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ASIA PACIFIC – SELECT MARKETS

2018: HOTEL VALUATION INDEX

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The 2018 edition of the Hospitality Valuation Index (HVI) – Asia Pacific (APAC) comes to light amidst economic rebalancing, political changes, natural occurrences, and uncertainties across the region. While 2016 was a bearish year, 2017 saw the recovery in majority of the region's economies, backed by an upswing in global growth, improving commodity prices and private consumption. Despite the eventful year(s), HVS endeavors to capture and reflect fundamental and inherent changes irrespective of excessive exuberance or paranoia.

With change being the only constant, it comes as no surprise that the past two years have ushered in an era of changes and uncertainties for the region. Once APAC's largest supporter, the United States of America has reduced their economic engagement with the APAC since Donald Trump's election into office. In contrast, China has played an increasingly important role with President Xi repeatedly emphasizing further cooperation and integration in the region. However, geopolitical tension and slowdown in the China's economy has continued to put downward pressure on regional economies. Pressures were further compounded by oil prices bottoming out in 2016.

In 2017, the momentum swung for the region as oil prices recovered and global business sentiment improved. In North Asia, the region's second largest economy, Japan, recorded eighth consecutive quarter of growth, helped by increasing private consumption, improvement in business sentiment and accelerating inflation. Similarly, South Korea's economy expanded at its fastest pace in three years. However, their diplomatic feud with China over a missile defense system negatively affected its tourism industry. Southeast Asian countries: Malaysia, Vietnam, and Singapore benefited from the strengthening of domestic and external demand and saw an accelerated pace of economic expansion over 2016. Despite a series of unfortunate events in Indonesia, including terrorist attacks, multiple volcano eruptions and earthquake, their economy remained resilient achieving growth of 5%, in line with 2016. Elsewhere in Australia, despite growth slowing in 2017 on the back of reduction in net exports, particularly in rural goods and tourism, the economy continues to grow at a solid pace. However, the subdued mining industry in Perth continues to put downward pressure on the state.

What is the HVI?

*The **Hospitality Valuation Index (HVI)** combines the various factors affecting the economy and region at large with hotel-market specific demand and supply dynamics to derive indicative values and future growth trends. For this edition of the HVI, we have analyzed **25** key hotel markets in **Asia Pacific** with a total inventory of approximately **772,000** rooms in the mid-market and higher space (four star plus).*

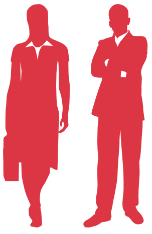
Hotel Markets Covered

Australia	Brisbane, Melbourne, Perth, Sydney
Cambodia	Siem Reap
Greater China	Beijing, Guangzhou, Hong Kong, Shanghai, Shenzhen, Taipei
Indonesia	Bali, Jakarta
Japan	Osaka, Tokyo
Korea	Seoul
Malaysia	Kuala Lumpur, Langkawi
Maldives	
Philippines	Manila
Singapore	
Thailand	Bangkok, Phuket
Vietnam	Hanoi, Ho Chi Minh City

Understanding the HVI

Due diligence pertaining to demand and supply dynamics was carried out while analyzing each market for **its existing performance and forecasting future potential**. For the analysis, we not only utilized our extensive in-house database, but also intellectual capital that our associates have developed over the years. Having covered these markets for well over a decade, we have keenly observed and analyzed various cycles (economic and industry specific), which puts us in a position to understand fundamental changes better than most.

We have assumed a notional 200-key hotel and benchmarked its performance to marketwide occupancy and average rate levels (Historical and Forecasted). We then used actual operating P&Ls (marketwide average) to further comment on its performance, deriving the net operating profit. Post this, the Income Capitalization Approach was used to calculate the economic value of the hotel.



HVI assumes a date of 31st December for each calendar year. **Capitalization rate** reflects trends in performance, competitive environment, and cost of debt and equity. The parameters adopted also assume reasonable level of debt and rational equity expectations (investor sentiment). The indicative values, therefore, would not bear comparison to actual transactions. However, this is the best approach to retain the integrity of HVI as a rolling index.

The Index:

We chose the year 2000 as our base year with intent to create a starting point for our Hotel Valuation Index. Given their market specific performance parameters, the average base year value for a notional 200-room hotel across the selected markets in year 2000 was about USD181,000. This value was assigned an index of 1. The Per Available Room (PAR) value (historical & forecasted) for each market was then divided by the USD181,000 to derive the **index number**.

For e.g. Singapore's value per room in 2017 was derived to be US$584,000, when divided by the average base year value (US$584,000/181,000) gives an index number of 3.2. This simply means that the value of Singapore in 2017 was approximately 3.2 times that of the average base year value across the selected markets in 2000.

Note: To facilitate comparison between markets, we have calculated the index in USD. However, in order to understand the inherent growth within a market, sans currency fluctuation, we have also presented growth in values in terms local currency for the historical years. The forecasted numbers, however, assumed an exchange rate, forecasted by the Economic Intelligence Unit, between the local currency and USD.

What Not To Take Out Of It !

•*The HVI intends to create a platform where trends in hotel values are captured on an ongoing basis. We understand and appreciate the individual characteristics pertaining to each hotel asset. Therefore, it would be misrepresentative to look at a trend from the HVI and apply it to a specific asset. While this might give an indication of directional movement, for an investor or an owner, it is critical to capture hotel specific trends and factors in order to comment on its open market value.*

•*The HVI does not take into account appreciation or depreciation of real estate in a particular market neither does it account for changes in construction prices/indices. We have worked off a premise that a hotel asset's value is derived from the income it can generate.*

•*The index value is the relative value of the individual markets to that of the average base year value across the selected markets in 2000.*

Valuation Trends – Historical

FIGURE 1: VALUATION TRENDS - BY COUNTRY

	USD		Local Currency	
Country	**% Change 2016**	**% Change 2017**	**% Change 2016**	**% Change 2017**
Australia	-4%	-4%	-4%	-7%
Cambodia	24%	14%	20%	13%
Greater China	-1%	5%	0%	13%
Indonesia	-11%	1%	-13%	1%
Japan	9%	-5%	4%	-2%
South Korea	-10%	-24%	-8%	-26%
Malaysia	51%	1%	5%	4%
Maldives	-24%	-1%	-24%	-1%
Philippines	-10%	-2%	-6%	4%
Singapore	-7%	-3%	-7%	-3%
Taiwan	-3%	-1%	-2%	-7%
Thailand	22%	3%	24%	6%
Vietnam	10%	10%	13%	12%
Average	-4%	0%		

Less than 0%

Between 0% and 10%

Greater than 10%

Notes:
•Valuation trends for a country are reflective of the markets covered in the report, details of which are shown in the next figure.
•Historical USD|Local currency exchange rates used were retrieved from OANDA
•Valuations for the Maldives were only performed in USD.

Valuation Trends – Historical

FIGURE 2: VALUATION TRENDS BY CITY

	USD					Local Currency	
	INDEX			% Change	% Change	% Change	% Change
City	2015	2016	2017	2016	2017	2016	2017
Hanoi	0.9	1.0	1.1	9.6%	17.4%	12.0%	19.6%
Siem Reap	0.7	0.8	0.9	19.2%	14.0%	19.8%	13.3%
Guangzhou	0.7	0.6	0.7	-10.9%	13.0%	-5.1%	15.5%
Sydney	1.9	2.0	2.2	5.0%	11.9%	6.4%	8.5%
Shenzhen	0.9	0.9	1.0	2.5%	11.4%	8.8%	13.6%
Beijing	0.7	0.7	0.8	-1.5%	9.2%	4.8%	10.7%
Kuala Lumpur	0.9	0.8	0.9	-13.9%	9.2%	-9.0%	13.5%
Hong Kong	4.3	4.4	4.5	1.8%	3.5%	1.9%	4.0%
Phuket	0.9	1.3	1.4	40.6%	3.3%	40.4%	6.6%
Bangkok	1.0	1.1	1.2	10.2%	2.4%	10.0%	5.6%
Ho Chi Minh Ci	0.8	0.9	1.0	11.1%	1.8%	13.1%	3.7%
Bali	2.0	1.8	1.8	-11.8%	1.2%	-11.9%	1.8%
Melbourne	1.6	1.6	1.6	-3.1%	0.7%	-2.1%	-2.1%
Average	***1.82***	***1.74***	***1.75***	***-4.0%***	***0.4%***		
Tokyo	2.9	3.5	3.5	20.8%	0.3%	8.3%	3.7%
Jakarta	1.1	0.9	0.9	-15.2%	-0.6%	-15.5%	0.3%
Taipei	3.6	3.5	3.4	-2.9%	-0.6%	-1.6%	-6.5%
Shanghai	1.1	1.0	1.0	-4.6%	-1.1%	1.9%	0.2%
Maldives	6.6	5.0	5.0	-24.1%	-1.2%	-23.1%	-1.2%
Manila	1.3	1.2	1.2	-9.8%	-1.8%	-6.0%	4.4%
Langkawi	2.3	2.4	2.3	3.9%	-2.3%	10.2%	1.2%
Singapore	3.6	3.3	3.2	-7.4%	-3.5%	-7.3%	-3.5%
Osaka	2.3	2.5	2.2	9.7%	-12.1%	-1.6%	-9.3%
Brisbane	1.5	1.4	1.2	-7.6%	-12.2%	-7.1%	-14.6%
Perth	2.2	1.9	1.5	-12.8%	-19.7%	-12.1%	-22.1%
Seoul	2.0	1.8	1.3	-9.9%	-24.1%	-7.6%	-26.1%

Notes
•Values are presented by % change in 2017 over 2016 in USD terms, highest to lowest.
•Valuations for the Maldives were only performed in USD.

***Figure 2** (on previous page)* presents the index for each market relative to the base year and the respective changes in 2016 and 2017. While relative percentage gains/losses have been based in USD to facilitate comparison between markets, we have also presented the same in local currency to gauge changes without the effect of currency fluctuation. What is clearly visible is that a majority of the currencies have depreciated vis–à–vis the USD during 2015–17, as a result the gains (in USD) remained understated, and losses, accentuated. In fact, various major cities such as Jakarta, Manila and Shanghai witnessed a gain in valuation in their respective local currency on account of a favorable demand and supply dynamics. However, since the depreciation of their local currency was higher than the valuation gain, the resultant changes in USD terms were negative. On the other hand, the Australian markets, as well as Siem Reap and Taipei witnessed better valuations in USD currency. The average index value, in USD, depreciated by approximately 4.1% in 2016 but improved by 0.5% in 2017.

Figure 3 to Figure 8 highlight the leading and trailing markets in North Asia, Southeast Asia (including Maldives) and Australia based on percentage change in 2017 over 2016 (USD) as well as index values and percentage change in local currencies.

Valuation Trends – North Asia

FIGURE 3: LEADING AND TRAILING MARKETS IN NORTH ASIA (% CHANGE IN USD IN 2017)

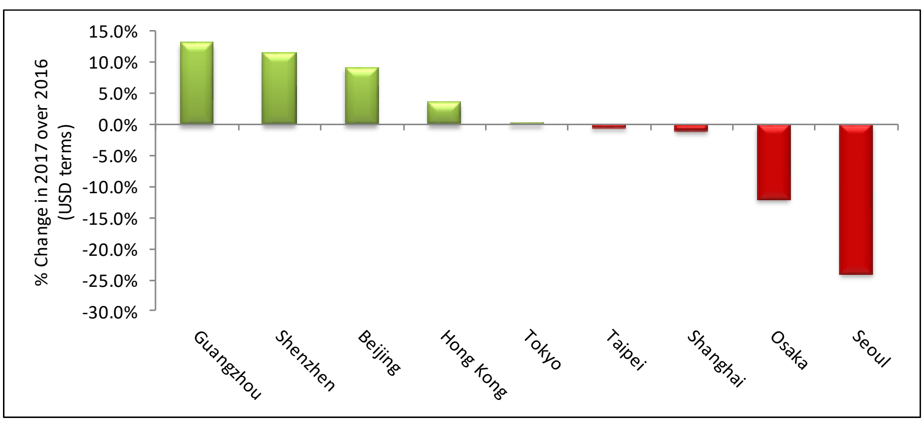


FIGURE 4: INDEX VALUES IN NORTH ASIA (IN ORDER OF 2017 % CHANGE IN USD)

	USD					Local Currency	
	INDEX			% Change	% Change	% Change	% Change
North Asia	**2015**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**
Guangzhou	0.7	0.6	0.7	-10.9%	13.0%	-5.1%	15.5%
Shenzhen	0.9	0.9	1.0	2.5%	11.4%	8.8%	13.6%
Beijing	0.7	0.7	0.8	-1.5%	9.2%	4.8%	10.7%
Hong Kong	4.3	4.4	4.5	1.8%	3.5%	1.9%	4.0%
Tokyo	2.9	3.5	3.5	20.8%	0.3%	8.3%	3.7%
Taipei	3.6	3.5	3.4	-2.9%	-0.6%	-1.6%	-6.5%
Shanghai	1.1	1.0	1.0	-4.6%	-1.1%	1.9%	0.2%
Osaka	2.3	2.5	2.2	9.7%	-12.1%	-1.6%	-9.3%
Seoul	2.0	1.8	1.3	-9.9%	-24.1%	-7.6%	-26.1%

Valuation Trends – North Asia

Top Leading Market – North Asia

Guangzhou, as one of the four first-tier cities in China, has ranked top of the list among North Asia major cities in terms of relative gain in valuation, having exhibited an increase of approximate 13.0% in USD terms and 15.5% in local currency in 2017 over the previous year. This was due to the introduction of all-area-advancing tourism development since 2016 that has started to take effect and the growing overnight demand induced by Canton Fair, which is an international trading event with the longest history and largest scale in China that is held twice yearly. More than 196,000 overseas buyers from over 210 countries and regions all over the world attended the Spring session in 2017 compared to 185,000 in 2016, indicating a growth rate of 5.9%. This growing trend is anticipated to continue in 2018 with minimal new supply entering the market. However in 2019 to 2020, as the city is expected to see an addition of over 1,500 more hotel rooms, these supply will likely put downward pressure on RevPAR in the market, which may negatively affect hotel values.

Top Trailing Market – North Asia

Seoul, the capital city and economic hub of South Korea, has been one of the more popular holiday destinations in the region. In the recent years, Chinese inbound visitors have benefited Korea tremendously. Weathering through the MERS outbreak in 2015, the Seoul tourism recovered quickly only to have to battle another major setback catalyzed by the political tensions with China in 2017. In the same year, South Korea suffered noticeable downturn in visitor arrivals and hotel performance across the board. Lower ADR and occupancy levels triggered a double-digit decline in RevPAR of approximately 13%. As a result, hotel values in 2017 reflected a similar drop. Despite the present instability, Seoul is expected to slowly reclaim the lost ground in a few years' time. Tourism campaigns from the Seoul Metropolitan Government and major conglomerates look to promote and stimulate both international and domestic travels to Seoul. As demand regains and supply increases, economic and tourism growth is expected to maintain a reasonable, positive growth in the foreseeable future.

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Valuation Trends – Southeast Asia & Maldives

FIGURE 5: TOP LEADING AND TRAILING MARKETS IN SOUTHEAST ASIA AND MALDIVES (% CHANGE IN USD IN 2017)

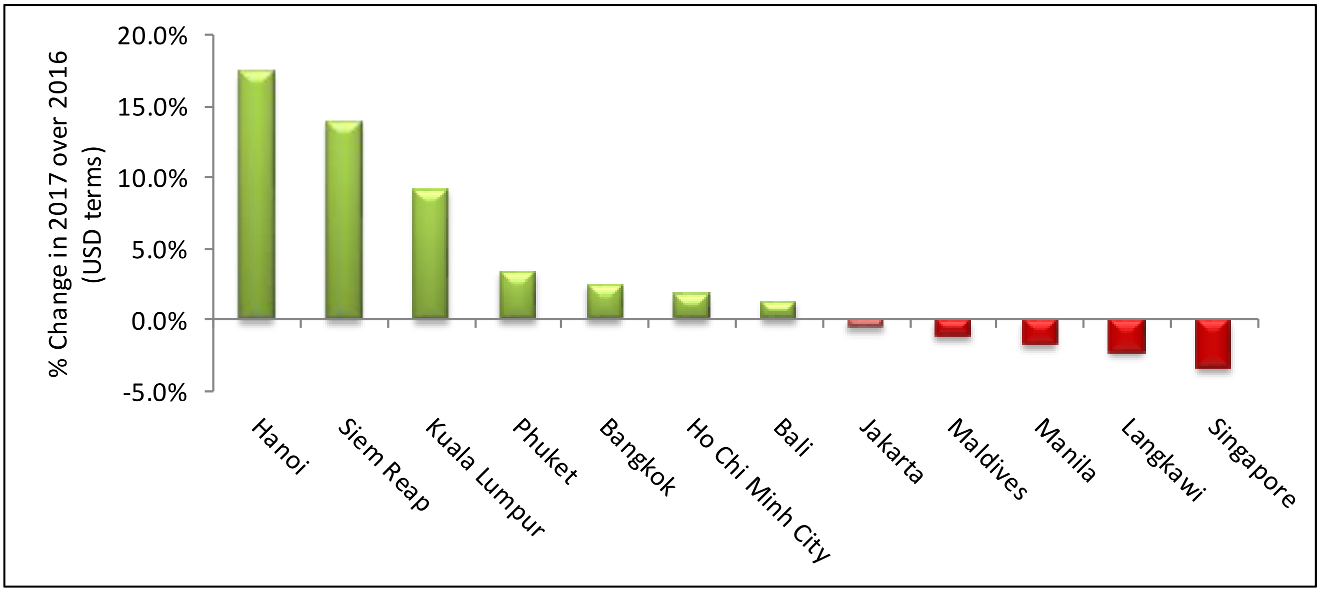


FIGURE 6: INDEX VALUES IN SOUTHEAST ASIA AND MALDIVES (IN ORDER OF 2017 % CHANGE IN USD)

	USD					Local Currency	
	INDEX			% Change	% Change	% Change	% Change
Southeast Asia	**2015**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**
Hanoi	0.9	1.0	1.1	9.6%	17.4%	12.0%	19.6%
Siem Reap	0.7	0.8	0.9	19.2%	14.0%	19.8%	13.3%
Kuala Lumpur	0.9	0.8	0.9	-13.9%	9.2%	-9.0%	13.5%
Phuket	0.9	1.3	1.4	40.6%	3.3%	40.4%	6.6%
Bangkok	1.0	1.1	1.2	10.2%	2.4%	10.0%	5.6%
Ho Chi Minh City	0.8	0.9	1.0	11.1%	1.8%	13.1%	3.7%
Bali	2.0	1.8	1.8	-11.8%	1.2%	-11.9%	1.8%
Jakarta	1.1	0.9	0.9	-15.2%	-0.6%	-15.5%	0.3%
Maldives	6.6	5.0	5.0	-24.1%	-1.2%	-23.1%	-1.2%
Manila	1.3	1.2	1.2	-9.8%	-1.8%	-6.0%	4.4%
Langkawi	2.3	2.4	2.3	3.9%	-2.3%	10.2%	1.2%
Singapore	3.6	3.3	3.2	-7.4%	-3.5%	-7.3%	-3.5%

Valuation Trends – Southeast Asia & Maldives

Top Leading Market – Southeast Asia & Maldives

The **Hanoi** hotel market is the top performing Southeast Asia market with high occupancy levels and increasing average rates. This is due to the high demand growth supported by the launch of new tourism campaigns, creation of new touristic attractions and improvement of the existing ones, and improvement of the city infrastructure. Hanoi's international arrivals grew by approximately 22% and 23% in 2016 and 2017 respectively over previous years and will likely continue on in the same trend in 2018, a testament of the growing attractiveness of Hanoi as a leisure destination. HVI estimates the hotel values in 2017 to increase by approximately 17.4% and 19.6% in USD and VND respectively over the previous year. For the first half of 2018, Hanoi hotel market experienced its first ever decrease in occupancy due to the entrance of significant new supply into the market. New supply will likely continue to grow with 3,450 rooms entering the market over the next 5 years, however the strong demand growth is expected to absorb this new supply and, therefore, hotel values are expected to remain stable in Hanoi over the next few years.

Top Trailing Market – Southeast Asia & Maldives

Since hitting the peak performance in 2012, **Singapore** hotel market witnessed a lacklustre hotel performance due to significant hotels room supply and regional economic uncertainty. In 2017, despite an increase in occupancy levels, the average rate continues to dampen. HVI estimates the hotel values to decline approximately 3.5% in both USD and SGD in 2017 over the previous year. However, this is an improvement from a decline of approximately 9% and 16% in SGD and USD respectively in 2015. For the first half of 2018, Singapore hotel market experienced the first increase in average rates since 2012. Occupancy and averages rates are expected to follow the current positive momentum on the back of lower supply and increasing tourist arrivals. Singapore recorded a higher number of transactions in 2017 than the previous year, indicating an increase in investors' interest in the market. Looking forward, HVS forecasts a moderate increase in value from 2018.

Valuation Trends – Australia

FIGURE 7: TOP LEADING AND TRAILING MARKETS IN AUSTRALIA (% CHANGE IN USD IN 2017)

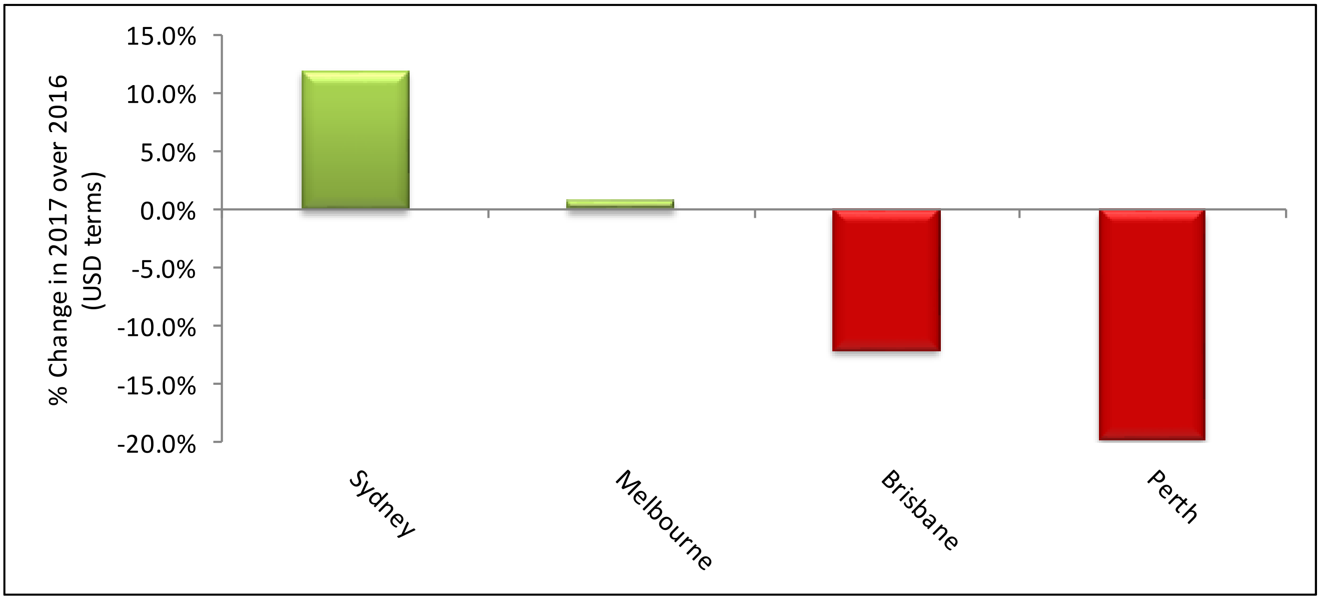


FIGURE 8: INDEX VALUES IN AUSTRALIA (IN ORDER OF 2017 % CHANGE IN USD)

	USD					Local Currency	
	INDEX			% Change	% Change	% Change	% Change
Australia	2015	2016	2017	2016	2017	2016	2017
Sydney	1.9	2.0	2.2	5.0%	11.9%	6.4%	8.5%
Melbourne	1.6	1.6	1.6	-3.1%	0.7%	-2.1%	-2.1%
Brisbane	1.5	1.4	1.2	-7.6%	-12.2%	-7.1%	-14.6%
Perth	2.2	1.9	1.5	-12.8%	-19.7%	-12.1%	-22.1%

Valuation Trends – Australia

Top Leading Market – Australia

Sydney was the strongest performer in Australia with an increase in value of 11.9% and 8.5% over 2016 in USD and AUD respectively. This is bolstered by the strengthening Australian Dollar between 2016 and 2017. With a robust growth in total arrivals of 7.9%, the increase in supply between 2015 and 2017 did not dampen occupancy. It remained relatively constant between 85-86%, while rates increased by an estimated 8.5%. With good economic conditions and high Chinese tourist arrivals following Australia's new open capacity aviation agreement with China in December 2016, strong hotel performance is expected to continue. In recent years, transactions in the market have been few but there is no lack of investors seeking opportunities. HVS tracks new supply of approximately 1,055 rooms (from midscale to luxury segments) in the first half of 2019. This is expected to put slight pressure on occupancy levels but rates will stay strong with newer products. Backed by strong market performance, HVS forecasts hotel values to remain relatively stable in Sydney.

Top Trailing Market – Australia

Perth hotel market is the worst performing Australian market with continuous decline in occupancy level and average rates. This is due to the downturn in business travel, entrance of significant new supply into the soft market and the rise of using non-traditional accommodation bookings. An enormous increase in hotels room supply without a corresponding increase in tourism arrivals led to further downward pressure on both occupancy and room rate. Investments in infrastructure, various tourism campaigns and signs of an improving state economy are expected to lift the hotel market but may not be sufficient to offset the downward trend in the near term. HVI estimates the values to have declined approximately 22.1% and 19.7% in USD and AUD respectively in 2017 over the previous year. Considering the weak outlook in the domestic economy, transaction activity remained subdued in Perth. Perth's supply woes will likely continue with 3,340 new rooms entering the market over the next 5 years.

Forecasts

FIGURE 9: HOTEL VALUATION INDEX 2018 (USD)

	Historical			Forecast			3 -year Forecasted Compounded Growth (2018-2020)
North Asia	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	
Beijing	0.7	0.7	0.8	0.9	1.0	1.1	9.5%
Shanghai	1.1	1.0	1.0	1.1	1.1	1.2	6.9%
Tokyo	2.9	3.5	3.5	3.9	3.9	4.2	3.9%
Seoul	2.0	1.8	1.3	1.2	1.1	1.2	3.1%
Osaka	2.3	2.5	2.2	2.1	2.0	2.2	2.9%
Taipei	3.6	3.5	3.4	3.6	3.2	3.5	-1.8%
Hong Kong	4.3	4.4	4.5	4.9	5.3	4.7	-2.3%
Guangzhou	0.7	0.6	0.7	0.8	0.8	0.7	-6.6%
Shenzhen	0.9	0.9	1.0	1.1	1.1	1.0	-7.2%
Southeast Asia (Including Maldives)							
Bali	2.0	1.8	1.8	1.7	1.7	1.8	4.6%
Ho Chi Minh City	0.8	0.9	1.0	1.0	1.1	1.1	4.3%
Siem Reap	0.7	0.8	0.9	0.7	0.7	0.8	3.0%
Phuket	0.9	1.3	1.4	1.5	1.5	1.6	2.9%
Singapore	3.6	3.3	3.2	3.4	3.5	3.6	2.9%
Jakarta	1.1	0.9	0.9	0.9	0.9	1.0	1.8%
Bangkok	1.0	1.1	1.2	1.3	1.3	1.3	1.5%
Hanoi	0.9	1.0	1.1	0.9	0.9	1.0	1.2%
Manila	1.3	1.2	1.2	1.2	1.1	1.2	0.7%
Maldives	6.6	5.0	5.0	5.1	5.0	5.1	-0.6%
Langkawi	2.3	2.4	2.3	2.6	2.6	2.6	-0.6%
Kuala Lumpur	0.9	0.8	0.9	0.9	0.8	0.9	-2.4%
Australia							
Sydney	1.9	2.0	2.2	2.3	2.6	2.4	3.6%
Brisbane	1.5	1.4	1.2	1.2	1.2	1.3	2.2%
Melbourne	1.6	1.6	1.6	1.6	1.6	1.6	-0.7%
Perth	2.2	1.9	1.5	1.3	1.2	1.1	-5.6%

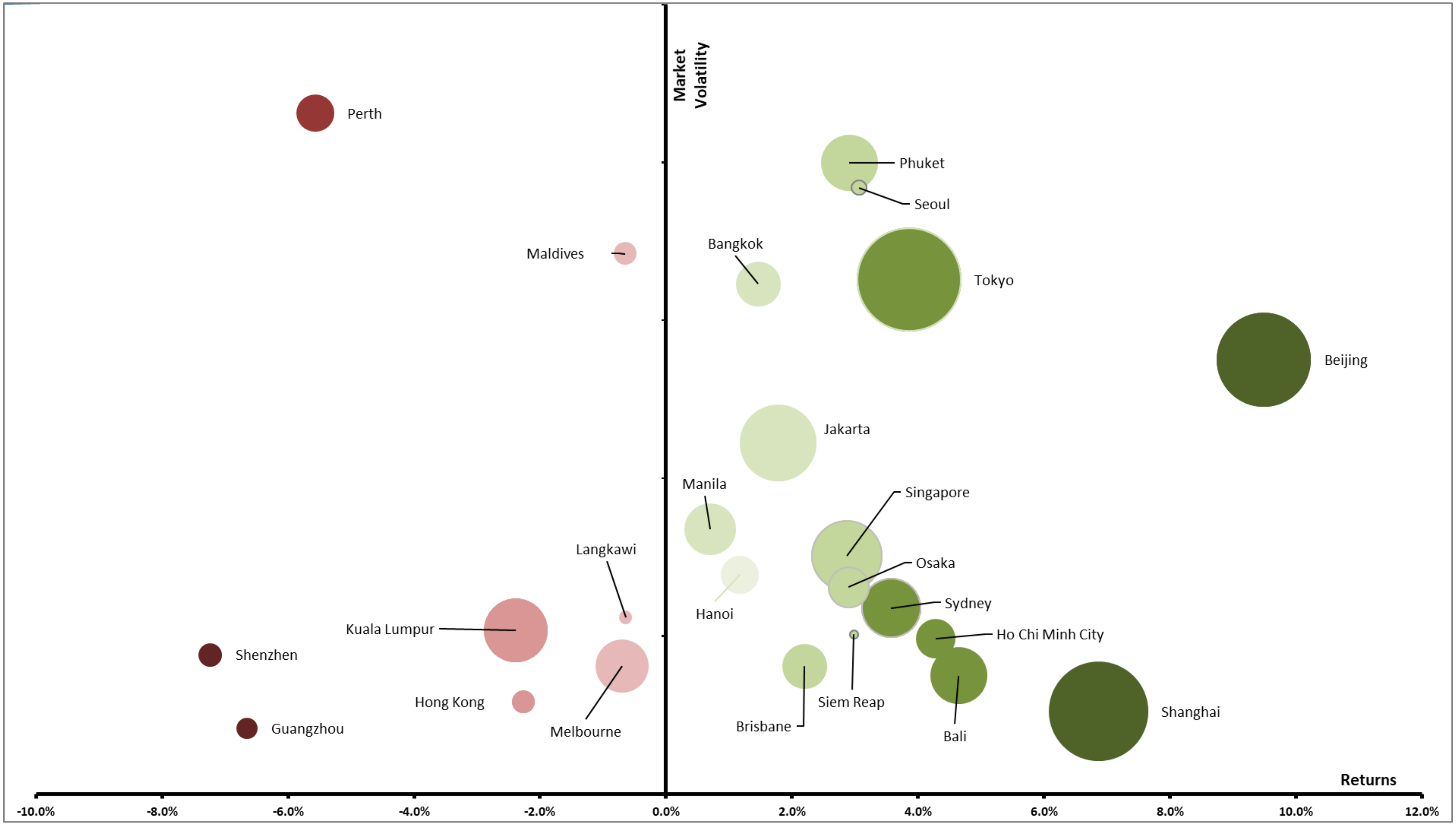
Notes:
•Values are presented per region and by 3-year forecasted compounded growth, highest to lowest.

Risk and Returns

Figure 9 *(previous page) captures the entire index (2015-2020) along with the three-year forecasted compounded growth assuming a constant USD|Local Currency relationship. In addition to the index, we have also developed a future risk vs returns grid (**Figure 10** – next page). The goal seek was to compare forecasted returns (three-year CAGR) to market volatility, while accounting for inherent variance, for markets covered in the report. Volatility was measured by calculating coefficient of variance, a standardized metric to gauge dispersion from the mean. We have classified the results into the following categories and have highlighted major characteristics for the same.*

Parameter		**Outperformers**	**Value Performers**	**Low Performers**
Forecasted Return Range, r		r ≥ 3%	0% ≤ r < 3%	r < 0%
2020/2017 (value multiple)		1.10	1.04	0.88
Demand–Side Dynamics		Moderate to Strong	Stable	Weak
Supply–Side Dynamics		Low-Moderate	Moderate	High
RevPAR Growth		Strong	Moderate-Strong	Moderate
Average Variation		Moderate	Moderate	Moderate
Estimated Average Capitalization Rate		7.4%	7.6%	7.1%
Key Cities	North Asia	Beijing, Seoul, Shanghai, Tokyo	Osaka	Guangzhou, Hong Kong, Shenzhen, Taipei
	Southeast Asia (Including Maldives)	Bali, Ho Chi Minh City, Siem Reap	Bangkok, Hanoi, Jakarta, Manila, Phuket, Singapore	Kuala Lumpur, Langkawi, Maldives
	Australia	Sydney	Brisbane	Melbourne, Perth
Investment Call		**Buy**	**Hold**	**Sell**

FIGURE 10: POTENTIAL VS RETURNS



•Note
Size of the bubble represents the average inventory from 2015 to 2018 for a particular market

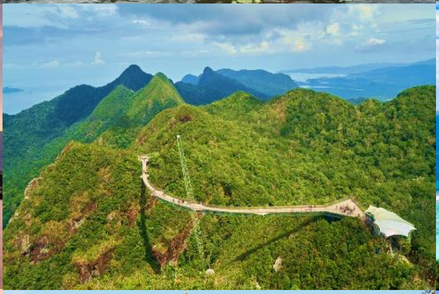
Concluding Remarks

This edition of the HVI combines 25 markets of different maturities into one index, not to pit them against one another, but to highlight individual characteristics and differentiators. While every market has its unique dynamics, opportunities, and challenges, the results in this edition accentuate the impact that external factors, such as political, environmental, and economical factors, can have on the market. In particular, Seoul and Manila are markets which suffer from the consequences of politically-motivated decisions; while Bali is on the receiving end of unfortunate natural occurrences. Meanwhile, Perth illustrates the aftermath of being reliant on a single industry. On the other hand, as a result of strong market fundamental, markets can grow by leaps and bounds as observed in Guangzhou, Shenzhen, Hanoi, Siem Reap, and Sydney.

Hotel assets tend to be complex in nature: successful investment does not just come with a successful deal. Fundamental value is highly dependent on features specific to each property as well as other key market factors such as supply-demand dynamics, political climate and tourism efforts. Afterall, the true value of an income-producing assets is derived by both the potential for capital appreciation and the cash flows that it will generate.









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HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries, celebrated its 35th anniversary in 2015. Established in 1980, the company performs 4,500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 40 offices and more than 300 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. **HVS.com**

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