



CBRE Hotels Newsletter

Greater China
1st Quarter 2010

GREATER CHINA HOTEL PERSPECTIVE MARKET OVERVIEW

The global economy has entered an initial stage of recovery, albeit slow as the market remains cautious. Within Greater China, China mainland's GDP growth has exceeded the government's target of 8% for 2009 (provisional figures at 8.7%). Hong Kong emerged from the recession in 2Q 2009 but as the market is dominated by exports and import demand remains sluggish, growth is expected to be slow. Taiwan's economy is heavily dependant on external trade and thus is anticipated to remain sluggish at the beginning of 2010.

For the hotel industry however, hardly a week goes by without a new hotel opening or announcement of expansion plans, despite the sharp downturn in occupancies and room rates across the region. For many operators and investors, the Asia-Pacific region still presents growth opportunities unsurpassed anywhere in the world, and sentiment is likely to improve during 2010.

Although the numbers of international visitors to the AP region for the first eight months of 2009 are down y-o-y, statistics for North East Asia shows a y-o-y

Q4 2009 Key Economic Indicators - Greater China

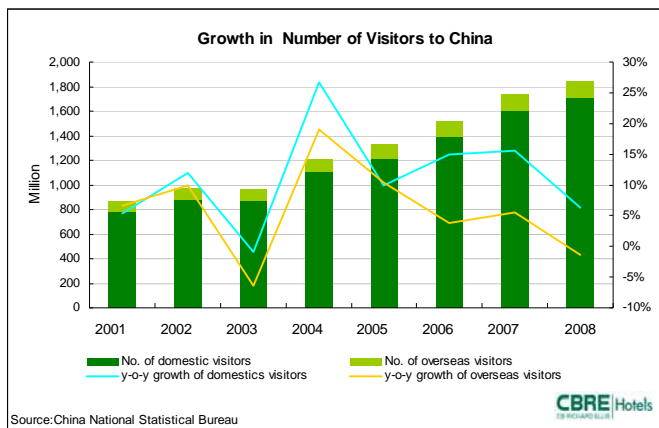
	GDP (Nominal) (US\$ Million)	GDP (Expenditure) Growth (Real)	Inflation Rate	Unemployment Rate	Number of Tourist Arrivals
Beijing	173,668	10.1%	-0.6%	1.4%	170,000,000
Shanghai	218,089	8.2%	-0.4%	4.3%	129,896,600
Shenzhen	120,033	10.7%	-1.3%	2.6%	28,403,100
Hong Kong	210,266	2.7%	0.5%	4.9%	29,590,654
Macau	15,020*	-12.8%*	1.2%	3.1%	21,752,751
Taiwan	408,753	-1.9%	-0.9%	5.9%	4,395,004
Hangzhou	74,624	10.0%	-1.4%	3.0%	53,241,200

Source: National Bureau of Statistics of China, Census & Statistics Bureau, Tourism Bureau, M.O.T.C., Taiwan

* Up to Q3 2009 only.

increase of +3% for China, Hong Kong +6% and Macau +7%.

In 2008 China recorded 130 million inbound international tourists representing a decline of 1.4% over the previous year (the first fall in 4 years). The decline was largely attributable to the worldwide downturn and visa restrictions enforced during the Olympic Games period. During the same period, over 1.7 billion domestic tourists were recorded representing a moderate increase of 6.9% over 2007 when compared to the double digits growth recorded since 2004. In light of the global market conditions it is remarkable to note the positive growth in this sector.



According to unofficial statistics from the National Bureau of Statistics, in 2009 domestic arrivals reached 1.9 billion which is an increase of 11.1%. Foreign arrivals numbered some 21.9 million which is a decline of 9.8%.

It is predicted that China will be Asia's top outbound market and international hotel operators are positioning themselves to take advantage of the market opportunity. Many operators are focused on building their brand presence in China first, to create brand awareness in the domestic market so that when the Chinese travel abroad these brands will be the accommodation of choice.

China domestic tourism receipts accounted for 75.5% of all tourism receipts for 2008, emphasizing China's increased wealth and spending capabilities for travel and leisure. Going forward it is anticipated that domestic travel and spending will only continue to increase as transport infrastructure projects and airports improve and develop. Coupled with the fact that there is strong government support for the building and expansion of convention facilities for MICE and leisure facilities, the outlook for the domestic tourism market looks strong.



While hotels in China's main cities, Shanghai, Beijing and Hong Kong are still under pressure as a result of over-supply and dependence of foreign inbound travelers, business in the secondary and tertiary cities have been relatively resilient as these locations depend on domestic Chinese travelers. As overall sentiment improves and there is resumption of business demand during 2010, occupancies will be pushed up followed by positive growth in ADRs, but it will take some time for performance to recover from rate cuts from the economic downturn.

The AP hotel development pipeline remains strong when compared to global figures. Shanghai reported the most rooms under construction in preparation for the forthcoming 2010 World Expo.

Hotels tend to be highly vulnerable to economic

sentiment as rooms are let daily. However they may also be the first to pick up during the recovery. Global hotel transactions market registered positive growth in the Q3 2009 with EMEA proving to be the most active.

The hotel investment market was lacklustre at best during 2009 with few notable deals completed. Investors in hotels are becoming more knowledgeable about hotels as an asset class and their requirements higher; however the gap in price expectations between investors and sellers remains significant, and the anticipated increase in "distressed" and discounted properties entering the market, has not materialized.

Despite the battered hotel market, there were a few hotel and serviced apartments transactions in Hong Kong, notably the sales of the Rosedale on the Park in Causeway Bay, the Hong Kong Shama serviced apartments portfolio and the Frasers Suites in Wan Chai. Other sales included that of smaller independent properties, the Tatami Hampton Hotel in Mong Kok, Goodrich Hotel and the Mingle Place Hotel. No significant hotel transactions were recorded in Taiwan during 2009, and there was one notable transaction in Macau, that of the Mandarin Oriental hotel which sold for HK\$1.6 billion to Sociedade de Turismo e Diversoes de Macau, paving the way for a possible redevelopment of this prime site.

In China, there were various rumours of large transactions during the year, however many of these failed to complete. Major deals that were concluded include the Shama Xuijahui and City Apartments, both located in Shanghai. There was markedly less activity China wide, even in the secondary cities.

The long term prospects for the hospitality industry in the region remains positive, as domestic travel grows

even stronger and business travel picks up. This is endorsed by the continued expansion pace of the hotel industry by both international and domestic players alike.

BEIJING

As the capital city of China, Beijing has the largest number of global flag hotels when compared to other cities. However, the city's hotels are feeling the effects of post-Olympic Games consolidation and the financial crisis. Nevertheless, several new hotels were launched in 2009, such as the Beijing Marriott (northeast), Park Plaza Beijing West, Pullman Beijing West Wanda and the Fairmont Beijing Hotel, adding to the already stiff competition. Based on the dominance and vibrancy of China's domestic tourism market, and the general boost that the Games had on Beijing's convention and exhibition business, we expect that in the long-term the hotel market will stabilise after a period of consolidation.

As of December 2009, the number of 4 and 5-star hotels totalled around 173, providing some 61,977 rooms in Beijing. This represents a growth of 2.4% y-o-y.

Total foreign inbound arrivals to Beijing reached 4.2 million during 2009, representing an increase of 8.8% compared with the same period last year. This contrasts to domestic travellers which amounted to some 160 million, a growth of 14.6% over 2008.

The lower volumes of foreign arrivals impacted the business at high-end hotels in the first eight months of the year, compared to the strong market experienced in 2008. Statistics from STR Global showed that the ADR of luxury hotels was RMB 1,374, representing a y-o-y decline of 44.1%, while the average occupancy rate was 37.2%, 24.4 percentage points lower than that of the same period of 2008. As for the upscale hotels in Beijing, the ADR reached RMB 788, falling 46.4% y-o-y, whereas the

average occupancy rate was 46.6%, decreasing by 22.1 percentage points. The decline in performance is largely due to the impact of the financial crisis, and the substantial new supply that came on stream for the 2008 Olympic Games. Faced with fierce competition, hotels were forced to lower their ADRs to maintain some sort of reasonable occupancy rate. Towards the end of 2009, the Beijing hotel market started to pick up; ADRs and occupancy levels seem to have bottomed out, though there is considerable ground to catch up to even 2008 levels.

International hotel operators continue to source new properties for expansion in Beijing, and at least nine hotels, providing 2,817 rooms, are expected to open in 2010, including the Four Seasons, Conrad and Shangri-la Hotel.

The gradual recovery of the global economy has reactivated business travel to some extent. Further, the hosting of several large events scheduled for 2010, such as the 2010 Beijing International Automotive Exhibition (Auto China 2010), which will be held in the Beijing International Exhibition Center, is forecasted to attract a large number of tourists. We anticipate that these business travel and tourist demands will underpin the performance of the high-end hotel sector in Beijing.

SHANGHAI

As the financial, trade and business center of China, the major driver of Shanghai's hotel market is business related, both foreign and domestic.

Total foreign inbound arrivals in Shanghai during 2009 reached almost 6.3 million, representing a decline of 1.8% over the same period last year. Domestic arrivals amounted to some 123.6 million, representing a y-o-y growth of 12.3%, which notably is higher than the 7.8% growth y-o-y for 2007/8.

As at August 2009, data from STR Global shows the

ADR of luxury hotels (from a customized list of hotels) was around RMB 1,550 representing a y-o-y decline of 25.1%, while the average occupancy level was 40.3%, showing 2.6 percentage points higher than that of the same time last year. Upscale hotels in Shanghai (STR Global data from a customized list of hotels) recorded an ADR of RMB 865, representing a fall of 26.2% y-o-y, and the average occupancy rate was 48%, which is an increase of 10.2 percentage points over the same period. Towards the end of 2009, the performance of hotels in Shanghai saw a rebound, in that the market recorded positive growth in occupancies month-on-month for the first time in the year. It will take more time for ADR to recover, as these are still below those of 2008, however it is expected that these should improve considerably in the run up to the World Expo 2010 Shanghai.

As of September 2009, the number of high-end hotels in Shanghai reached 122, with 68 5-star hotels and 54 4-star hotels, providing some 39,972 rooms. Hotels which opened in the 2H 2009, include the Peninsula, Grand Central Hotel Shanghai (Phase II).

Many hotel operators have high expectations of the benefits from the Expo 2010 and there is a large pipeline of some 10 high-end hotels, due to open ahead of the Expo 2010, with large brands including a Kempinski Hotel, the Shimao Inter-Continental and the refurbished legendary Peace Hotel, which will open under the Fairmont brand.

As a coastal city, Shanghai's economy maybe more externally oriented and would experience earlier benefits from a rebound of the global economy and subsequent recovery of business demand. Furthermore, the Expo 2010 is definitely believed to be a golden chance for the city's hotel industry, and is expected to attract some 70 million arrivals. The confirmation of the first China-based Disney theme park in Pudong further endorses the city as a tourism destination. All these factors are expected to

contribute to the positive future outlook of the Shanghai hotel industry.

SHENZHEN

Shenzhen was the first Special Economic Zone to be set up in China and one of the most successful. The city has a population of more than 8.7 million. Over the last decade, Shenzhen was one of the fastest growing cities in China. It is also considered a key tourist destination as the city is situated on the border to Hong Kong; according to latest statistics by the Shenzhen Tourism Bureau, total number of visitor arrivals for the first nine months of 2009 achieved a growth of 2.8% y-o-y to about 48.8 million. The amount was comprised of 30.0 million domestic arrivals and 18.8 million international arrivals respectively.

Many high end hotels opened during 2009 including the JW Marriott, Ritz-Carlton, Futian Shangri-la, and the Grand Hyatt in November 2009. The Westin in the Overseas Chinese Town (OCT) in Nanshan district is anticipated to open in Q1 2010. A total of 1,955 rooms have been provided to the market since 2009. In Futian CBD, two 5-star hotels are expected to be launched in ECC Tower II and Excellence Times Square. A Hilton is anticipated to open in the second half of 2010 at GCI-IFC.

As at September 2009, the occupancy rate of high-end hotels showed a y-o-y fall of 8.4 percentage point to 51.4% which is relatively higher to the average for the first nine months of the year at 47.1%. This compares to 58.6% recorded in the previous year.

The ADR of high-end hotels in September 2009 stood at around RMB 957, which represents a decline of 11.2% y-o-y, however rates have been relatively stable during the first nine months of the year. The fall in rates was due in part to the opening of new

high end hotels as well as the impact from the global situation, however the new supply is anticipated to considerably upgrade the overall hotel market in Shenzhen and thus push up room rates in the long term.

The 26th World University Games "Universiade Shenzhen" will be held in Shenzhen in 2011 and is forecast to attract university students from all around the world. This event is expected to stimulate visitor arrival. With more high-end hotels launching in late 2009 and 2010, we expect the competition will continue to be keen in the future.

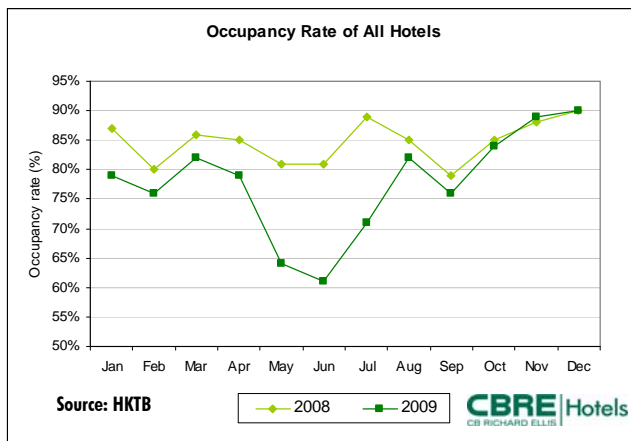
HONG KONG

Impacted by the H1N1 outbreak and the global economic downturn in 2009, demand for hotel rooms in Hong Kong remained weak up to Q3 2009. However the number of tourist arrivals recorded positive growth in August after experiencing negative y-o-y growth for four consecutive months.

In December 2009 the number of visitor arrivals to Hong Kong was 3.06 million, a growth of 10% y-o-y. Cumulative visitor arrivals totaled around 29.59 million, an increase of 0.3% y-o-y. Visitors from most countries experienced negative growth between January and December, with only visitors from Mainland China and Indonesia showing positive growth. Visitors from Mainland China reached 17.96 million for the year, an increase of 6.5% y-o-y. The Hong Kong Tourism Board has set a target of 31.3 million visitor arrival for 2010, an increase of 5.2% y-o-y. The recovery in the economies of major markets such as United States and Europe is only just the beginning, the visitor arrivals from Mainland China is expected to continue accounting for close to two-third of the total.

As at the end of 2009, there were a total of 167 hotels in Hong Kong. During 2009 some 10 hotels in Hong Kong opened, including the re-opening of the Hyatt Regency on a new site in Tsim Sha Tsui, Harbour Plaza 8 Degrees and the Crowne Plaza. Forecast supply during 2010 amounts to some 23 hotels. Due to the vibrant residential property market during the year though some projects originally earmarked for hotel development have been changed to residential.

During 2009, the average occupancy rate for all hotels shows a drop of 7 percentage point y-o-y, and High Tariff A and B hotels declined by 7 percentage point and 6 percentage point respectively. The average occupancy rate for all hotels was 78% whilst the occupancy rates for High Tariff A and B hotels were around 72% and 81% respectively.



ADRs demonstrated a similar falling trend during the same period, with High Tariff A and B hotels at HK\$1,808 and HK\$779 representing a drop of 14.1% and 20% y-o-y.

Going forward, it is expected that Hong Kong tourism industry will face tough regional competition. Though expansion works of Hong Kong Disneyland commenced in December 2009, Shanghai Disneyland was approved during the year and Universal Studios Singapore opens in 2010.

On the positive side, during 2009 the Government announced the launch of the Mega Events Fund and earmarked HK\$100 million to assist local non-profit making organizations to host mega arts, cultural and sports events over the next three years so as to enhance Hong Kong's position as an international events location.

Further, the 2009-10 Policy Address announced policies to revitalize industrial buildings with nil waiver fees conversion of some industrial buildings into hotels. Henderson Land since applied to convert one of their industrial blocks in Kowloon Bay into a hotel.

The hotel market in Hong Kong remains positive, given that the China's brighter economic outlook, it is expected to see stable demand growth for the visitors from Mainland China.

MACAU

Gaming revenue in Macau has surpassed that of Las Vegas since 2006, and makes Macau the world's largest gaming market in terms of revenue. The market generated approximately MOP120 billion in 2009.

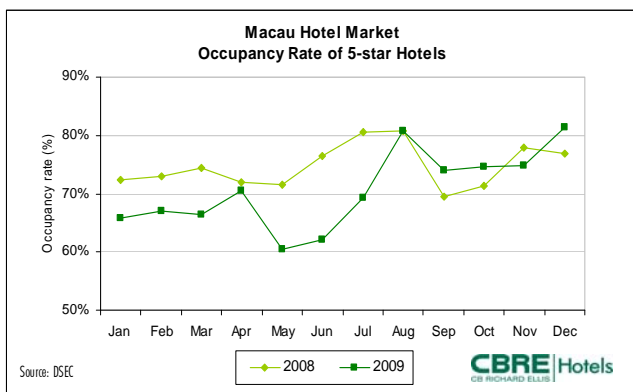
According to the Macau Statistics and Census Services, some 21.8 million people visited Macau in December 2009, a decrease of 5.2% y-o-y. Records show that Mainland Chinese and Hong Kong made up 81.5% of all arrivals. The fall in arrivals may be partly due to restrictions imposed on visa from China starting mid 2008. Visitor arrival from China recorded a decrease of almost 5.4% y-o-y.

The forecast is for an upward trend in Chinese visitor arrivals, riding on China's strong economic fundamentals and their high propensity for gambling. In 2009, China's GDP totaled RMB 33.5 trillion compared to RMB 15.7 trillion in 2004. Many southern China cities surrounding Macau have also

exhibited substantial growth.

As at December 2009 there were around 90 hotels in Macau providing approximately 19,216 rooms. This represents an increase of approximately 9.87% compared with December 2008. New hotels opened in 2009 including the bundle of hotels at the City of Dreams: Hard Rock Hotel, Grand Hyatt and Crown Towers, and Hotel Lan Kwai Fong. Many of the recently completed and future projects feature mega hotels coupled with gaming/leisure facilities.

Despite the only slight increase in hotel rooms and the overall negative global sentiment, the average occupancy rate of hotels in Macau remained relatively high. In 2009, the average occupancy rate for 5-star and 4-star hotels were 70.8% and 77.5% respectively.



According to the Macau Government Tourist Office, the ADR of 5-star hotels was MOP 1,241, a slight decline of 3.13% over the corresponding period in 2008. The ADR of 4-star hotels showed a decline of 8.3%.

As more integrated and quality gaming facilities open in Macau, an increasing trend in the average length of stay has been witnessed. Statistics show that the average length of stay increased from 1.44 nights in December 2008 to 1.50 nights y-o-y. This positive trend is anticipated to continue as

Macau further develops into a world-class tourist and gaming destination similar to Las Vegas.

On future supply, Wynn Macau Phase II, Encore, is expected to open in 1H 2010. The group is awaiting approval to develop a 4.8 million sq ft integrated casino and resort on a 52-acre site on the Cotai strip. Encore will be the only casino opening in 2010. Encore is aimed at targeting the VIP gaming segment.

During 2009, stalled project from Sands China Ltd. announced the reactivation of its project in Cotai opposite its existing Venetian Macao Resort. This project is expected to complete in three phases with Phases I and II featuring approximately 6,000 hotel rooms, and retail, entertainment and dining facilities, as well as gaming. It is scheduled to be opened in 2012 and 2013.

Other positive reinforcements that the market is rebounding and that confidence in the gaming market in Macau remain steady is reflected in the successful listing of 2 Las Vegas casino operators on the Hong Kong Stock Exchange in October and November 2009 namely Wynn Macau, Limited and Sands China Ltd.

The full year figures for 2009 gaming revenue in Macau are approximately MOP 120 billion, or 10% higher than in 2008, which was itself a record breaking year.

The outlook for the hotel market in Macau remains positive, as it rides on the gaming industry. Historically, the limited supply of quality rooms coupled with the relative absence of a quality MICE facilities, fostered a "day trip" market in Macau. Led by the large entertainment complex developments, overnight visitation has increased. As the gaming, resort, and MICE industry becomes more sophisticated and the image of a "seedy enclave" is

replaced by that of a mature gaming, tourist and MICE location by new developments of world class standard, it is expected that the overall market will mature with longer stays and bring even higher revenues to Macau, a trend which has been seen in Las Vegas.

TAIPEI

Over the first eleven months of 2009, total visitor arrivals reached over 3.9 million, an increase of some 12.9% y-o-y, due mostly to an increase of nearly 200% of arrivals from mainland China and Hong Kong (increase of 16.2%). By year end 2009, mainland Chinese arrivals will most likely overtake Japanese to be the largest source market travelling to Taiwan.

Despite the growth in visitor arrivals, the average occupancy for high-end hotels in Taipei¹ slipped from around 72.3% in 2009 to 70.6% over same period. The decline is attributed to the slowdown of business travelers to the city, who tend to stay in high end hotels. ADRs averaged NT\$3,718, which is a decrease of around 8.7% y-o-y from NT\$4,072 over the same period in 2008.

As of November 2009, there were some 23 international tourist hotels and 10 standard hotels, as opposed to the whole of Taiwan where the Tourism Bureau records that there were 64 international hotels and 31 standard hotels.²

The majority of new supply of high end hotels will be located outside Taipei in tourist destinations such as Taitung (台東), Yilan (宜蘭) and Penghu (澎湖). In Taipei itself there was limited increase in room numbers of high end hotels during 2009. During

2009, six new hotels were launched in Taiwan, including the opening of the Novotel Taipei Taoyuan International Airport Hotel, the first hotel by Accor in Taiwan. It is highly anticipated that the relaxation of Chinese visitors to Taiwan will have a large impact on the hotel industry in Taiwan, and certainly there has been increased interest by both international hotel groups and domestic groups for expansion. Taiwan's biggest local hotel group, Formosa Hotels, is planning to open a new brand of properties called Just Sleep that will budget business travelers from the mainland.

Many international hotel groups plan openings around Taipei over the next few years. Planned hotels incorporate Starwood's W Hotel and Le Meridien, a Four Seasons Hotel, a Mandarin Oriental, and a Millennium & Copthorne. IHG plans to open its first managed Crowne Plaza in Kaohsiung, Taiwan's second biggest city, in June 2010. This will make IHG the largest international hotel group on the island with a total of more than 1,200 rooms.

A positive outlook in the overall tourism industry in Taiwan is expected to impact strongly on the hotel industry in Taiwan, from both mainland Chinese travelers and business travelers, as a result of improved cross-strait relation. As the demand for both MICE and tourist hotels develops and grows in Taiwan, it is anticipated that there a large impact on both mid end hotels that cater to tour groups and the high-end hotels. As more branded hotels open in Taiwan, the overall quality of the industry will develop and be upgraded, and as such, revPARs and overall business will improve. Up to now there have been very few high end hotels outside Taipei.

¹ First 11 months 2009

² Higher end hotels are tourist hotels (觀光旅館) classified by the Tourism Bureau, including standard and international tourist hotels.

CITY FOCUS - HANGZHOU



Hangzhou is the capital of Zhejiang Province and the political and economic centre of the province. The city is located around 180 km southwest of Shanghai, and lies between the northern bank of the Qiantang River and the south of the Yangtze River Delta. Hangzhou has a broad industrial base which includes light industry, agriculture and textile industries. Major industries include information technology, electronics and pharmaceuticals.

Hangzhou is considered a key city in the Yangtze River Delta region and is a popular domestic and international tourist destination due to a rich history and beautiful natural scenery and famous West Lake.

Hangzhou's economy has grown rapidly in recent years in large part due to its strategic location within the Yangtze River Delta close to Shanghai. In 2008 Hangzhou's GDP was the eight largest in China after Shanghai, Beijing, Guangzhou, Shenzhen, Suzhou, Tianjin and Chongqing. Between 2003 and 2008, the city's nominal GDP grew at a CAGR of 18%, reaching RMB 478 billion. The city has benefited from both central and local government support with regards to infrastructure investment projects which have contributed substantially to the city's growth.

This is reflected in the growth in fixed asset investment which grew rapidly at 14% CAGR 2003 - 2008.

Hangzhou is well connected to surrounding cities by an extensive network of expressways which allow access to a market of some 120 million people. Shanghai is two hours driving time from Hangzhou. A fast-train service was completed between Shanghai and Hangzhou in 2007, cutting average travel times from about 2 ½ hours to just over 1 hour. A super high-speed train network is also under construction which when completed this year will further cut travel times to 38 minutes between the two cities.

A subway for Hangzhou was approved in June 2005 and construction commenced in 2007, and with phased completions from 2010 to 2012. It is worth noting that the system will traverse Qianjiang New City and Qianjiang Century CBD greatly enhancing accessibility to the new CBD areas. These areas are new CBDs/ development zones and are expected to generate new demand and opportunities for real estate, including hotels.

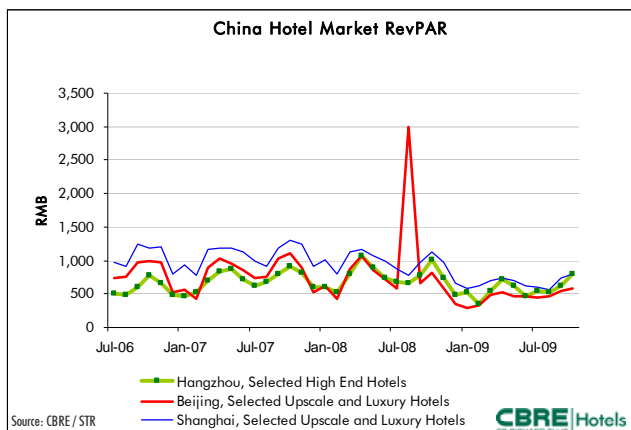
Hangzhou's Xiaoshan International Airport opened in 2000 and it presently being expanded. It is the eighth busiest airport in China. The airport has direct flights to most major Chinese cities and several international destinations including Hong Kong, Japan, Singapore, and South Korea. On completion of its expansion, the airport is predicted to have a passenger capacity of 26 million passengers and annual air cargo capacity of 500,000 tonnes.

Hangzhou is one of the most popular tourist destinations in China, receiving nearly 48 million arrivals in 2008. Domestic tourists continue to form the backbone of Hangzhou's tourism industry growing at 10% CAGR 2003 - 2008 to reach 45.5 million in 2008. Over the same period the numbers of foreign visitors to Hangzhou more than doubled

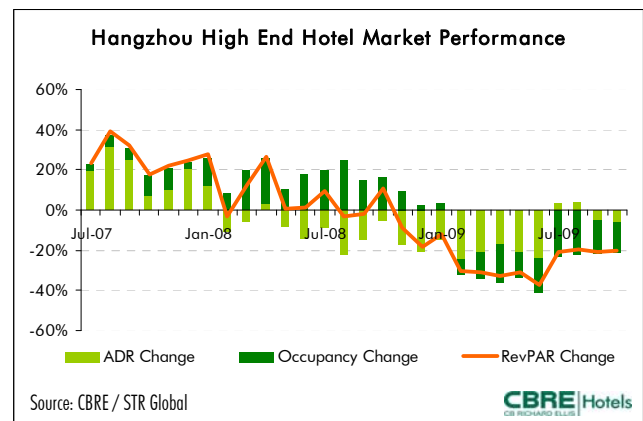
from 800,000 to just over 2 million, accounting for 5% of all arrivals in 2008.

According to the latest official data (2008), there were a total of 247 star rated hotels in Hangzhou, of which 13 were 5-star hotels. The first internationally branded hotel to open in Hangzhou was the Shangri-La Hotel on the Westlake in 1984. The 90s and the early 2000's saw a tremendous increase in high end hotel room supply in Hangzhou. Whereas traditionally hotels have tended to cluster around the Shangcheng district and the Westlake (Xihu) area, new developments are emerging particularly in the Qianjiang New City area. This area is currently being developed as a major CBD and administrative centre for the city and is located on the north bank of the Qiantang River.

The performance of the Hangzhou hotel market is in a league of its own within China. High end hotels in Hangzhou enjoy one of the highest RevPAR of all secondary cities in China. However the market is getting more competitive as new high end hotels enter the market.



According to data from STR Global on selected high end hotels in Hangzhou recorded from 2007 to Q3 2009, ADRs have declined from a high of RMB 1,344 recorded in Q3 2008 to a low of some RMB 855 recorded in mid 2009. In general, during 2009 falls in ADRs was recorded y-o-y for almost every month during the year bringing a total fall of over 15% to Q3 2009, which contrasts the total growth of some 15% 2007/ 2008. The ADR for 2007 stood at RMB 1,042, and increased to RMB 1,200 during 2008. As at Q3 2009 the ADR fell to around RMB 1,040.



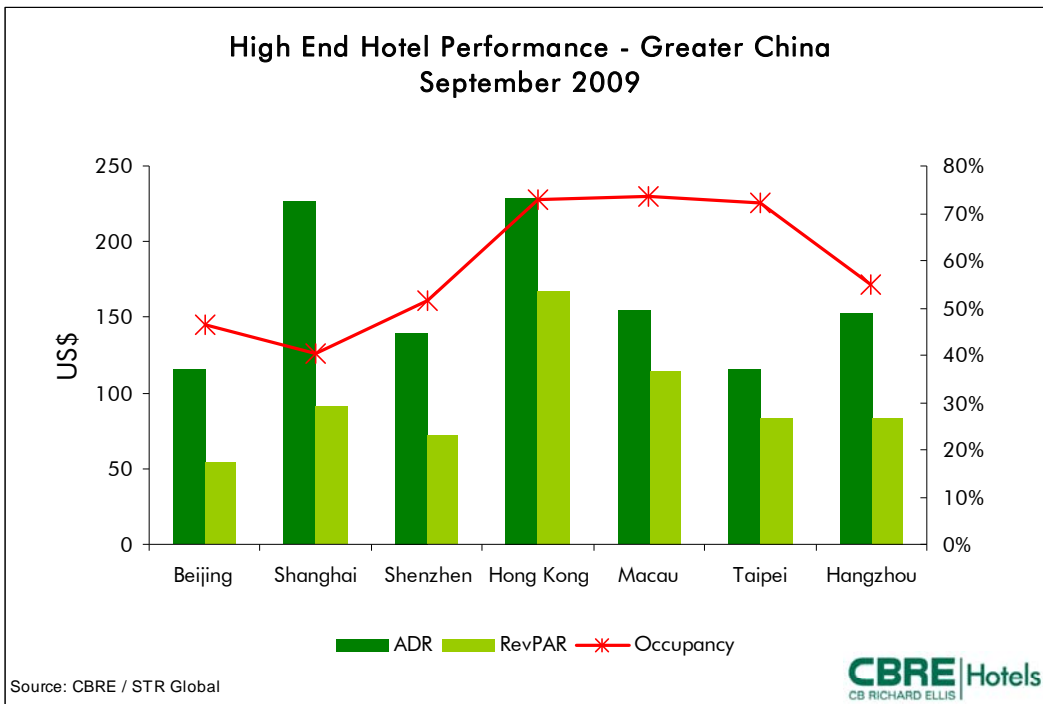
The occupancy rate has demonstrated a similar decline with negative growth in most months from February 2008 to October 2009. The average occupancy recorded for 2007 was 69%, falling to 63% for 2008 as new high end hotels such as the Sofitel Xanadu Resort Hotel and Four Points by Sheraton Hangzhou, Binjiang opened in the city. Average rates dropped even further to around 55% as at Q3 2009.

The existing supply of high end hotels in Hangzhou remains predominantly domestically run hotels, though the internationally branded hotels which have opened over the last 10 years have significantly raised the overall quality of hotels in Hangzhou. Over the next few years a large number of new hotels are forecast to open, including hotels from the Sheraton group, a JW Marriott, Hilton, Four Seasons

and Grand Hyatt hotel from the 5-star category. It is noted that a large portion of the openings are planned in the Jiangnan district along the Qiantang River and Qianjiang New City.

Given Hangzhou's reputation as a popular tourist destination and its strategic location in the Yangtze River Delta, the city is expected to recover from the global economic crisis which hit the hotel market. The strong

pipeline of new hotels only reinforces the city's reputation as one of China's hotel market leaders. Hangzhou is anticipated to have positive impact from the World Expo taking place in Shanghai later in 2010. The emergence of new CBDs in the Qingjiang New City area will further enhance business travel, which will push room rates back up to pre-crisis levels.



Abbreviations:

- ADR – Average Daily Room Rate
- CAGR – Compound Average Growth Rate
- EMEA – Europe, Middle East and Africa
- GDP – Growth Domestic Product
- MICE – Meetings, Incentives, Conferences and Exhibitions
- RevPAR – Revenue per Average Room
- y-o-y – Year on year

Currency conversions:

- US\$ 1 to RMB 6.82800
- US\$ 1 to HK\$ 7.75450
- US\$ 1 to NT\$ 31.9520
- US\$ 1 to MOP 8.00460

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