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SINGAPORE STANDS OUT AS A KEY DRIVER IN HOTEL INVESTMENT SALES AND ROOM RATE INCREASES IN ASIA – Q3 2011

CBRE Hotels' latest analysis of hotel investment sales and room rates in Asia (excluding Southern Asia) in the third quarter of 2011 confirms its earlier outlook projection on the city's hospitality sector for the year. After China, Singapore has been the most active hotel investment market this year with nine transactions representing USD\$1 billion to date, accounting for 27 per cent of the total investment volumes. China accounted for 43 per cent.

Robert McIntosh, Executive Director, CBRE Hotels, Asia Pacific said "Although investment sales in Asia were impacted slightly due to the events in Japan in the first quarter, investment levels have risen sharply elsewhere, particularly in China and Singapore."

Hotel transaction volumes totalled approximately US\$3.9b across Asia for the YTD September 2011, an increase of 50 per cent compared to YTD September 2010. China accounted for US\$1.4 billion, Singapore US\$1.0 billion, Japan US\$443 million, Hong Kong US\$329 million, Thailand US\$139 million and Taiwan US\$138 million.

Major hotel sales in Singapore in the third quarter included Raffles Hotel, including retail, (US\$278 million), Crowne Plaza, Changi Airport (US\$198 million), Studio M (US\$126 million) and Ibis Novena (US\$97 million).

Asia's largest hotel transaction in the third quarter, and this year so far, was Home Inns & Hotels Management Inc, a leading economy hotel chain in China, completing acquisition of 100 per cent ownership interest of China based Motel 168 International Holdings Limited. According to the Share Purchase Agreement, the acquisition price was US\$470 million.

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Mr McIntosh added "Despite the large volume of transactions in mainland China, this is still a relatively immature market compared to other Asian countries such as Japan, Hong Kong and Singapore. It is clear that greater transparency in China would encourage more international players to invest in the country. Market fundamentals in the region remain positive and investors are still bullish on the major Asian cities. Investors will continue to acquire quality assets this year, if brought to the market."

Five markets reported occupancy increases: Bangkok (50.5 per cent to 65.5 per cent); Jakarta (67.3 per cent to 72.2 per cent); Beijing (60.4 per cent to 65.3 per cent) and Kuala Lumpur (70.7 per cent to 72.1 per cent).

The largest ADR decreases were reported in Shanghai, China (-5.9 per cent to CNY790) and Tokyo, Japan (-36.7 per cent to JPY13,752).

Three other markets experienced RevPAR increases of more than 10 per cent, Jakarta (+19.7 per cent to Rup576,419) and Beijing (+13.1 per cent to CNY430).

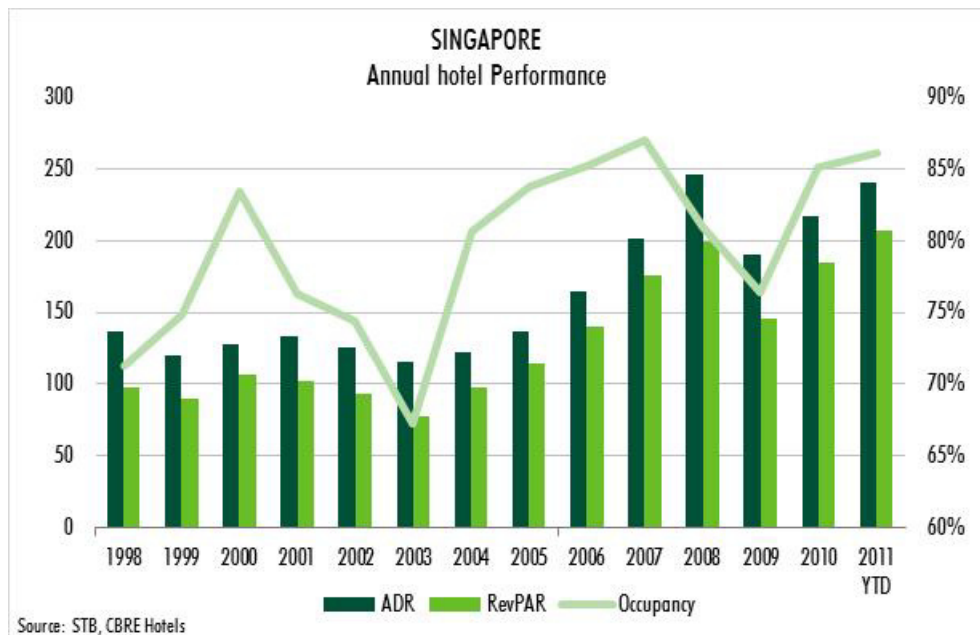
Tokyo's RevPAR fell 42.8 per cent to JPY9,211, reporting the largest decrease in that metric, followed by Shanghai with a 18.3 per cent decrease to CNY439.

ADR in the region has continued to increase compared to previous years. However, uncertainties in the global economy and the slowdown in Chinese GDP growth, suggest that the ADR growth will be modified in the region.

On the back of a healthy Singapore economy and a projected increase in visitor arrivals, CBRE Hotels had anticipated islandwide occupancy levels to achieve between 83.0 and 86.0 per cent. It now looks likely to exceed 86 per cent, a figure only bettered once in the last 15 years.

Mr McIntosh said "The sector has continued to improve as a result of the stronger regional economy and the increased attractions of Singapore for both business and leisure visitors. This improved occupancy has been achieved despite a greater than 10 per cent increase in the number of hotel rooms".

Islandwide revenue per available room (RevPar) had grown 15.3 per cent for the year to date to \$207.09 and is expected to increase a little further for the full year depending upon the state of the economy globally. Upscale hotels increased most, by 16.7 per cent to \$237.16 from \$ 203.09 a year ago.



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