



asset management
& hospitality consulting

Luang Prabang

2010 Hotel Market Update

May 2011

Mega projects define marketplace

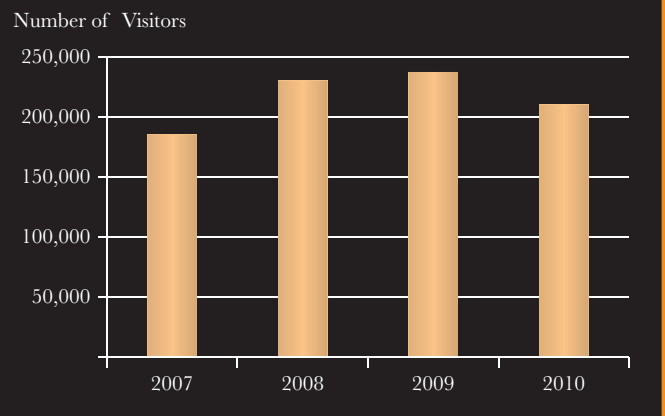
Influx of demand drivers creates critical tipping point for UNESCO destination

“One of Southeast Asia’s most charming cultural heritage markets Luang Prabang, is about to undergo a dramatic transformation.

An airport modernization includes a runway capable of handling wide-body aircraft and new passenger terminal to open by 2013. In 2014 a high-speed railway link to China will become operational.

A new 18-hole golf club recently opened and four new international standard hotels are in the pipeline.

Visitors Arrivals to Luang Prabang



Source: Lao National Tourism Administration and C9 Hotelworks Market Research

A short term identity crisis looks inevitable as one chapter closes and another is set to begin moving the development cycle up a notch.”

Bill Barnett, Managing Director, C9 Hotelworks

2010 Trends

- Total foreign registered visitors of 210,783 decreased by 11% year-on-year after hitting high mark in 2009.
- Hotel wide performance vs. 2009 saw a rise in ADR of 69% and RevPAR of 50%, compensated by slight 6% dip in occupancy.
- Thailand's political events and currency depreciation of key tourism contributors broadly affected the tourism market.
- Hotel room inventory increased 7% over the previous year and accounted for 37% of total registered accommodation units.

Forward Outlook

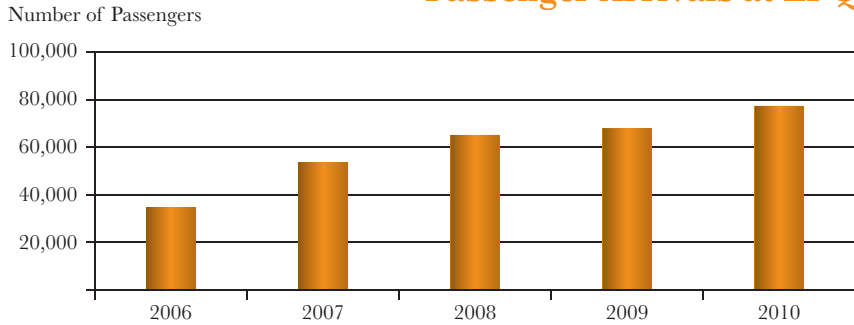
- A large scale airport expansion and high-speed railway project are lead indicators to set stage for new phase of growth.
- The emergence of opportunities for a wider range of hotel products due to overall upward progression.
- New demand generators and expansion in domestic and regional tourists will strengthen fundamental maturation process.
- Critical mass of internationally branded hotels aid in creation of induced demand and marketing of the destination.

TOURISM

Airline Indicators

- Luang Prabang International Airport (LPQ) recorded 77,978 passenger arrivals in 2010 with growth of 14% over the previous year.
- New airport terminal and runway to accommodate wide-body aircraft is underway and set for completion in 2013.

Passenger Arrivals at LPQ



Source: Lao National Tourism Administration and C9 Hotelworks Market Research

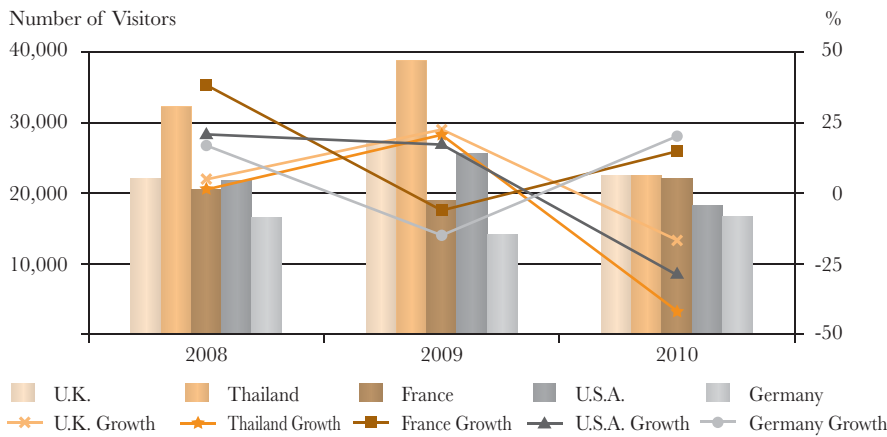
Arrivals grew at 22% CAGR from 2006 through 2010

CAGR - Compound Annual Growth Rate

Tourism Indicators

- In 2010 the major tourism source markets of Thailand and U.K. declined by 42% and 16% respectively. Driving the trend was a by product of the political events in Thailand during the first half of the year and dwindling outbound U.K. tourists sidelined by currency depreciation.

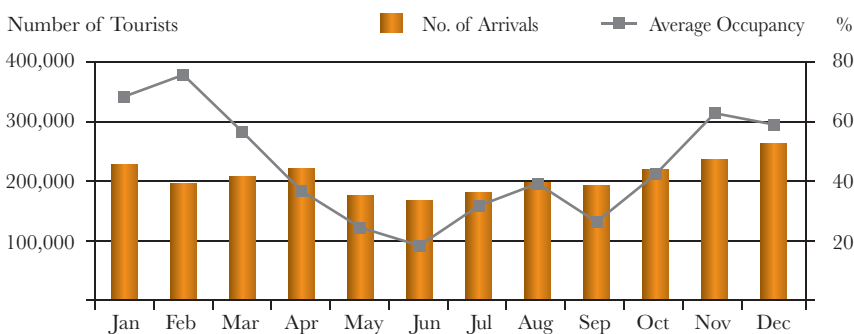
Luang Prabang Top 5 Source Markets



Top 5 Growth Markets

1. Malaysia
2. Scandinavia
3. Switzerland
4. Germany
5. France

Seasonal Trading Pattern - 2010

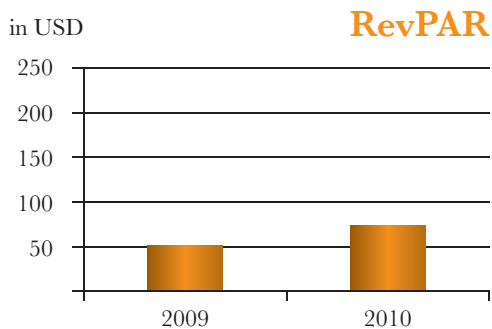
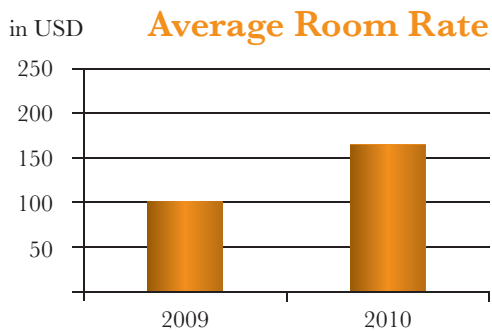
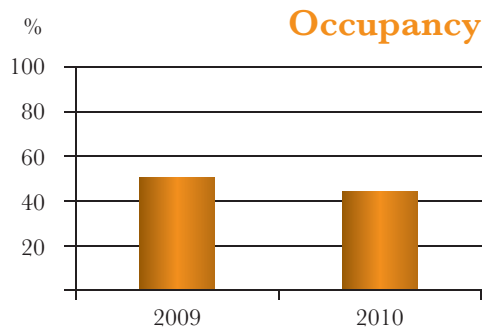


Source: Lao National Tourism Administration and C9 Hotelworks Market Research

Annual trading conditions highly leveraged from October to April

Hotel Performance

By Tier



Source: C9 Hotelworks Market Research

% Change	
Luxury	▼ -4%
Upscale	▼ -13%
Midscale	▼ -6%

% Change	
Luxury	▲ 43%
Upscale	▼ -2%
Midscale	▲ 28%

% Change	
Luxury	▲ 30%
Upscale	▼ -22%
Midscale	▲ 13%

Increased supply and external events hit market demand

New branded top tier property propelled upper tier segment

Unrealized upside potential for RevPAR growth with improved transport links

Hotel Openings

- At the end of 2010, there was a total of 1,078 rooms representing 44 hotels in Luang Prabang. Guesthouses accounted for 63% of total accommodation, with 1,816 rooms.
- By 2012, hotel supply is anticipated to increase approximately 16% with 171 rooms entering the market.

Hotel Name	Location	Rooms	Opening Date
Kiridara Luang Prabang	Ban Naviengkham	24	Jun 2011
Anantara Luang Prabang	Mekong River	101	Oct 2012
M Collection	Mekong River	20	Oct 2012
Xieng Thong Palace	Wat Xieng Thong (Temple)	26	Jul 2011

Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- Ⓞ **Hotel and Resort Development**
- Ⓞ **Asset Management / Ownership Representation**
- Ⓞ **Project Feasibility and Analysis**

With key competencies including international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects, give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 26 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



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