

P R E S S R E L E A S E**FOR IMMEDIATE RELEASE – Tuesday, September 27, 2011**

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**CB Richard Ellis Vietnam & CBRE Hotels Asia Pacific Hold
Hotel Investment Strategy Seminar****Ho Chi Minh City - Tuesday, September 27, 2011**

Although Vietnam's real estate market is experiencing a slowdown, the hotel sector in Hanoi and Ho Chi Minh City has witnessed a strong rise in RevPar (Revenue per available room) for the past three years, along with other main cities in Asia Pacific regions. RevPar is calculated by multiplying the room rate by the occupancy and is the measurement all hotels use to determine relative incomes. This year HCMC and Hanoi have experienced an overall 5-10 % rise in occupancy rates compared to 2010, which is an increase of at least 15% compared to the low RevPar levels recorded in 2009.

CBRE Vietnam's recent seminar regarding hotel investment strategy, attracted many key Vietnamese developers who are considering hotel investment and seeking more information on the right type of hotel development model for their investment.

According to Robert McIntosh, Executive Director of CBRE Hotels Asia Pacific, the potential for hotel investment in the Asia Pacific region and in Vietnam is high, especially for investors looking at long term growth. McIntosh states, "The sector has made a very strong recovery post financial crisis with the majority of the Asian cities increasing the RevPar by at least of 20% as compared to the pre-crisis period." Such growth during adverse global conditions certainly shows the investment potential of this sector.

However, there is a large difference in performance between the different hotel/resort types. McIntosh claims that the budget and economy hotels are still among the best performing in the sector, in terms of RevPar growth. McIntosh makes the point that, "Economy hotels in key Asian cities have shown all the signs for being a desired type of investment with lower construction costs and higher profit margins".

In this regard, Mauro Gasparotti, Senior Manager of Hospitality Consultancy at CBRE Vietnam pointed out that, "With high lending rates now prevailing in Vietnam, the three star market offers a valid opportunity for developers looking at higher returns and easier entrance to the hotel sector" however, he continues, "economy hotels need an elevated efficiency in both building design and operation, every single square meter of space must be used well."

The introduction of alternative hotel models and financing options has always been well received by Vietnamese developers who seek innovative ways to enter the sector. The seminar also illustrated the use of different investment vehicles for hotel disposals, including hotel REITs, sale - leaseback transactions and classical leasing. The legal structure of Hotel REITs is different in each country and considerations must be made to develop an appropriate Vietnamese legal framework.

Another aspect impacting hotels is gaming which has become increasingly important regionally. This can add significantly to hotel's profitability. There is consideration being given in a number of countries to the introduction of casino licenses. Vietnam has, of course, permitted gaming for some time and this can be a lucrative addition to a hotel provided it is carefully planned, designed, regulated and marketed. However to be successful requires considerable experience and knowledge.

The seminar also included a section about the performance implications of a hotel investment when it is part of a larger real estate portfolio of commercial, retail and residential. According to McIntosh, hotels can bring considerable benefit to a diversified portfolio due to this sector's lower correlation with other assets class such as office and retail, "Hotel performance is definitely more volatile than any other asset class and, because of that, investors expect an additional yield premium to justify the increase in risk. Typically hotel yields are 2%-3% higher than office or retail".

The hotel is a complex asset class with part of the value deriving from business and from part real estate component. The seminar touched also on the importance for developers to involve appropriate operators or consultants prior and during construction as well as during operation. Gasparotti pointed out that, "Developers must select an operator and a brand very carefully, based on the characteristics of the project as well as the expected ROI, with an understanding of costs and restrictions associated with each different operator or brand. We strongly advises our clients and new developers to seek professional advice prior to undertaking the selection process to ensure that the Developer has a market professional working on his behalf, as a mistake at that this stage can be very costly in the future."

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