



asset management
& hospitality consulting

Yangon

Hotel Market Update

December 2013

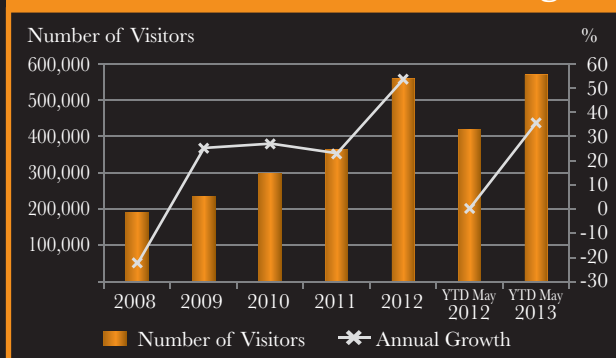
International hotel supply to triple by 2015

One million overseas travelers to arrive next year

“Over the past 18 months, Myanmar has made significant progress in its economic and political reforms. The hotel industry in Yangon has flourished. In 2012, the city recorded a total of 559,610 foreign visitors, or a 53% growth versus the previous year. With an existing hotel supply of approximately 9,000 rooms in Yangon, nearly 20% of these are of international standard which have seen a substantial rise in occupancy and room rates. However, trading patterns remain volatile between low and peak seasons; and the effects of the annual monsoon make a decided impact on hotel trading.

A changing landscape of regulatory controls in the country has failed to keep pace with the expected growth in foreign direct investment (FDI). Land prices in Yangon and other parts of the country have continued to push up at an unrealistic pace, and are indicative of a surge in large-scale property speculation.

International Visitors to Yangon



Source: Ministry of Hotels and Tourism and C9 Hotelworks Market Research

Redevelopment of government controlled properties in the city remains challenged.

While the hospitality sector has enormous room for growth, Yangon remains in an early stage of development. Most of the deals being done for hotel assets in the current landscape are from local parties and not overseas groups. Given Yangon has captured investor sentiment as a South East Asia hot spot, it has yet to deliver on its expected promise.”

Bill Barnett, Managing Director, C9 Hotelworks

Market Trend

- In 2012, international passenger arrivals at Yangon Mingaladon Airport registered a historical high at 550,654.
- Top five international markets were Thailand, China, Japan, USA and Korea with a combined 48% share of total traffic.
- Free Independent Travelers (FIT) in hotels grew 72% in 2012 vs. 2011.

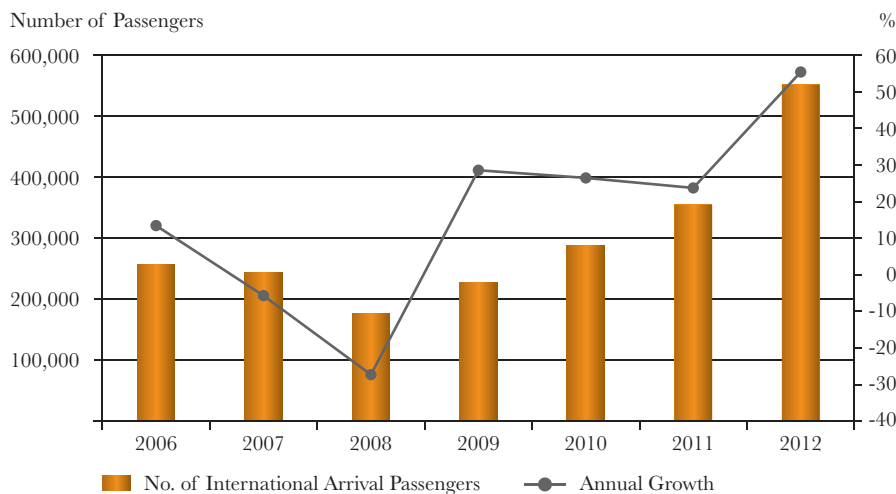
Forward Outlook

- New international airport in Bago expected to be completed in 2017 will stimulate demand and act as a significant gateway hub.
- Shortage of international hotel rooms expected in December due to SEA Games which will be held in Naypyidaw.
- Mismatch between hotel pipeline and expected demand in midscale and economy sectors.

Airline Indicators

- Additions of long-haul direct flights from Europe (e.g. Frankfurt) and Middle East (e.g. Doha) to Yangon Mingaladon Airport have played an important role in improving international accessibility.
- The government is developing a new international airport in Bago, approximately 80 kilometers north of the city of Yangon. The new facilities will be able to handle up to 12 million passengers per year and are anticipated to serve the forecasted growth of the business and tourism sectors over the ramp up mid-term growth period.

International Arrivals at Yangon Mingaladon Airport



Source: Ministry of Hotels and Tourism and C9 Hotelworks Market Research

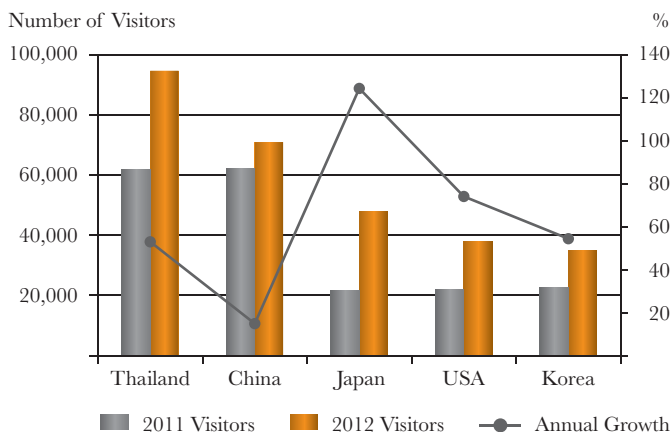
International passenger traffic to Yangon recorded a 33% CAGR during period 2008 through 2012

CAGR – Compound Annual Growth Rate

Tourism Indicators

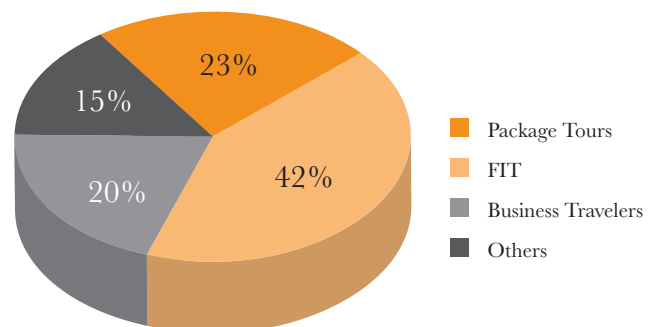
- Regional Asian travelers represent the majority of visitors to Yangon, accounting for 66% of total visitors to the city. The top two markets are Thailand and China with a 16% and 12% share respectively.
- In the first five months of 2013, visitor arrivals to Yangon exceeded the entire number in 2012, reflecting a year on year growth of 36%.

Top 5 Sources Markets



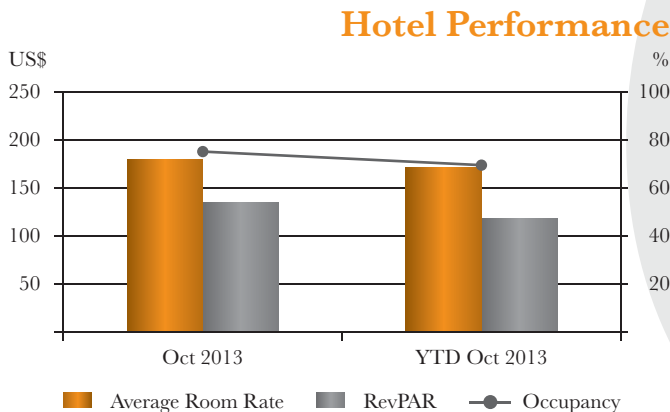
Source: Ministry of Hotels and Tourism and C9 Hotelworks Market Research

Market Segmentation



Source: Ministry of Hotels and Tourism and C9 Hotelworks Market Research

International Standard Hotel Performance

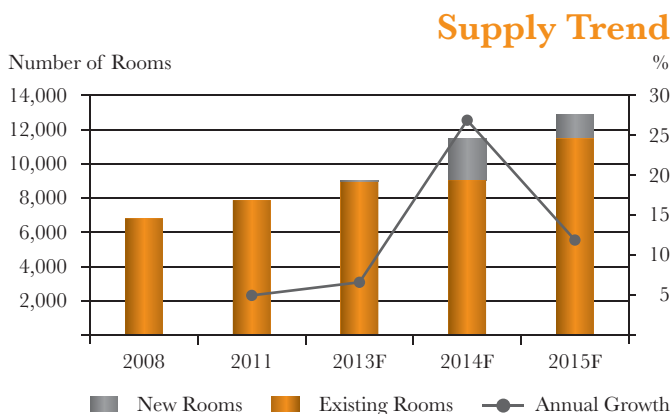


An average 69% occupancy was recorded for the first 10 months of 2013 with an ADR of US\$170

Source: C9 Hotelworks Market Research

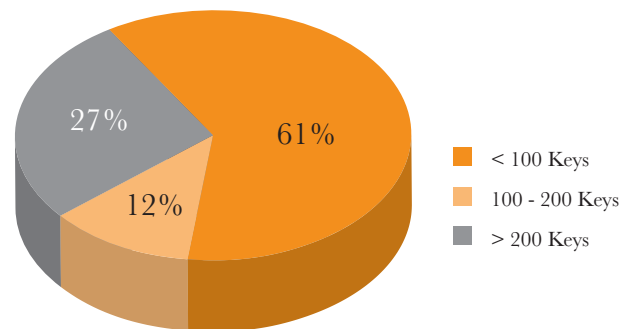
Hotel Supply

- According to the Ministry of Hotels and Tourism, there are currently 9,005 hotel rooms in Yangon. Out of these numbers, approximately 1,800 keys are international standard hotels.



Source: Ministry of Hotels and Tourism and C9 Hotelworks Market Research

Existing Hotels by Room Count



Source: Ministry of Hotels and Tourism and C9 Hotelworks Market Research

Key Hotel Openings

- Over the next two years, a total of 3,442 new international standard rooms are anticipated to enter the Yangon hotel market. The new supply will effectively triple the existing mainstream hotel supply in the city.

Hotel Name	Location	Keys	Opening Year
Rose Garden Hotel Yangon	Kandawgyi Lake	60	2013
Shangri-La Hotel	Kandawgyi Lake	240	2014
Shangri-La Hotel (Phase II)	Kandawgyi Lake	460	2015
Rose Garden Hotel Yangon (Phase II)	Kandawgyi Lake	255	2015
Centerpoint Hotel	Kyauktada	270	2014
Hilton Yangon	Kyauktada	300	2014
Nawarat Hotel (expansion)	Insein Road	100	2014
Novotel Max Yangon	Kamayut	366	2014
Sedona (expansion)	Yankin	418	2015
The Strand (expansion)	Downtown Yangon	40	2014
Pan Pacific Yangon	Downtown Yangon	348	2015
Proposed Hotel by HAGL	TBA*	585	2015

* 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**

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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