

INTERNATIONAL SALES TRANSACTION RESEARCH REPORT (PRELIMINARY)

The following tables present hotel sales data from HCl's Hotel Sales database which contains 309 international hotel sales for transactions over \$3 million from January 1, 2000 to 2003. Data was primarily obtained from press releases gathered from various hotel and real estate publications. This research runs concurrently with our extensive research on hotels sales in the United States. The data collection is not as reliable as for our US edition. As the sampling is small it is more difficult to establish definite trends. We welcome contribution of sales information from recipients for this report. Participants will receive both US and International Editions without charge; these reports are typically reserved for our clients and contributors.

SALES TRANSACTION OVERVIEW BY REGION

The following table-1 represents regions that we were successful in obtaining sales information. A total of 192 European sales were analyzed, with 69 sales in Canada, 30 in Australia/South Pacific and 12 sales in the Caribbean. Sales reported in Latin America were few although our firm has been among the most active in hotel real estate in that region. Excluding Mexico many of the sales in Latin America occurred prior to 2000. The reporting of sales is also less publicized than in US or Europe. The average sale price per room in Australia/South Pacific, with 30 sales researched, ranked the highest with an average transaction price of \$205,164. Europe, with 192 hotels examined was also high at an average \$203,684 per room.

Table 1 Sales Transaction by Region

Region	2000 - 2003			2000			2001			2002			2003		
	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room
Europe	192	193	\$ 203,684	61	200	\$ 159,585	65	215	\$ 182,521	42	153	\$ 200,706	24	184	\$ 397,029
Canada	69	185	\$ 92,429	10	209	\$ 103,020	26	216	\$ 105,226	27	151	\$ 80,532	6	163	\$ 45,904
Latin America	4	201	\$ 167,559	1	122	\$ 100,820	1	140	\$ 371,429	1	115	\$ 336,957	1	426	\$ 73,944
Caribbean	12	302	\$ 112,752	3	559	\$ 124,672	4	151	\$ 95,515	2	255	\$ 130,648	3	279	\$ 90,394
Australia/South Pacific	30	312	\$ 205,164	12	402	\$ 207,887	6	262	\$ 97,580	7	292	\$ 277,123	5	188	\$ 214,216
Asia	2	443	\$ 121,128	0	0	-	1	548	\$ 145,985	0	0	-	1	338	\$ 80,826
Grand Total Sales	309	209	\$ 175,156	87	240	\$ 161,925	103	218	\$ 155,192	79	167	\$ 173,803	40	198	\$ 268,847

SALES TRANSACTION BY PROPERTY TYPE AND LOCATION

HCl's Hotel Sales Database of International transactions was also analyzed to present sales by property type and by location from 2000 to 2003. As the table 1-2 on the following page indicates, similar to the US, the highest prices were achieved by Independent (Upper Tier), at a three year room average of \$293,990 for the 77 hotel sales investigated. The second highest average was \$223,628 for Luxury/First

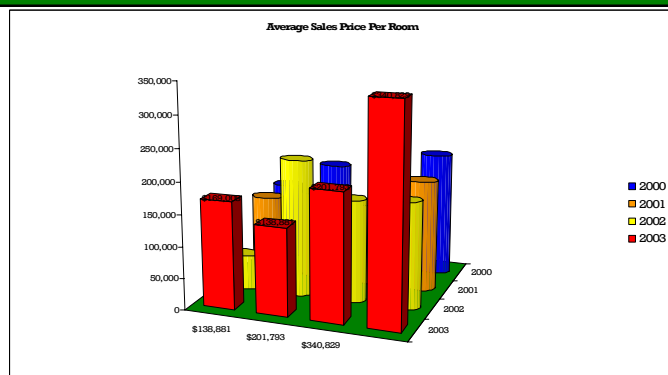
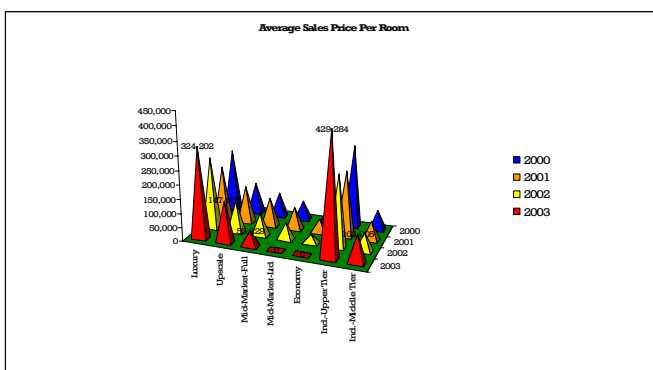
Class hotels; significantly higher than the US that averaged \$137,021. Our database included 83 international Luxury/First Class hotels. The Mid-Market Full Service hotels averaged \$85,800 for the 50 sales in our analysis. This compared to \$43,458 per room sale for this category in the US. The Independents -Middle Tier averaged \$72,291 with 45 sales analyzed in our international data base and similar to US average. The trends differ significantly from the US where the Upper Limited Service Hotels and Extended Stay (Upper Tier) have captured a significant share of the full service hotel demand. These two categories are most definitely the best opportunity in these international markets, particularly where trading of full service hotels exceeds \$100,000 per room.

In terms of location, Downtown Hotels averaged the highest per room sale price of \$198,748 for the 126 sales researched. This was followed by Resort Hotels that traded at \$166,252 per room. It is important to note that these property types are typically the most expensive to develop. However, their trading price represents a substantial premium over typical development costs in the region. The following table 2 presents the sales by property type and by location.

Table 2 Sales Transaction by Property Type and Location- 2000 - 2003

Hotel Sales By Property Type															
Property Type	2000 - 2003			2000			2001			2002			2003		
	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room
Luxury/First Class	83	329	\$ 223,628	29	332	\$ 204,120	24	391	\$ 191,677	17	295	\$ 255,354	13	251	\$ 324,202
Upscale	36	272	111,729	14	343	91,198	12	229	130,228	5	187	112,313	5	264	147,609
Mid-Market (Full Service)	50	149	85,800	14	171	91,219	13	161	100,593	16	116	80,427	7	188	55,229
Mid-Market (Ltd Service)	8	100	67,929	0	0	-	3	108	78,611	5	95	60,673	0	0	-
Economy/Budget	10	146	38,677	0	0	-	5	108	48,655	5	183	32,806	0	0	-
Independent (Upper Tier)	77	139	293,990	24	136	219,938	24	141	234,869	17	135	255,422	12	180	429,284
Independent (Middle Tier)	45	154	72,291	6	135	55,681	22	182	68,463	14	120	65,155	3	145	100,005
Grand Total Sales	309	209	\$ 175,156	87	240	\$ 161,925	103	218	\$ 155,192	79	167	\$ 173,803	40	198	\$ 268,847

Hotel Sales By Location															
Property Type	2000 - 2003			2000			2001			2002			2003		
	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room	Number of Transactions	Avg. No. Rooms	Avg Selling Price/Room
Airport	19	241	\$ 124,184	6	274	\$ 131,684	9	257	\$ 125,594	3	127	\$ 54,861	1	242	169,008
Resort	61	195	166,252	17	280	180,735	19	126	140,061	18	153	216,732	7	257	138,981
Suburban	101	146	145,098	27	155	136,746	37	166	130,746	28	116	162,235	9	132	201,793
Downtown	128	260	198,748	37	274	177,830	38	306	177,133	30	226	166,596	23	204	340,829
Grand Total Sales	309	209	\$ 175,156	87	240	\$ 161,925	103	218	\$ 155,192	79	167	\$ 173,803	40	198	\$ 268,847



SALES TRANSACTION BY BRAND

The table-3 below presents HCI's research on further analysis of the international sales by brand under each category. As expected, the Ritz Carlton and Four Seasons topped the list. Two sales of Ritz Carlton hotels traded at an average of \$605,108, more than double the average of six sales in the US. The Four Seasons with five sales had an average price of \$407,568 per room. A total of 30 sales representing Luxury/First Class international brands, namely Intercontinental, Le Meridien, Marriott, Fairmont Westin and Hilton exceeded sale prices of \$250,000 per room. These brands were transacting significantly higher than the same company brands in the US.

Table 3 Sales Transactions by Brand

	2000 - 2004			2000			2001			2002			2003		
	# sales	Avg No. Rms	Avg Sale Price /Room	# sales	Avg No. Rms	Avg Sale Price /Room	# sales	Avg No. Rms	Avg Sale Price /Room	# sales	Avg No. Rms	Avg Sale Price /Room	# sales	Avg No. Rms	Avg Sale Price /Room
Luxury/First Class															
Ritz-Carlton	2	255	\$ 605,108	0	0	-	1	54	\$ 425,926	1	455	\$ 626,374	0	0	-
Conrad Hotels	1	160	604,750	1	160	604,750	0	0	-	0	0	-	0	0	-
Four Seasons	5	231	407,568	2	368	328,380	2	151	195,927	0	0	-	1	118	1,440,678
InterContinental	4	408	351,079	2	467	231,263	1	407	429,383	0	0	-	1	289	628,028
Le Meridien	5	389	328,010	0	0	-	2	599	282,630	1	415	308,434	2	167	514,970
Marriott	1	406	293,103	0	0	-	1	406	293,103	0	0	-	0	0	-
Marriott	5	305	285,616	3	370	164,248	0	0	-	0	0	-	2	207	612,107
Fairmont	3	548	257,688	1	550	215,618	2	547	278,793	0	0	-	0	0	-
Westin	2	358	256,983	1	300	80,000	0	0	-	1	416	384,615	0	0	-
Hilton	9	358	250,917	3	302	232,187	4	361	221,515	1	450	550,338	1	426	73,944
Silken	1	145	238,621	0	0	-	0	0	-	0	0	-	1	145	238,621
Jolly	1	201	172,637	0	0	-	1	201	172,637	0	0	-	0	0	-
Hyatt	8	277	168,534	1	388	129,619	3	211	201,935	3	318	123,166	1	240	323,833
ParkRoyal	1	220	171,136	0	0	-	0	0	-	1	220	171,136	0	0	-
Sheraton	7	481	168,283	4	370	290,310	1	1377	35,149	2	257	173,635	0	0	-
Rihga Royal	1	548	145,985	0	0	-	1	548	145,985	0	0	-	0	0	-
Swissotel	1	262	142,092	0	0	-	1	262	142,092	0	0	-	0	0	-
Sofitel	1	468	138,889	0	0	-	0	0	-	0	0	-	1	468	138,889
Renaissance	4	356	136,168	2	277	199,982	1	581	128,506	0	0	-	1	290	33,621
Scandic	4	236	126,885	1	196	58,821	2	268	84,157	1	212	297,642	0	0	-
Kempinski	4	186	122,942	4	186	122,942	0	0	-	0	0	-	0	0	-
Hotel Nikko	3	570	110,401	1	645	131,783	1	764	87,271	0	0	-	1	300	123,333
NH Hoteles	6	173	106,969	1	223	51,561	1	158	122,968	4	164	121,951	0	0	-
Delta	2	365	101,372	0	0	-	0	0	-	2	365	101,372	0	0	-
Embassy Suites	1	122	100,820	1	122	100,820	0	0	-	0	0	-	0	0	-
Total - Luxury/First Class	82	330	\$ 224,651	28	323	\$ 209,105	25	398	\$ 187,875	17	295	\$ 255,354	12	252	\$ 341,340
Upscale															
H10	2	232	\$ 162,287	1	379	\$ 174,433	1	84	\$ 107,321	0	0	-	0	0	-
Radisson	11	271	142,333	4	367	88,509	3	229	237,978	3	202	107,673	1	216	300,926
Tryp Hoteles	3	273	135,757	3	273	135,757	0	0	-	0	0	-	0	0	-
Club Med	1	308	129,870	0	0	-	0	0	-	0	0	-	1	308	129,870
Steigenberger	1	85	108,812	1	85	108,812	0	0	-	0	0	-	0	0	-
Crowne Plaza	6	320	99,595	2	391	59,463	2	269	119,047	0	0	-	2	299	134,609
Novotel	3	196	99,232	1	162	43,210	1	193	97,150	1	232	140,082	0	0	-
Jurys	3	213	93,448	0	0	-	2	270	96,747	1	98	75,269	0	0	-
Melia	1	750	81,600	1	750	81,600	0	0	-	0	0	-	0	0	-
Hesperia	2	196	72,059	0	0	-	2	196	72,059	0	0	-	0	0	-
Thistle	1	314	70,264	0	0	-	1	314	70,264	0	0	-	0	0	-
Carlton	2	280	29,464	1	363	20,110	0	0	-	0	0	-	1	197	46,701
Total - Upscale	36	272	\$ 111,729	14	343	\$ 91,198	12	229	\$ 130,228	5	187	\$ 112,313	5	264	\$ 147,609
Mid-Market (Full Service)															
Holiday Inn	15	165	\$ 100,739	3	152	\$ 130,490	5	196	\$ 122,431	2	142	\$ 78,873	5	153	\$ 63,303
Best Western	16	110	89,951	4	77	106,340	5	135	92,464	6	104	87,113	1	160	58,713
Mercure	2	123	81,437	1	160	102,200	0	0	-	1	85	42,353	0	0	-
Quality Inn	5	179	79,955	1	288	121,688	0	0	-	3	140	78,224	1	185	18,919
Ramada	6	177	72,369	2	348	63,066	2	102	81,379	2	83	100,301	0	0	-
Posthouse	3	150	69,782	1	177	69,492	0	0	-	2	137	69,971	0	0	-
Four Points by Sheraton	2	156	60,158	2	156	60,158	0	0	-	0	0	-	0	0	-
Total - Mid-Market (Full Service)	49	147	\$ 86,998	14	171	\$ 91,219	12	155	\$ 107,043	16	116	\$ 80,427	7	158	\$ 55,229
Mid-Market (Limited Service)															
Holiday Inn Express	5	90	\$ 83,415	0	0	-	2	124	\$ 83,279	3	67	83,582	0	0	-
Ramada Limited	1	77	63,636	0	0	-	1	77	63,636	0	0	-	0	0	-
Comfort Inn	2	138	43,989	0	0	-	0	0	-	2	138	43,989	0	0	-
Total - Mid-Market (Limited Service)	8	100	\$ 67,929	8	0	\$ -	3	108	\$ 78,611	5	95	\$ 60,673	0	0	\$ -
Economy/Budget															
Super 8	3	68	\$ 47,927	0	0	-	3	68	\$ 47,927	0	0	-	0	0	-
Howard Johnson	3	164	42,191	0	0	-	1	191	61,780	2	151	29,801	0	0	-
Days Inn	3	172	34,272	0	0	-	1	143	32,168	2	186	35,081	0	0	-
Travelodge	1	242	33,058	0	0	-	0	0	-	1	242	33,058	0	0	-
Total - Economy/Budget	10	146	\$ 38,677	0	0	\$ -	5	108	\$ 48,655	5	183	\$ 22,980	0	0	\$ -
Independent Hotels	122	145	\$ 189,249	30	136	\$ 187,256	46	161	\$ 144,753	31	128	\$ 174,817	12	150	\$ 429,284
Grand Total Sales	307	209	\$ 175,156	87	240	\$ 161,925	103	218	\$ 155,192	79	167	\$ 173,803	40	198	\$ 268,847

The 11 Radisson Hotels in our international database transacted at \$142,333 more than double that of the US sales we researched. A total of 15 Holiday Inns sold at a per room price of \$ \$100,739 about double that in the US. It is apparent that several brands are less burdened by obsolete product in their international destination. There is also less competition from limited service product. A total of five Holiday Inn Express properties traded at \$83,415, demonstrating the success of the brand both in US and internationally. Another brand Crowne Plaza owned by, the same parent Intercontinental Hotels Group, with six sales averaging \$99,595 failed to match its peer group and is handicapped by the brands failure to penetrate successfully its target market. This difficulty is shared by their US properties. Similarly Four Points by Sheraton with two sales averaging \$60,158 has also not traded at per room price levels that the quality of the band and service would warrant.