



asset management
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Manila

Hotel Market Update

December 2012

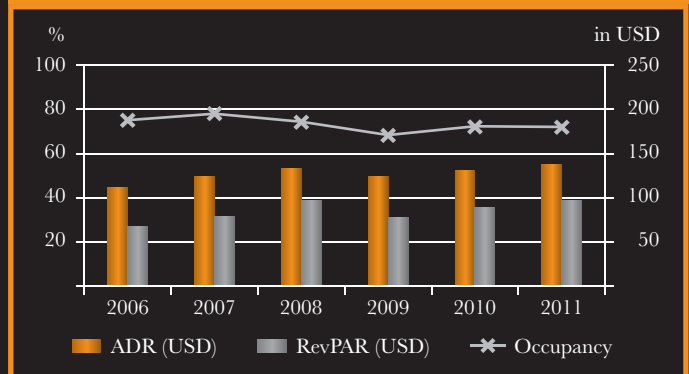
Mega Manila Defies Gravity

Average room rates up 6% and RevPAR surges 9.3%

“If you turned back the clock three decades, hotel industry headlines would be similar. Manila Bay asserting itself as a tourism hub in Metro Manila and a new business district flexing its muscles within the competitive hotel landscape. At present, its again Manila Bay with the evolution of Pagcor Entertainment City and Resorts World and the new district this time around not being Makati but its neighbor Bonifacio Global City.

Although the global financial crisis and new supply caused a decrease in hotel trading from 2006 to 2011, occupancy has recovered to 72% in both 2010 and 2011. Average daily rates increased at a compound annual growth rate (CAGR) of 3.6% during the 2006 to 2011 period. Similarly leading indicator RevPAR has increased 6.5% CAGR for the same period, reaching US\$98 in 2011.

Metro Manila Luxury Hotel Performance Trend



Source: C9 Hotelworks Market Research

After falling behind the Asian region over a sustained period of time with relatively muted development, a strong performing economy has spurred greater investment in the hospitality industry in the Philippines resulting in new tourism attractions being launched in Metro Manila. The city's current pace of growth has induced significant demand driven by mega projects with a promising outlook in its tourism sector over the next decade.”

Bill Barnett, Managing Director, C9 Hotelworks

Market Performance

- Market-wide hotel performance in 2011 recorded a 72% occupancy with an average room rate and RevPAR at US\$138 and US\$98 respectively.
- Business traveler arrivals topped visitors to Manila with a total of 57% of all occupancy, followed by leisure travelers and the MICE segment at 21% and 14% respectively.
- Domestic arrivals at Ninoy Aquino International Airport (NAIA) grew by 13% vs. 5% in the international sector.

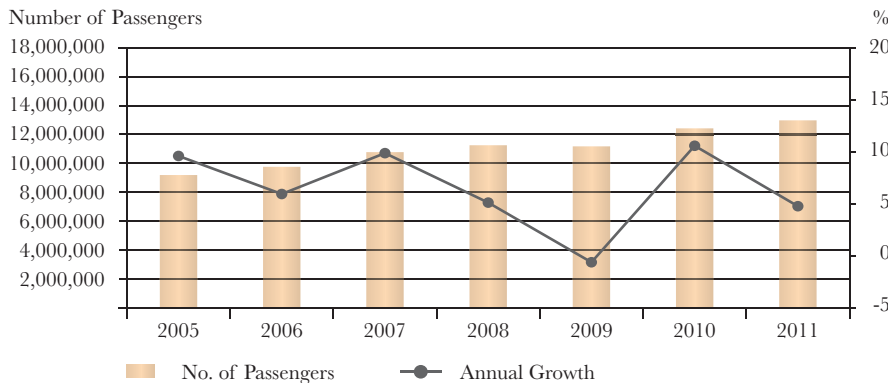
Market Outlook

- New branded hotels Raffles, Fairmont and IHG's Holiday Inn signal incoming flow by international management groups.
- Newport City continues to develop critical mass with the 2,500 capacity Marriott Convention Center and Sheraton hotel deal inked.
- Urban spread of Mega Manila into new areas, as evidenced by Ayala's FTI acquisition in Taguig is expected to create new hotel micro markets.

Airline Indicators

- The total passenger arrivals at Ninoy Aquino International Airport (NAIA) in 2011 are registered at 29.5 million, growing by 9% over 2010. Between 2005 and 2011, total airport arrivals recorded a 13% CAGR.

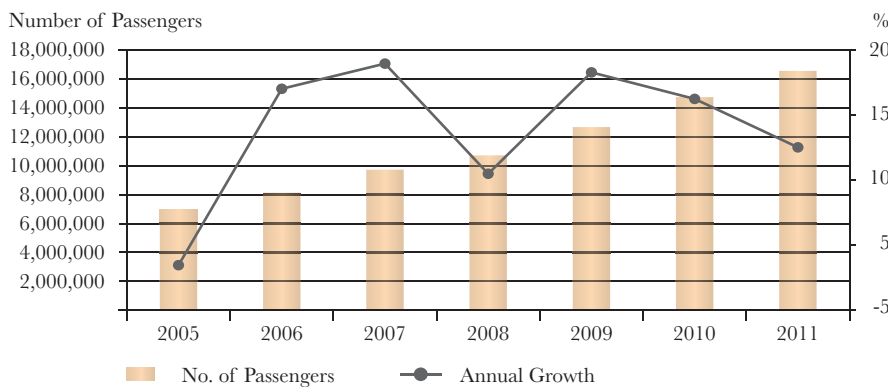
International Arrivals at NAIA



Source: Manila International Airport Authority and C9 Hotelworks Market Research

International arrivals grew at a 7% CAGR from 2005 to 2011

Domestic Arrivals at NAIA



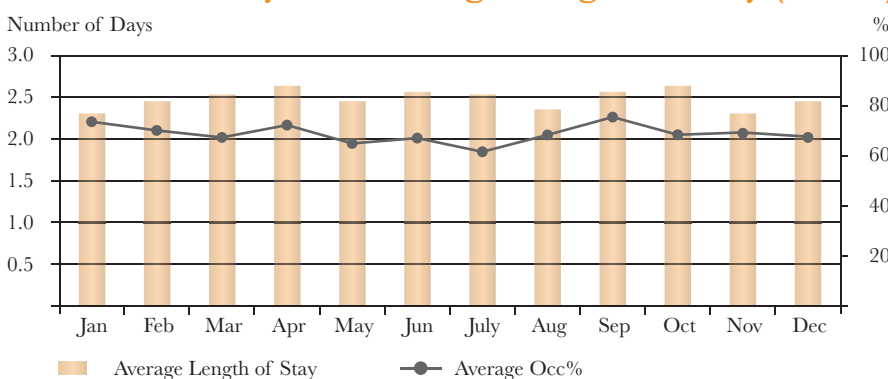
Source: Manila International Airport Authority and C9 Hotelworks Market Research

Domestic passenger arrivals outpaced international sector for three consecutive years. In 2011 they accounted for 56% of the total

Tourism Indicators

- Total number of tourists in Manila recorded a historical high 5.7 million visitors in 2011 with the domestic segment dominating the market with 86% share.
- Top 5 international source markets for the Manila tourism industry are Korea, USA, Japan, China and Australia.

Seasonality and Average Length of Stay (ALOS)



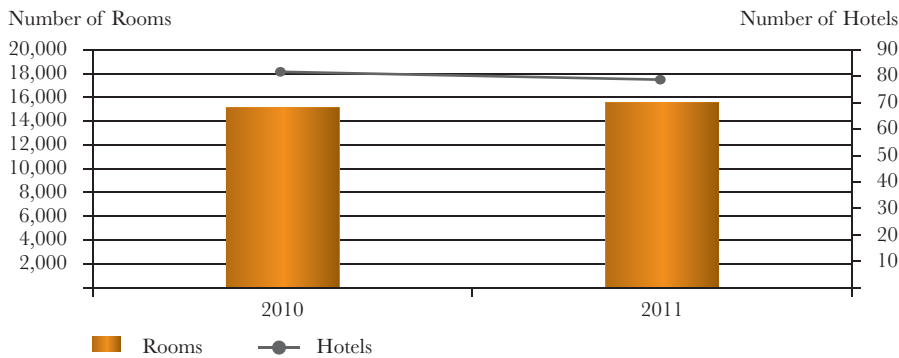
Source: Ministry of Tourism and C9 Hotelworks Market Research

Average length of stay grew to 2.48 days in 2011 vs. 2.3 days for 2010

Existing Supply

- In 2011, the hotel supply in Manila registered at 15,567 rooms, a 3% increase over 2010. Economy and budget hotels showed the strongest growth at 30%, followed by luxury and midscale segments growing at 6% and 4% respectively.
- Between 2004 and 2011 luxury supply grew at a CAGR of 3.2%, and is forecasted to further increase 11% per annum from 2012 to 2015.

Hotel Supply in Manila

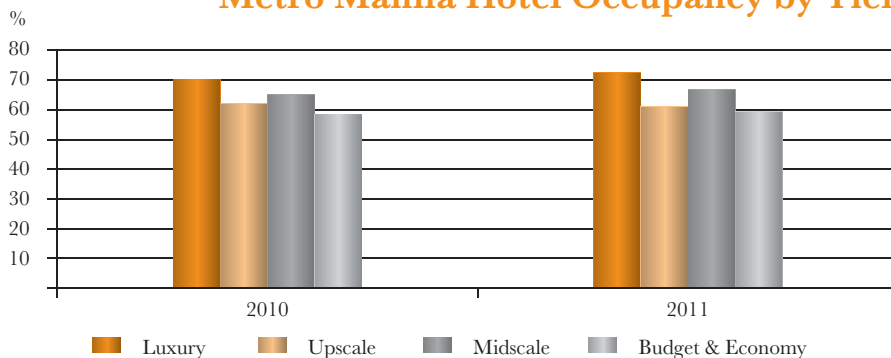


Source: Ministry of Tourism and C9 Hotelworks Market Research

Luxury hotels dominate Metro Manila landscape with 57% of total rooms in this tier

Hotel Performance

Metro Manila Hotel Occupancy by Tier



Source: Ministry of Tourism and C9 Hotelworks Market Research

Luxury hotels performed strongly with 72% occupied room nights registered in 2011 vs. 70% in 2010

Luxury and Upscale Hotel Openings

- A total of 5,797 rooms are anticipated to enter into the upper end of the market by 2017, representing 37% growth to existing supply. New openings are mainly clustered in Resorts World, Pagcor Entertainment City and Bonifacio Global City.

Hotel Name	Location	Rooms	Opening Date
Solaire Resort & Casino Manila	Manila Bay	500	Mar 2013
The Belle Grande Casino and Resort Manila	Manila Bay	880	Q4 2013
Manila Bay Resorts	Manila Bay	500	2015
Raffles Makati	Makati	32	Dec 2012
Fairmont Makati	Makati	280	Dec 2012
Manila Marriott Hotel (expansion)	Pasay City	200	2015
Resorts World Manila	Pasay City	1440	2016
The Westin Manila Bayshore	Pasay City	600	Q3 2016
Sheraton Manila Hotel	Pasay City	350	Q1 2017
Shangri-La at The Fort	Bonifacio	577	H2 2014
Grand Hyatt Manila	Bonifacio	438	2015

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 27 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



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