



asset management
& hospitality consulting

Samui

2015 Hotel Market Update

Mid-Year Edition September 2015

Island manages East West tourism mix

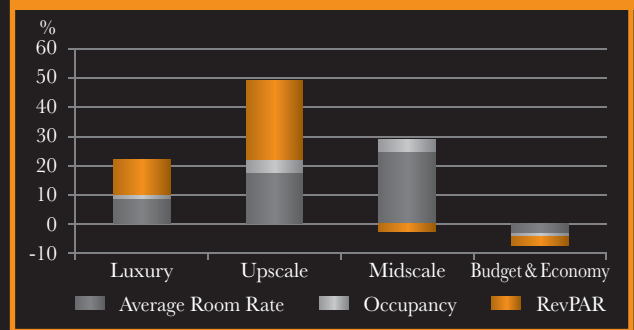
Upscale tier is the star performer as room rates continue to push up

“In the aftermath of Thailand’s political events which affected markets nationwide, the resort island of Samui has continued its success story of arrival growth which spurred hotel performance in the first half of the year. Amidst all tiers, upscale hotels stand out as the best performer during H1 2015 with an increase in occupancy by 4% and RevPAR by 27% versus H1 2014, with the latter being driven by average room rates growth of 25%.

Airlift was the instigator pushing numbers in the first half of the year, as international passengers arriving at Samui and Surat Thani airports lifted up year-on-year by 4% and 6% respectively. An emerging sign of market maturation is charter flights coming to Surat Thani and passengers transited to the island via ferry.

Speaking to hoteliers, Western Europe highlighted by Germany and U.K. remain the broad leading markets of the resort

Hotel Tier Performance Change
H1 2015 vs. 2014



Source: C9 Hotelworks Market Research

destination. Whereas a rising Asian market is posting strong numbers despite a decidedly shorter average length of stay (ALOS). The offset of European and regional demand has helped mitigate seasonality.

Fundamentally Samui’s somewhat passive hotel pipeline and controlled airlift are the big two benefactors of the tourism market. That said we expect redevelopment of existing properties to attract greater hospitality investment over the next twelve months.”

Bill Barnett, Managing Director, C9 Hotelworks

2015 Mid Year

- Samui Airport has benefited from upward passenger arrival growth between 2010 and 2015 with 5-year CAGR of 5%, while Surat Thani posted extraordinary numbers with a 29% rise for the same period.
- Both Samui and Surat Thani airports posted significant elevation in the number of international non-scheduled flights. The majority of these flights originated from Greater China.
- RevPAR improved in luxury and upscale tiers, while midscale and budget & economy marginally retracted. Market-wide performance demonstrated positive trend with an increase in occupancy and RevPAR as average room rates shifted upwards.

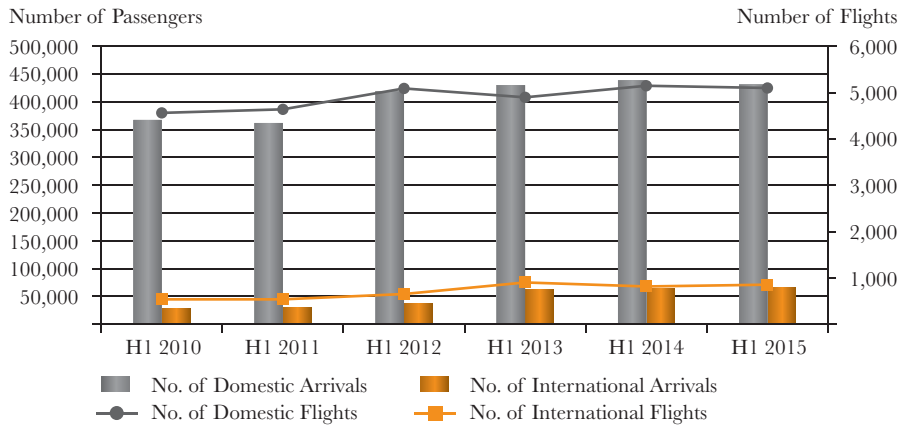
Forward Outlook

- Expansion plans for Samui Airport in 2015 have been confirmed, but the details have not been made public. The undertaking is expected to be a strong driving fundamental for increased airlift and capacity.
- Due to the Chinese financial crisis, the island’s tourism performance is forecasted to see some impact on international charter flights arriving at Samui and Surat Thani airports which are mostly from Mainland China.
- By 2018, there will be a total of 18,749 keys in registered accommodation establishments on the island, increasing by 4% from 2015. Hotel supply during the second half of the year remains flat with no new hotels entering supply.

AIRPORT INDICATORS

- International flights to Samui Airport grew in the first half of the year to 873 compared to 825 in the same period of the previous year. This key metric demonstrated a market recovery post 2014's political crisis.

Samui Airport - Half Year Comparison

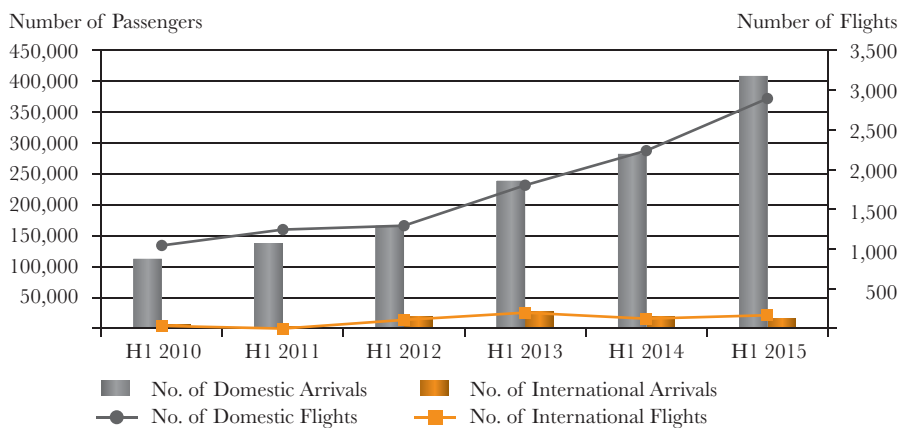


Sources: Department of Civil Aviation and C9 Hotelworks Market Research

Overseas passenger arrivals grew 4% year-on-year in H1 2015, spurred by increasing direct international airlift

- Number of international flights arriving at Surat Thani Airport surged by 23% for the same period from 146 in 2014 to 179 in 2015.

Surat Thani Airport - Half Year Comparison

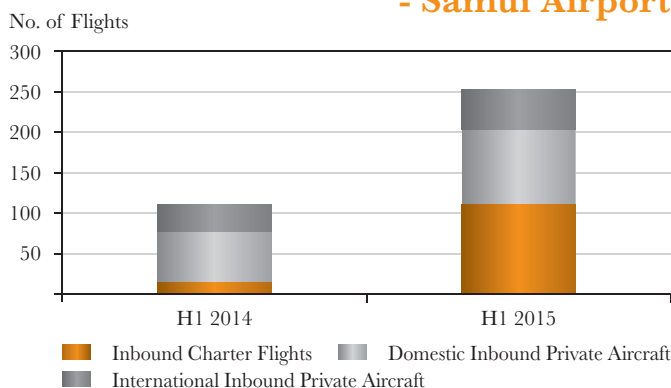


Sources: Department of Civil Aviation and C9 Hotelworks Market Research

Domestic passenger arrivals escalated 44% in year-on-year growth

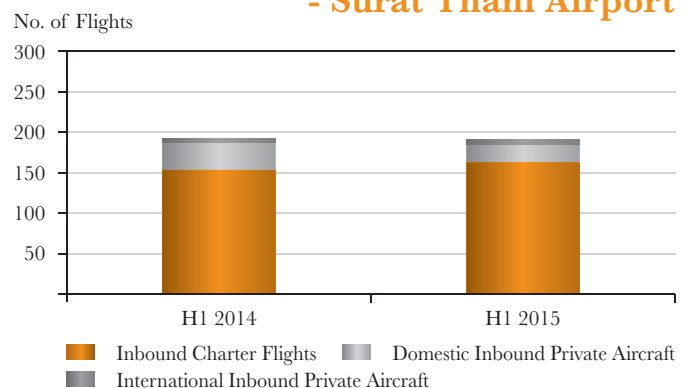
- In H1 2015, Samui Airport received 252 non-scheduled flights, increasing significantly by 127% from 111 in H1 2014. While the secondary gateway of Surat Thani Airport recorded a slight decline of 1% from 194 to 192 flights. One key point is that most of international inbound non-scheduled flights arriving at Samui and Surat Thani airports came from Greater China.

Non-scheduled Flights - Samui Airport



Sources: Samui International Airport and C9 Hotelworks Market Research

Non-scheduled Flights - Surat Thani Airport

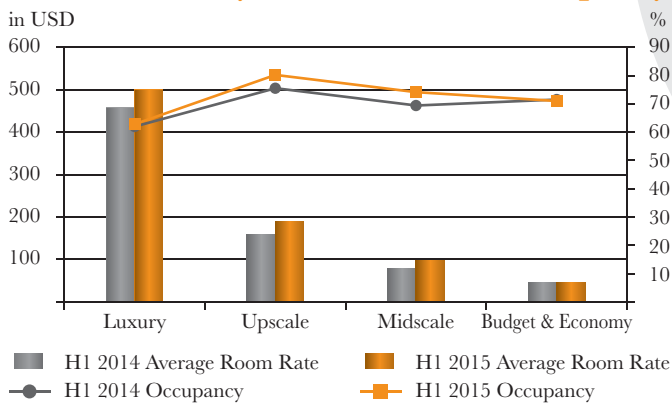


Sources: Department of Civil Aviation and C9 Hotelworks Market Research

Hotel Performance

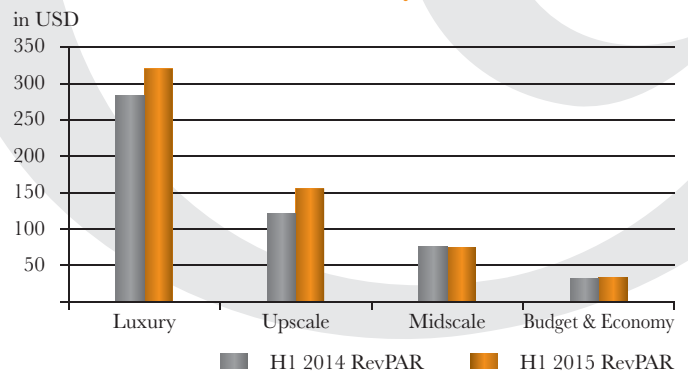
- With an exception of budget & economy, all tiers improved in average room rate (ARR) and occupancy. The midscale tier grew ARR by 25% and occupancy by 4%, followed by upscale at 18% and 4%, and luxury tallying in with 9% and 1%, respectively.
- For revenue per available room (RevPAR), upscale and luxury tiers gained substantially by 27% and 12%, respectively. By contrast the midscale tier retracted by 2%.

Performance by Tier - ARR and Occupancy



Source: C9 Hotelworks Market Research

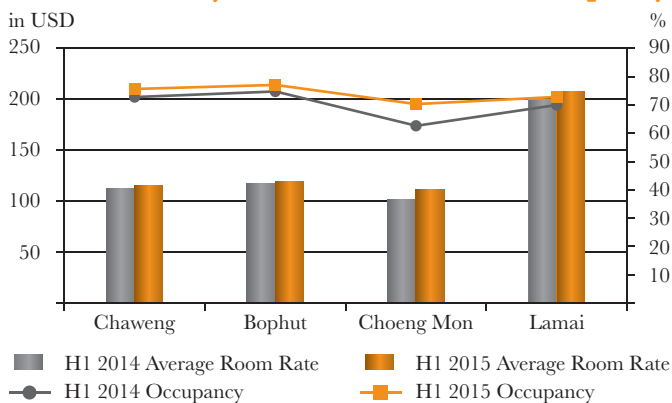
Performance by Tier - RevPAR



Source: C9 Hotelworks Market Research

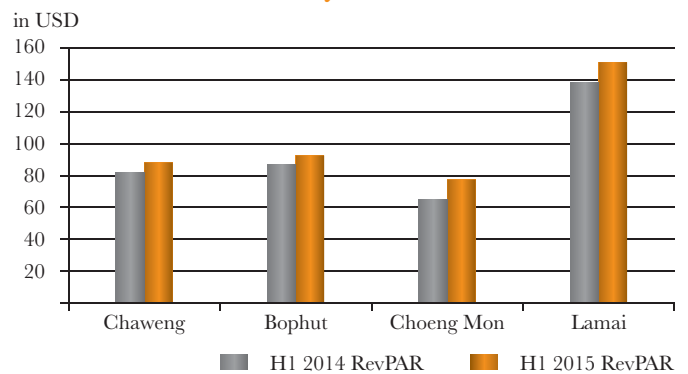
- Occupancy in Choeng Mon increased by 7% which pushed up RevPAR growth 20% demonstrating the highest growth in all island locations.

Performance by Location - ARR and Occupancy



Source: C9 Hotelworks Market Research

Performance by Location - RevPAR



Source: C9 Hotelworks Market Research

Hotel Supply

- There are 766 keys in the pipeline. In 2016, there will be 185 new rooms entering the market, while the majority of supply will come online in 2017. By location, Bophut will experience the largest influx of rooms.

Hotel Name	Location	Keys	Opening Date
The Beach Samui	Thong Krut	21	Q1 2016
X2 Nautilus Samui	Plai Laem	44	Q3 2016
Sofitel So Samui	Choeng Mon	120	2016
Sala Chaweng	Chaweng	78*	Q4 2017
COSI Hotel by Centara	Chaweng	153	2017
Holiday Inn Express Bophut	Bophut	200	2017
Holiday Inn Resort Bophut	Bophut	150	2018

*Additional Keys for Existing Hotels

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**

Key competencies include 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 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



asset management
& hospitality consulting

C9 Hotelworks Company Limited

9 Lagoon Road, Cherngtalay,
Thalang, Phuket, 83110, Thailand

(Office located at the entrance of Laguna Phuket)

T: +66 (0)76 271 535

F: +66 (0)76 271 536

www.c9hotelworks.com
info@c9hotelworks.com