

PRESS RELEASE

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HOTEL INVESTMENT VALUES SET FOR FUTURE INCREASES

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Hotel brands have become a key driver of hotel values over the past year as some major sale and manage-back deals were completed over the past year. Joni Smith, Associate Director at CB Richard Ellis Hotels discussed Hotel Real Estate trends at this year's opening Lookout Panel at the International Hotel Investment Forum in Berlin.

During the panel moderated by CB Richard Ellis Hotels consultant Michael Hirst, Smith stated that CB Richard Ellis Hotels had predicted the move away from sale and lease-backs towards sale and manage-back and this trend was evident in 2005. Smith commented "The real change is that we are now valuing hotel investments with innovative structures in a whole new light: the strength on value of the brand."

Brand power has become a crucial element in measuring investment risk with the hotel sector as the size of the hotelier's balance sheet becomes less relevant in management contracts. Smith also commented that the availability of funds to be invested in hotels is likeable to increase substantially.

An additional £24 billion per annum is likely to be invested in real estate from European pension funds. In addition Smith stated "the wall of cash generated by the Arab world will have a massive effect on real estate markets globally." And "the knock on effect from this must positively impact hotel investment values in 2006."

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Notes to Editors:

CB Richard Ellis Hotels is the world's leading, full-service, real estate advisory group focused exclusively on the hospitality industry. CB Richard Ellis Hotels provides consultancy services for the sale, valuation, financing, development and asset management of hotels. Headquartered in London, the group has offices in Ireland, France, Spain, Italy and CEE (Central and Eastern Europe) with dedicated hotel teams in the United States and the Asia-Pacific region.

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