

ROOM TO INVEST

# PILLOW TALK

NEWSLETTER - OCTOBER 2008



NEW ROOM TO INVEST HOTEL IN  
M A R R A K E C H  
M O R O C C O

SLEEP WHILE YOUR INVESTMENT GROWS  
THE INVESTMENT THAT PROVIDES CAPITAL GROWTH AND A GUARANTEED  
INCOME WHILST ALSO ALLOWING YOU TO ENJOY YOUR INVESTMENT WITH  
21 NIGHTS FREE AT SOME OF THE MOST LUXURIOUS HOTELS IN THE WORLD

**Dear Investor**

## AVOIDING THE CREDIT CRUNCH

Welcome to Pillow Talk, the regular Room to Invest newsletter. As an investor you'll be among the first to find out about our latest investment opportunities. We'll also be outlining our future plans and more specifically - how you can benefit. Summer has been and gone with little sunshine but a lot of rain and gloom, which was also reflected in the market place. With rising inflation, tightening credit and a high oil price, it's no surprise that we're all starting to feel the pinch a little.

However, within this newsletter we outline how diversifying your investment portfolio can help to reduce risk while supporting returns. As you will have seen from our headline, our latest hotel addition in Morocco has broadened the choice of Room to Invest hotels even further and offers a chance to diversify your investments through an emerging economy property market which has grown by 74.77%\* in the last year alone (to 31 May 2008), with similar strong growth predicted to continue in the medium term.

We have provided a handy guide to other Room to Invest hotels, as well as useful information for current investors and prospective purchasers.



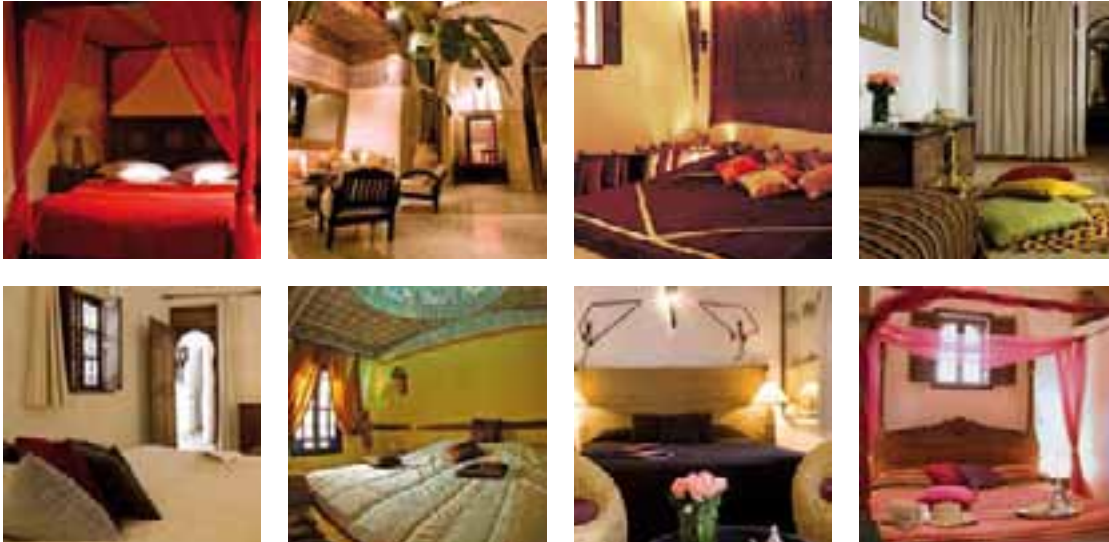
Richard Henstock, Chairman, Room to Invest Limited



A bedroom featuring a four-poster bed with a dark wooden frame. The bed is draped with red curtains that are tied back at the corners. The bed is covered with a red bedspread and has two white pillows. To the left of the bed is a dark wooden nightstand with a lamp. The room is lit with warm, low-key lighting, creating a cozy atmosphere. The floor is covered with a patterned rug.

# MARRAKECH

Open for investment



# DIVERSIFY YOUR PORTFOLIO WITH ROOM TO INVEST

If you've been listening to the media over the last few months, you'd be forgiven for thinking the end of the world was imminent. Everyone from private investors to international asset managers and global banks appear to be concerned about investment prospects this year. Worries that current market conditions could lead to prolonged stagflation – where recession conditions are characterised by slow economic growth, increasing unemployment and escalating inflation – have been producing some eye-catching headlines.

## **Emerging markets in particular tend to have less developed financial sectors**

But in many areas of the world, the global credit crunch and associated issues have caused relatively little fuss. Emerging markets in particular tend to have less developed financial sectors. As a result, it appears they also seem to have less sizeable liabilities to the kind of complex financial products which are exposed to sub-prime mortgage lending problems in the US.

So, in our opinion, there are still plenty of opportunities for discerning investors who are prepared to do their research. While traditional asset classes such as UK shares have weathered considerable volatility, some alternative asset classes have the ability to perform in a different way. This correlation (or lack of it) in performance is strong between some assets, and weaker between others.

Such correlations have a direct effect on the diversification that a particular asset class can provide. For example, investment in foreign property markets which can have a lower correlation with UK share performance can help to diversify overall portfolio risk, which in turn helps in the construction of a balanced investment portfolio.

## ROBUST MOROCCO STOCK MARKET PERFORMANCE OVER THE LAST YEAR



- FTSE MORROCO :A - PRICE INDEX —
- FTSE EUROPE E :A - PRICE INDEX —
- FTSE ALL SHARE - PRICE INDEX —
- FTSE JAPAN :A - PRICE INDEX —
- S&P 500 COMPOSITE - PRICE INDEX —

(Source: Datastream, from 01.06.07 to 31.05.08, price return in local currencies)

Morocco is a case in point. The country has had a particularly interesting and varied history, with European neighbours such as Portugal, France and Spain all taking an interest in the country at some point. More recently, improvements to infrastructure, regulation and the legal system have allowed greater confidence in the domestic market.

***“Moroccan authorities are committed to attracting 10 million tourists each year by 2010”***

It's an emerging economy that is expanding considerably faster than the UK, and its authorities are committed to substantial infrastructure investment and to attracting 10 million tourists each year by 2010. As can be seen from the graph, the stock market in Morocco has generated significant relative gains over the last year when compared with key developed stock market indices such as that of the UK and Europe.

This in turn has encouraged foreign investors, and this performance has come at a time when many developed markets have either traded sideways or lost considerable ground. At Room to Invest, we think that there are compelling reasons to consider investment in the Moroccan property market, and in particular through a new asset class – a hotel room.

**Such an investment opportunity is designed to offer the potential for capital growth and income. Of course, it's difficult to find a guaranteed investment, especially in current market conditions. However, with the potential for strong capital growth and an estimated 10% average annual income (at least 8.5% income is guaranteed in the first year), we think it's an ideal component of a balanced portfolio.**

Whatever your opinion on the markets, one thing remains clear – a successful portfolio is often managed according to specific guidelines which control risk and return. As you will have seen from the front page, our latest hotel addition in Morocco has broadened your choice of Room to Invest hotels, and offers a chance to diversify your investments through an emerging economy property market which has grown by 74.77%\* in the last year alone, with similar strong growth predicted to continue in the medium term.

## ROOM TO INVEST – A WEALTH OF INVESTMENT OPPORTUNITIES

**Stay free of charge** in some of the world's most beautiful locations.

As an investor in Room to Invest, you can stay free of charge in a number of fantastic hotels in luxurious and relaxing locations throughout the world.

From the beauty and warmth of Southern Spain to the historic beauty of Prague in the Czech Republic and the cultural delights of Budapest in Hungary. From the unspoilt tranquillity of Ireland's County Kerry to the stunning North African jewel of Morocco and the historic City of St Petersburg, at Room to Invest we have a selection of desirable hotels where you can stay free of charge.





Our hotel portfolio now encompass properties in:

BUDAPEST, HUNGARY - UHU VILLA - [www.uhuvilla.hu](http://www.uhuvilla.hu)

PRAGUE, CZECH REPUBLIC - U KRALE KARLA - [www.romantichotels.cz/hotel-u-krale-karla](http://www.romantichotels.cz/hotel-u-krale-karla)

MARRAKECH, MOROCCO - RIAD ALADDIN - [www.riadaladdinmarrakech.com](http://www.riadaladdinmarrakech.com)

LJUBLJANA, SLOVENIA - ANTIQ HOTEL – [www.antiq-hotel.si](http://www.antiq-hotel.si)

ST PETERSBURG, RUSSIA - POLIKOFF - [www.polikoff.net](http://www.polikoff.net)

COUNTY KERRY, IRELAND - SKELLIG BAY GOLF CLUB - [www.skelligbay.com](http://www.skelligbay.com)

SOTOGRADE, SOUTHERN SPAIN - HOTEL MONASTERIO DE SAN MATIN  
- [www.hotelmonasteriodesanmartin.com](http://www.hotelmonasteriodesanmartin.com)

BRNO, CZECH REPUBLIC – ROYAL RICE  
- [www.romantichotels.cz/hotel-royal-rice/en/](http://www.romantichotels.cz/hotel-royal-rice/en/)



We now offer a comprehensive selection of hand-picked investment opportunities. As a Room to Invest investor, you can stay in your choice of hotel free of charge for 21 nights per annum. In our opinion, there's never been a better time to focus on your long-term investment plans. Or (with apologies to Kipling) to keep your head while all about you are losing theirs. \*31 May 2007 - 31 May 2008, Morocco Real Estate Index (MCIMMOB), source: Bloomberg.

"Some potential investors have asked us why we have provided such a generous package to investors allowing investors to stay 21 nights in any hotel in the Group for free. What is the catch they have asked, surely it is too good to be true. Surely it will have a negative effect on the investor's income some have queried.

Room to Invest feels that you are not just investing in one hotel you are investing in the Group and therefore you should be able to enjoy all the hotels. It is indeed a generous package and is intended to garnish brand loyalty. As far as investor's income is concerned, this is totally ring fenced as only paying guests are allocated to investors rooms. Remember that the 21 nights are subject to availability, however we have set aside sufficient rooms to cater for our investors requirements."

## LATEST INVESTMENT OPPORTUNITY

### NEW INVESTMENT OPPORTUNITY IN MARRAKECH, MOROCCO

- Marrakech is one of the most exciting property markets to invest in at the moment with prices predicted to continue to grow at a double digit rate for the foreseeable future
- Property prices have risen by 74.77% over the last year\* and are expected to increase significantly in 2008 despite the global effects of the credit crunch which is likely to have limited effect in Morocco
- Morocco itself is an all-year round destination and boasts beaches, deserts, cities and ski resorts, which buoys hotel capacity rates
- Tourism in Morocco is growing rapidly – tourist numbers in 2007 alone rose by 14% and this increase is set to continue further strengthening the value of quality hotels
- Potential for strong capital growth and an estimated 10% average annual income with the 1st year's income guaranteed of at least 8.5%
- 21 nights' accommodation in ANY one of our luxury hotels in the Room to Invest Group per year
- Hotel Aladdin is a 4 star all seasons boutique hotel, which is both profitable and enjoys very high occupancy levels
- Operating margins in Marrakech are particularly attractive – around 50% compared with less than 20% in much of the UK, which makes hotel operation very lucrative
- Your investment can be included within your pension (SIPP or SSAS)
- GDP growth in Morocco is expected to be a robust 6% in 2008 and 2009 compared with under 2% in the UK

\*31 May 2007 – 31 May 2008, Morocco Real Estate Index (MCIMMOB), source: Bloomberg

## MOROCCO FACTS

<b>Population:</b>	34 million, of which over 1 million live in Marrakech
<b>Currency:</b>	National currency is the Moroccan dirham (MAD)
<b>Exchange rate:</b>	1 GBP = 14.025 MAD (8 September 2008)
<b>Interest rates:</b>	3.25%
<b>Inflation:</b>	4.7%
<b>Tourism:</b>	In the 11-month period to November 2007, the Morocco Tourist Industry confirmed 6.72 million tourists visited Morocco, which was a 14% year-on-year increase

OPEN FOR INVESTMENT



# UHU VILLA BUDAPEST



- 7.5% - 10% return per year, guaranteed for the first year
- Minimum investment of £4,500
- The benefit of potential capital appreciation in the value of your Hotel room with a target minimum of 10% per annum
- The equivalent of a freehold or fractional interest in the Hotel
- Uhu Villa is an established, profitable Hotel with above average occupancy
- Tourist numbers in Budapest have increased substantially over the last five years and a large number of airlines are now flying to Budapest resulting in an increase in hotel room occupancy and hotel valuations
- GDP growth for 2008 in Hungary is forecast to be 3.6% and for 2009 4.6% (according to Lloyds TSB Corporate)
- The UK property market is declining and is predicted to fall further complicating the search for quality investments offering attractive yields, Room to Invest believes Hungarian property prices, which have increased in previous years are set to continue their rise

# ENJOY 21 NIGHTS FREE ACCOMMODATION IN RIAD ALADDIN OR ANY OTHER HOTEL IN THE ROOM TO INVEST GROUP

By investing directly and not through a SIPP or SSAS you will be entitled to 21 nights' free accommodation in a Room to Invest hotel of your choice. When publishing this Document Room to Invest had a total of 8 hotels available for investors to stay in:



Riad Aladdin, Marrakech, Morocco  
[www.riadaladdinmarrakech.com](http://www.riadaladdinmarrakech.com)



Skellig Bay Golf Club, County Kerry,  
Southern Ireland [www.skelligbay.com](http://www.skelligbay.com)



Polikoff, St Petersburg, Russia  
[www.polikoff.net](http://www.polikoff.net)



Hotel Monasterio de san Martin, Sotogrande,  
Southern Spain  
[www.hotelmonasteriodesanmartin.com](http://www.hotelmonasteriodesanmartin.com)



Uhu Villa, Budapest, Hungary  
[www.uhuvilla.hu](http://www.uhuvilla.hu)



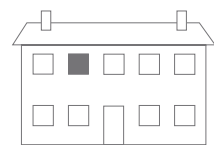
Royal Rice, Brno, Czech Republic  
[www.romantichotels.cz/hotel-royal-rice/en/](http://www.romantichotels.cz/hotel-royal-rice/en/)



Antiq Hotel, Ljubljana, Slovenia  
[www.antiqhotel.si](http://www.antiqhotel.si)



U Krale Karla, Prague, Czech Republic  
[www.romantichotels.cz/hotel-u-krale-karla](http://www.romantichotels.cz/hotel-u-krale-karla)



ROOM TO INVEST

COMING  
SOON

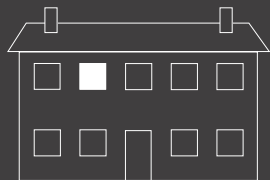


# SLOVENIA



- Room to Invest's Slovenian hotel is a boutique hotel ideally situated close to the capital in an area where there is a shortage of good quality hotels
- Visitors to the hotel are able to enjoy the stunning scenery, excellent skiing appealing to all standards of skier, mountain bikers, trekkers and golfers, which guarantees all year round occupancy
- Slovenia has a growing economy - Eurostat forecasts real GDP of 4.2% in 2008 (compared with 1.7% in the UK and 1.6% in France)
- Slovenia's property market has expanded considerably and we think offers significant growth potential
- According to the World Travel and Tourism Council, the contribution of travel and tourism is expected to mushroom from 11.9% of Slovenia's GDP in 2008 to 13.2% by 2018
- No hidden costs - management costs, operations and maintenance of the Hotel are the responsibility of Room to Invest
- Room to Invest estimates a minimum 15% annual increase in the freehold value of the Hotel
- Your investment can be included within your pension (SIPP or SSAS)
- Opportunity to benefit from a share in the proceeds and capital appreciation if the Hotel is sold or assistance in selling your investment





R O O M T O I N V E S T

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Room to Invest Limited is registered in England and Wales with company number 6143921