



asset management
& hospitality consulting

Samui

2012 Hotel Market Update

February 2013

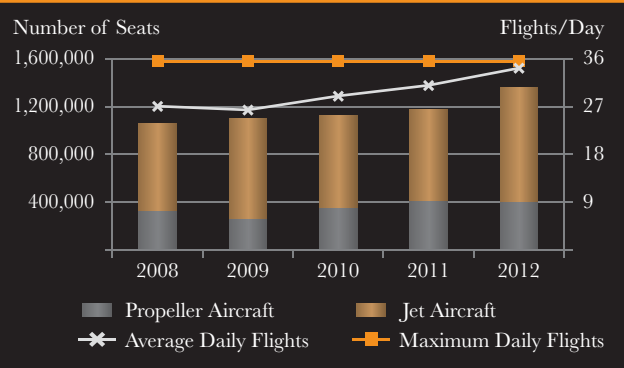
Samui's airlift improving with new routes and aircraft

Hotel performance highlighted by 9% occupancy growth in 2012

“The tide has turned positive for tourism in Samui as the island clocked in a historical high market-wide occupancy of 68% last year. Two key drivers have been the surge of direct international flights and a marked increase in domestic travel.

A key catalyst of change in trading conditions has been Bangkok Airways ongoing upgrading of its fleet, which has provided a substantial increase in airline seat capacity. While the carrier is continuing to upgrade aircraft to larger and more modern Airbuses and slowly phase out older ATR 72 propeller planes, the ominous restriction on total daily flights has created a non-moving ceiling, which even Bruce Lee could not punch through.

Seat Capacity and Number of Flights at Samui Airport



Source: Samui Airport Property Fund and C9 Hotelworks Market Research

Our near-term outlook is that Samui's hotel industry is expected to enjoy a continued upswing. This is bolstered by a favorable pipeline as only a small number of new hotels are expected to come online over the next few years. Though our eyes and ears remain tuned to Bangkok Airways appeal process in expanding the flight capacity ceiling, as this remain the markets biggest self-induced limitation.”

Bill Barnett, Managing Director, C9 Hotelworks

2012 Trends

- Passenger arrivals to Samui Airport registered at 914,301, with an 8% compound annual growth rate between 2004 – 2012.
- Top 3 tourism source markets were Germany, Thailand and U.K., with a combined share of 27%.
- Upscale hotels outperformed other tiers with 72% occupancy, followed by the midscale at 68%.

2013 Outlook

- Potential increase in daily flight capacity for Samui Airport which is under review could potentially have immediate market impact.
- Gradual shift of demand is seeing more Asian tourists and families. Russian group market is ramping up for winter 2013/2014 season.
- New Central Festival retail complex in Chaweng which is under construction is expected to be a key demand generator.

Airline Indicators

- Samui Airport continued to show strong results in 2012 with a substantial growth in total passenger arrivals of 15% over the previous year. This was led by a 40% rise in the international sector, while the domestic leg ticked up 13%.
- A new development is the Koh Phangan Private Airport which is scheduled to commence its construction by the first half this year and set to complete in 2014. Its completion will benefit Koh Samui with more airline seats available for direct passengers to the outlying islands.

Historical Trend of Airport Visitor Arrivals

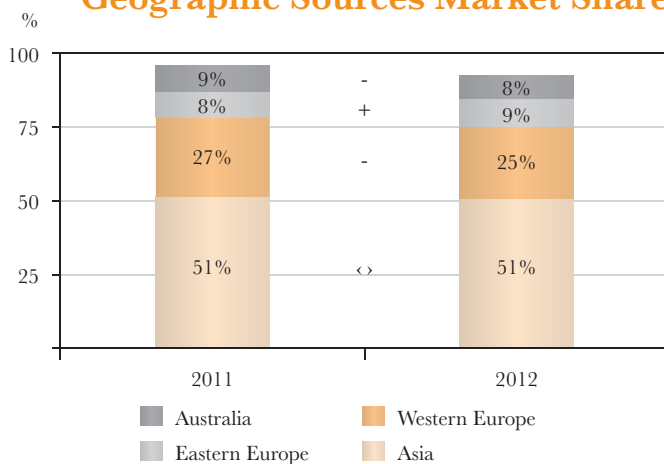


Source: Department of Civil Aviation and C9 Hotelworks Market Research

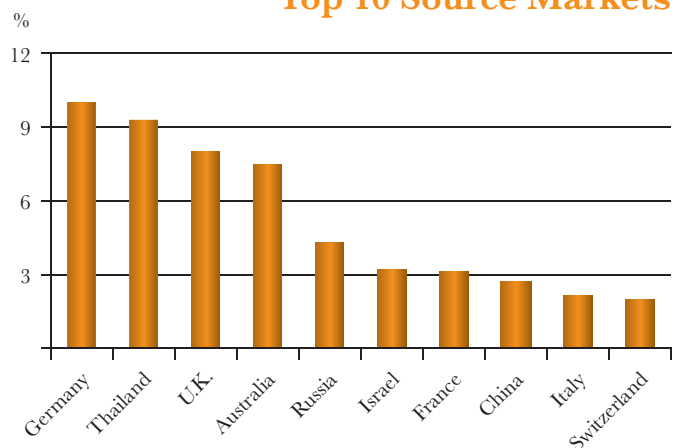
Tourism Indicators

- Germany was again the number one international source market to the island for the third consecutive year, followed by U.K., Australia and Russia. Thai visitors represented only 9% of total tourists.

Geographic Sources Market Share



Top 10 Source Markets

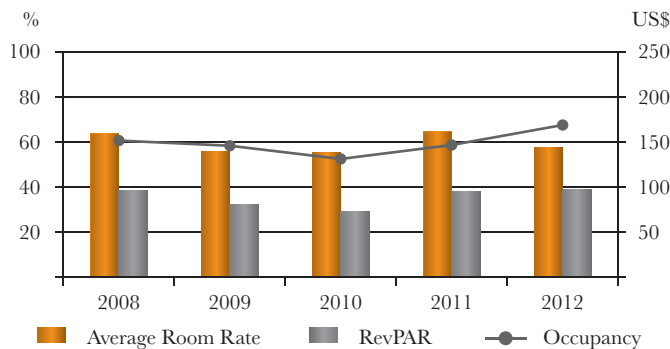


Source: Surat Thani Provincial Office of Tourism and Sports and C9 Hotelworks Market Research

Hotel Performance

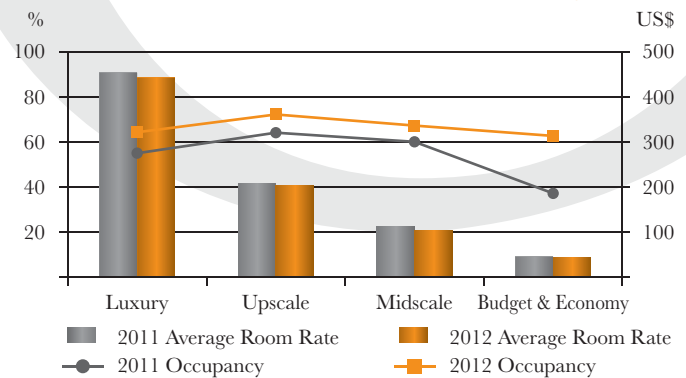
- Hotel-wide occupancy was on the rise, registering 68% vs. 59% in 2011. However the growth in room night demand was offset by an 11% decline in average room rate. The resulting impact to RevPAR was a slight increase of 3%.
- The five-year trend has showed gradual improvements in average occupancy of 2% year on year growth, which has been offset by a slight decline in the average room rate of 2% annually.
- A key market insight is that branded hotels are sensitive to external events which impact the island's tourism numbers. This is mainly due to the fact that most of these properties are positioned in upper tier scales.

Overall Performance Trend



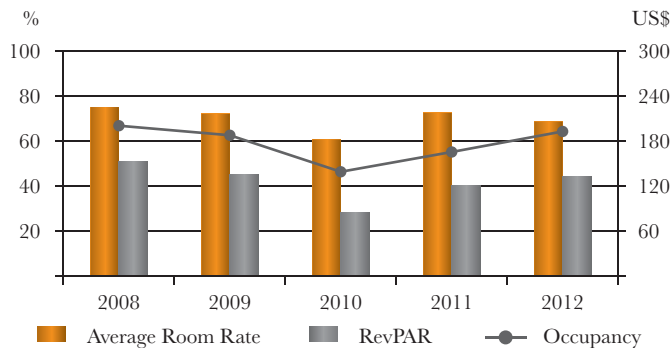
Source: C9 Hotelworks Market Research

Hotel Performance by Tier



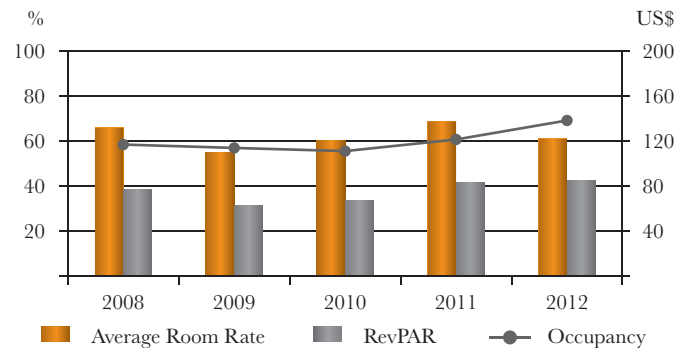
Source: C9 Hotelworks Market Research

Performance Trend of Branded Hotels



Source: C9 Hotelworks Market Research

Performance Trend of Non-Branded Hotels



Source: C9 Hotelworks Market Research

Hotel Openings

- There are 17,479 rooms in registered accommodation establishments on Koh Samui. By the end of 2014, a total of 459 new rooms will be added into the island's supply, reflecting a growth of 3%. Key geographic areas experiencing growth are Chaweng and Mae Nam.
- Starwood's first Luxury Collection property in Koh Samui, the 80 key Vana Belle Samui Resort and Spa opened in January 2013.

Hotel Name	Location	Rooms	Opening Date
Escape Resort	Mae Nam	60	2014
Movenpick Resort & Spa Mae Nam Beach Koh Samui	Mae Nam	89	TBA*
KC Beach Club Hotel & Pool Villas	Chaweng	42	Q1 2013
Ozo Samui	Chaweng	208	Q1 2014
Prana Resort Nandana	Bo Phut	60	July 2013

*TBA: To Be Announced

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 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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