



asset management
& hospitality consulting

Manila

Hotel Market Update

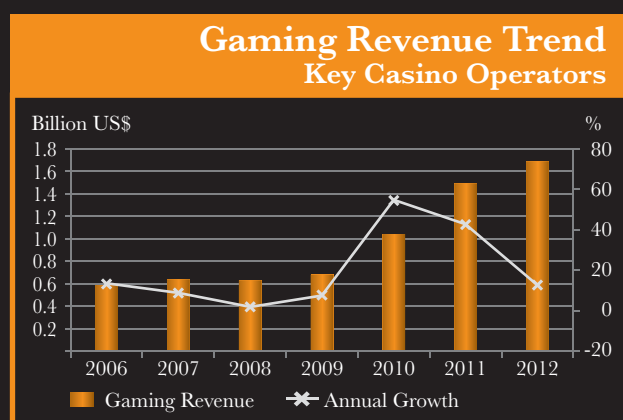
November 2013

Manila's gaming push aiming to induce tourism demand

4.2 million international visitors recorded in 2012

“Manila’s tourism market is taking a decided turn away from a vanilla offering to boost visitor numbers. Over the past 18 months, there was an influx of Korean and Chinese visitors into the Philippines. The country has a competitive advantage over others in South East Asia in terms of its location, approximately 1.5 - 3 hours from major cities in China. Last year it recorded it’s highest growth ever. As Russian tourists arrived in the first Russian charter flight to Manila, which launched in October. Viewing the trend of Russian visitors in other regional leisure markets, the potential to tap into mass tourism remains strong.

The South East Asian casino dreamscape is setting up a battle between established gaming giants and independent operators in a high stakes contest of win or lose. Meanwhile the growth by the gaming industry in Metro Manila has fueled the building of hotel rooms.



Source: PAGCOR and Resort World Manila Annual Reports, and C9 Hotelworks Market Research

By 2017 the Manila hotel supply is anticipated to add over 6,000 keys into the market, approximately one-third of the existing keys. Given the fact that tourist arrivals to the country are still at a low compared to its peers such as Thailand and Malaysia, the current focus is on generating more demand. Looking forward there is upbeat momentum for future development in the tourism industry in Metro Manila.”

Bill Barnett, Managing Director, C9 Hotelworks

Market Trend

- In the first eight months of 2013, the Philippines welcomed over 3 million international visitors with Korean, American and Japanese visitors being lead contributors.
- There was a total of 37 million passengers through Ninoy Aquino International Airport (NAIA) in 2012, a growth of 12% over 2011.
- 36% of total international travelers are first time visitors to the country.

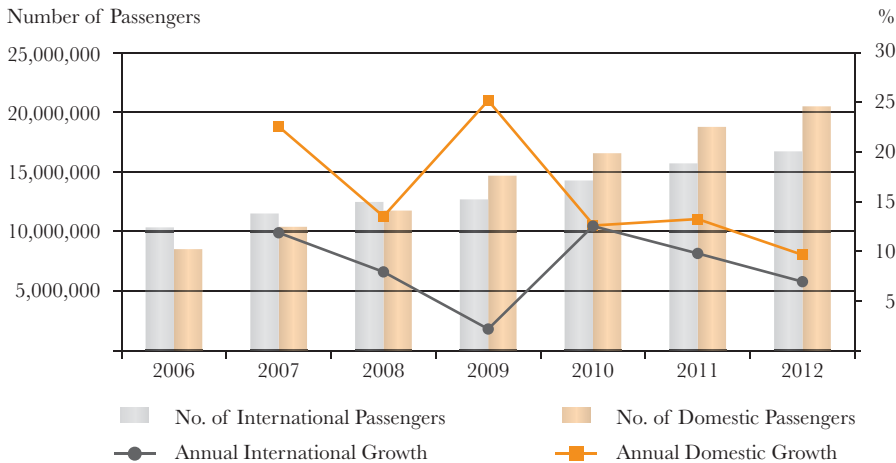
Forward Outlook

- A substantial rise of the gaming industry in Manila is anticipated over the next three years which will be a leading engine of economic growth for the Philippines.
- Total revenue generated from casino businesses is forecasted to top US\$3 billion in 2015, an average of 32% growth year on year.
- Hotel supply is expected to grow at 38% over the existing supply in the next four years.

Airline Indicators

- Passengers through Ninoy Aquino International Airport (NAIA) grew at a compound annual growth rate (CAGR) of 12% between 2006 and 2012.
- In 2009, domestic passengers dramatically grew at 25% year on year and surpassed the international sector for the first time. In the last year, domestic and international visitors recorded at 20.5 and 16.7 million passengers, a 10% and 7% growth over 2011, respectively.

International vs. Domestic Passengers at NAIA



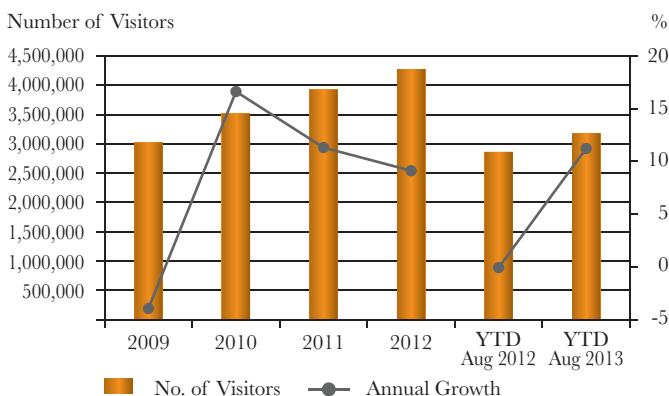
In 2012, domestic sector comprised 55% of total traffic through NAIA vs. 45% in 2006

Source: Manila International Airport Authority and C9 Hotelworks Market Research

Tourism Indicators

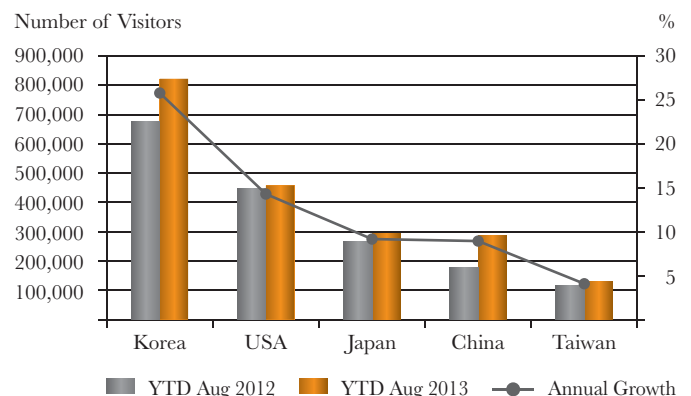
- Total international visitors to the Philippines registered at 4.2 million in 2012, a 9% growth vs. 2011. An upward trend has continued in 2013. For the year to date figures up to August this year, the number of international travelers grew at 11% over the same period versus 2012.
- Top five source markets consisted of Korea (26%), U.S.A (14%), Japan (9%), China (9%) and Australia (4%). Two key growth markets, China and Korea, recorded a year on year increase at 61% and 22%, respectively.
- Manila ranked as the top tourism destination in the Philippines. In 2012, its arrivals accounted for 73% of total international visitors to the country.

International Visitors to the Philippines



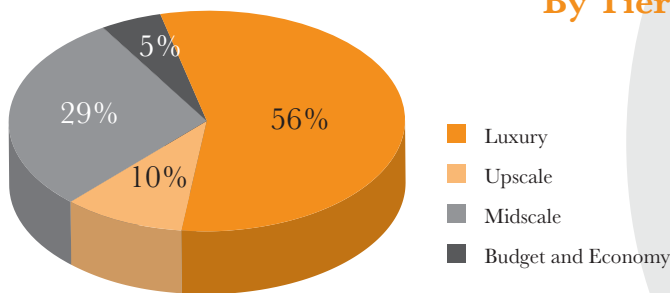
Source: Ministry of Tourism and C9 Hotelworks Market Research

Top 5 Sources Markets



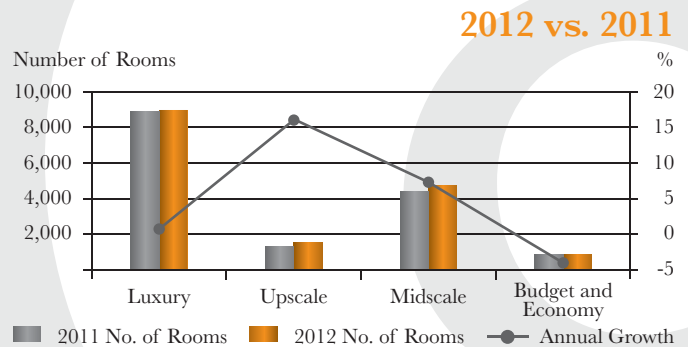
Source: Ministry of Tourism and C9 Hotelworks Market Research

Existing Supply



Source: Ministry of Tourism and C9 Hotelworks Market Research

By Tier



Source: Ministry of Tourism and C9 Hotelworks Market Research

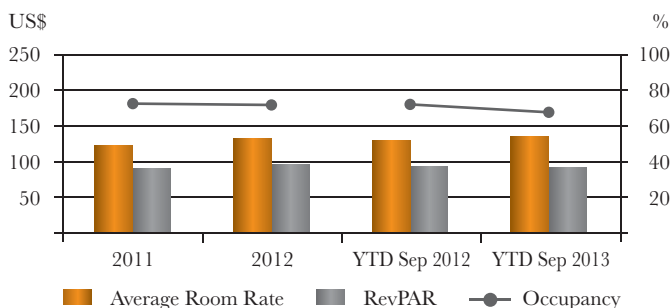
Luxury hotels comprise the largest segment in Manila

Gaming industry spurred supply growth in upscale hotel tier

Hotel Performance

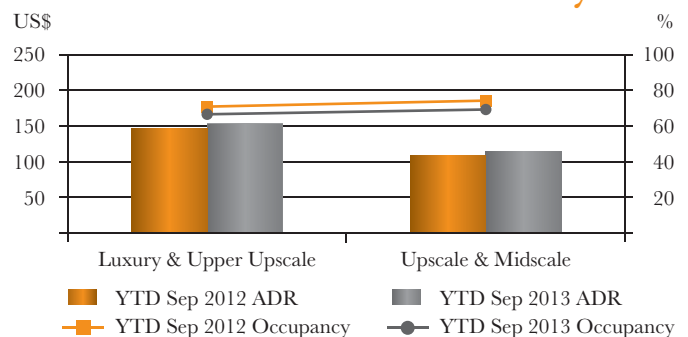
- For the first three quarters of 2013, market-wide occupancy registered at 67% vs. 72% in the same period last year. Average room rates increased by 4%, recorded at US\$135. The resulting RevPAR slightly decreased by 2% to US\$91.

Overall Performance Trend



Source: STR Global and C9 Hotelworks Market Research

Performance by Tier



Source: STR Global and C9 Hotelworks Market Research

Luxury and Upscale Hotel Openings

- A total of 6,030 keys are expected to enter into the market between 2014 and 2017. 60% of total pipeline will be added in the Manila Bay area, followed by Pasay City with 18%.

Hotel Name	Location	Rooms	Opening Period
Solaire Resort & Casino Manila (extension)	Manila Bay	300	Oct 2014
City of Dreams Manila	Manila Bay	920	2014
Manila Bay Resort	Manila Bay	1460	2015
Conrad Manila	Manila Bay	352	Aug 2016
Westin Manila Bayshore	Manila Bay	600	Q3 2016
Marco Polo Ortigas Manila	Ortigas	313	Q1 2014
Grand Hyatt Manila	Bonifacio	440	Jun 2015
Shangri-La at The Fort	Bonifacio	577	Q4 2015
Maxims Tower (extension)	Pasay City	170	2014
Manila Marriott Hotel (extension)	Pasay City	228	Q4 2015
Hilton Manila	Pasay City	320	Jan 2017
Sheraton Manila Hotel	Pasay City	350	Q1 2017

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



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