Carine Glades Tavern
493 Beach Road
Duncraig WA 6023
Telephone 618) 9447 7400
Facsimile 618) 9246 2441

www.compasshotel.com.au



9 February 2009

Mr Regan Cheriton
Company Secretary
Compass Hotel Group
Suite 803, Level 8
275 Alfred Street
North Sydney NSW 2060

ASX Markets Supervision Pty Ltd
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square
NSW 1215

Telephone 61 2 9227 0409
Facsimile 61 2 9241 7620
www.asx.com.au

By Email: Regan.Cheriton@compasshotel.com.au

Dear Regan

Compass Hotel Group (the "Group")

RE: PRICE QUERY

We have noted a change in the price of the Group's securities from 5 cents at close of trading on 6 February 2009 to 3 cents at the close of trade today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Group aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Group.

Please note that as recent trading in the Group's securities could indicate that information has ceased to be confidential, the Group is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the half year ended 31 December 2008 would vary from the

previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.

4. Is there any reason to think that the Group may record any material abnormal or extraordinary profit for the half year ended 31 December 2008? If so, please provide details.
5. Is there any other explanation that the may have for the price change in the securities of the Group?
6. Please confirm that the Group is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at ben.wacher@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. AEDT) on Tuesday 10 February 2009.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Group's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter

before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[sent electronically without signature]

Ben Wachter

Adviser, Issuers (Sydney)