



16 November 2011

Hotels deliver improved investment returns with CBD assets leading the surge.

Sydney, 16 November 2011

PCA/IPD Hotel Property Index Performance 2011 Q3

The PCA/IPD Hotel Index recorded a total return of 17.0% for the year ending September 2011. This represents an increase of 6.1 percentage points over the previous year's result of 10.8% in September 2010.

The increase in returns was driven by strong capital growth, rising from 2.4% in September 2010 to 7.5% in September 2011. Figure 1 shows the performance of income, capital and total return over time.

Figure 1

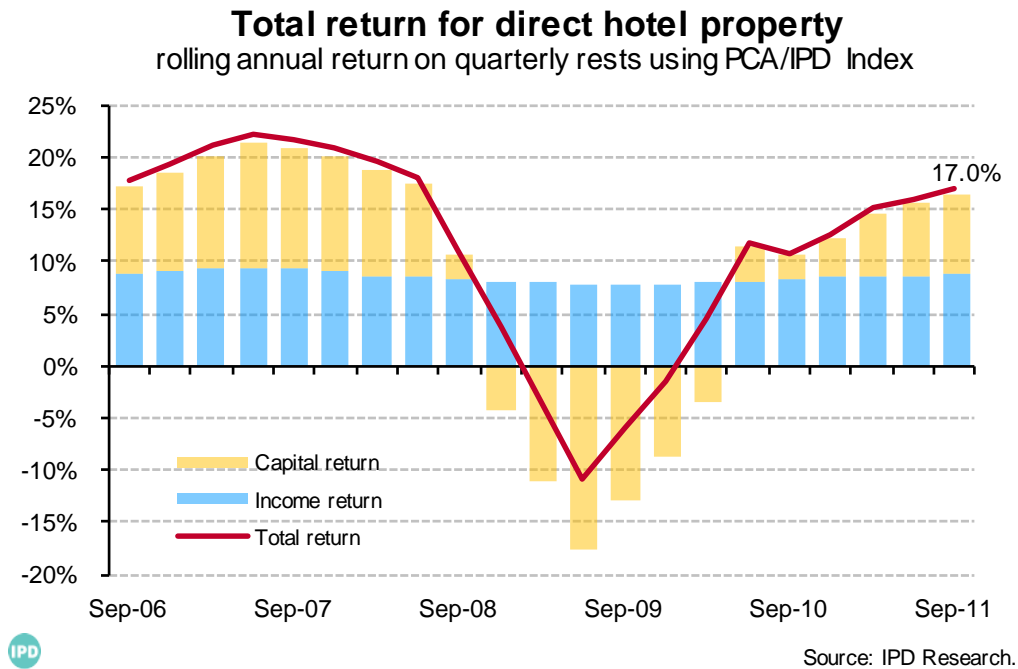
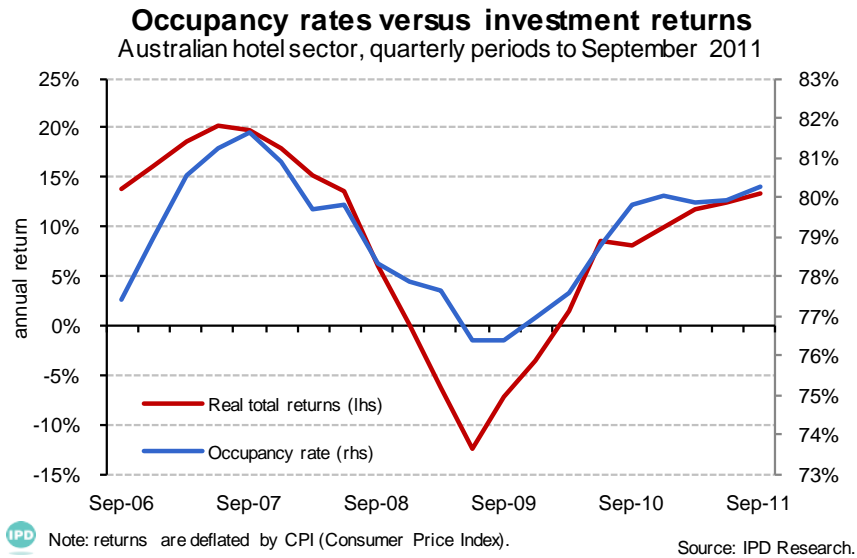


Figure 2 details real total return and occupancy rates over time. It is clear that growth in occupancy rates have placed upward pressure on room rates which has underpinned the strong return performance over the year to September 2011.



16 November 2011

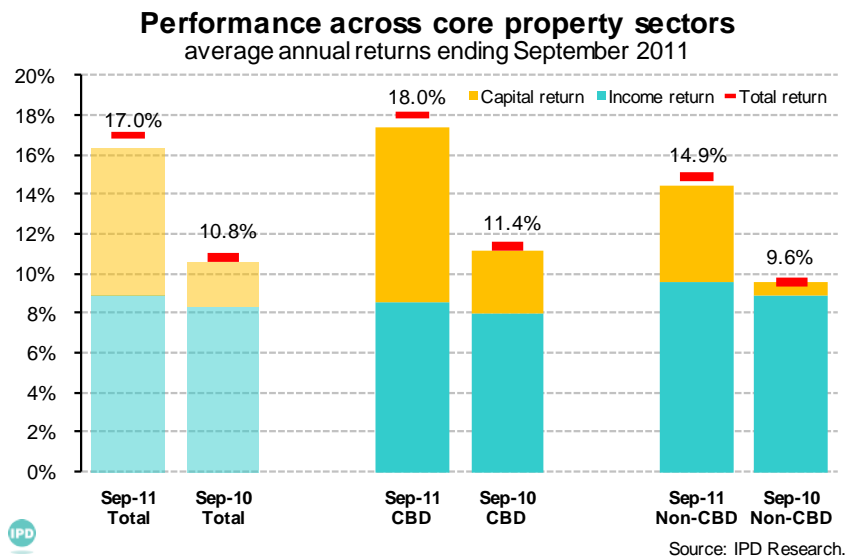
Figure 2



Comparative CBD & Non-CBD Return Performance

Performance of hotels across CBD and Non-CBD locations is reported in Figure 3. CBD hotels recorded a total return of 18.0% for the year ending September 2011. This was comprised of a positive 8.5% income return and positive 8.8% capital growth. Over the same period, Non-CBD hotels underperformed the broader hotel market, delivering a total return of 14.9%.

Figure: 3



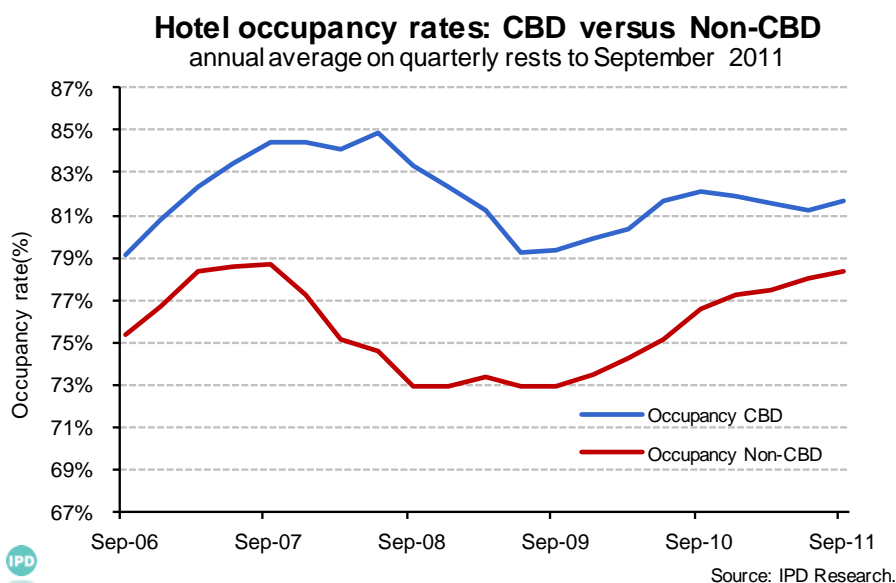


16 November 2011

Figure 4 details occupancy rates for CBD and Non-CBD hotels over time. It is clear that CBD hotels have benefited from higher occupancy rates than hotels in Non-CBD locations. This has underpinned the outperformance in investment returns for CBD hotels over the year to September 2011.

The high demand for CBD hotels reflects strong business from corporate travellers and an undersupply of quality hotels rooms in major CBD markets.

Figure: 4



Dr Anthony De Francesco, Managing Director of IPD in Australia and New Zealand, said

“The hotel sector has shown strong investment performance over the year to September 2011. This is in stark comparison to other asset markets which are suffering from soft returns due to adverse capital market conditions and an unfavourable economic climate.”

“Growth in occupancy rates has placed upward pressure on room rates and has resulted in strong investment returns.”

“We expect the hotel property sector to outperform the other competing core property sectors over the next few quarters.”

Mr Tony Ryan, Principal of Ryan Lawyers, said “Despite the high Aussie dollar and uncertainty in the traditionally strong visitor source markets of US and Europe, CBD hotels, in particular, have

IPD PRESS RELEASE

PCA/IPD Hotel Property Index

16 November 2011

On the pulse of
the property world



enjoyed very strong total returns of 18% based equally on income and capital growth. With domestic corporate demand still robust, CBD hotels are hard to beat.”

Mr Troy Craig, Managing Director – Strategic Advisory at Jones Lang LaSalle Hotels, said “The Q3 2011 PCA/IPD investment returns clearly demonstrate that investment grade hotels in Australia’s key corporate markets saw strong results over the year to September 2011. Widely anticipated ADR growth arising from limited new supply and solid demand growth crystallised over the period, helping to drive both income and capital growth. These results represent encouraging news for the hotel investment community in what has been period of renewed uncertainty regarding the global economic outlook.”

Overview

The PCA/IPD Hotel Index provides a measure of investment market performance for the hotel sector. The index is comprised of data from 13 owners, representing 99 assets worth c\$5 billion. The index details income return and capital growth for hotels on a quarterly basis. The Hotel Index will also report on related hotel accommodation market metrics such as occupancy rates, average room rates and RevPAR.

END

Notes to editors:

IPD is a global information business, dedicated to the objective measurement of commercial real estate performance. As the world’s number one provider of real estate performance analysis for funds, investors, managers and occupiers, we offer a full range of services including research, reporting, benchmarking, conferences and indices. We operate in over 25 countries including most of Europe, the US, Canada, South Africa, South Korea, New Zealand and Japan. Our indices are the basis for the developing commercial property derivatives market, and the most authoritative measures of real estate returns worldwide. For further information visit www.ipd.com.

For further information contact:

Anthony De Francesco, Managing Director IPD Australia and New Zealand
+61 (0) 405 506 284, anthony.de.francesco@ipd.com