



asset management
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Samui

Hotel Market Update

Mid-Year Edition August 2013

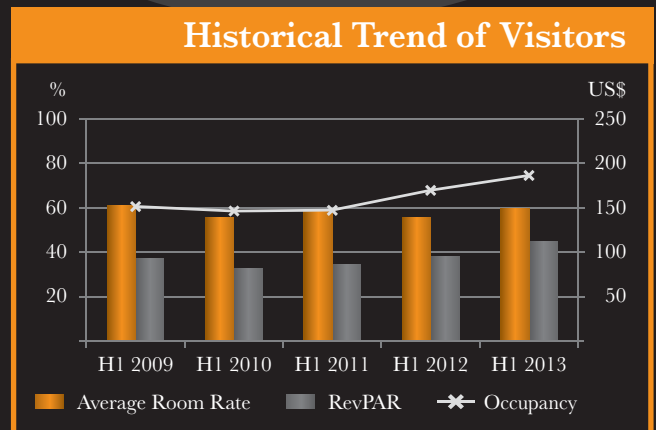
Increasing visitor arrivals push Samui's mid-year occupancy to 75%

Island's hotel occupancy expands with year on year growth of 7%

“In the first half of 2013, the resort island of Samui hosted 874,824 hotel guests, which is a sharp increase over the same period last year. Upward momentum has been reflected in the key hotel performance metrics of occupancy, average rate and RevPAR.

Mounting demand by Thai's that are the island's second leading source of visitors neared the 100,000 level for the period of January through June this year. The domestic sector is up comparing year on year figures, and has helped boost occupancy during the off-peak months.

Key changes in source markets are dramatically impacting hotel demand on the island. While German visitors still remain in the number one



Source: C9 Hotelworks Market Research

position, Russian and Chinese visitors are escalating in a trend seen throughout Thailand's resort areas.

Looking to the sky which remains an acid test for Samui's tourism industry, a 61% surge in international passenger arrivals is a positive step forward. That said, 87% of overall flights originate domestically and airlift limitations continue to loom over what could very well be a broader success story.”

Bill Barnett, Managing Director, C9 Hotelworks

2013 Mid Year

- The year on year growth of international passengers increase by 61% and domestic passengers by 3% in H1 2013.
- Germany and Thailand continue to hold top two positions as key sources of business. Emerging Russian market jumped to 3rd, moving up two places from 2012.
- Major hotel performance indicators were positive as overall occupancy rate grew 7% year on year. The market-wide average room rate rose by 7% while RevPAR was up 18% vs. H1 2012.

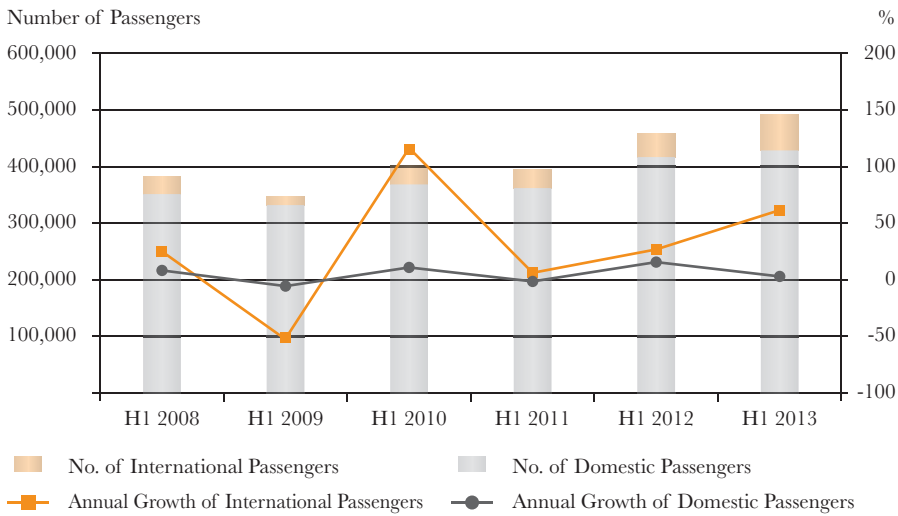
Forward Outlook

- RevPAR growth of 23% in budget and economy tier indicates demand for low-cost products in a shifting market place.
- Incoming pipeline of 319-rooms will come into the crowded midscale sector which could elevate competitive pressure on pricing.
- Forecast is that passenger sustained arrival increases will continue through full year 2013 with greater international demand from gateways such as Kuala Lumpur and Penang.

Airline Indicators

- The total number of passenger arrivals rose to 490,572 in the first half 2013, up from 380,668 passengers during the same period in 2008. International gateway airports of Hong Kong and Singapore contributed 70% of incoming travelers. Number of passengers flying from Hong Kong to Samui has recorded a 5-year CAGR of 18%.
- Emerging gateway of Kuala Lumpur saw direct flights commence in 2012, with passenger arrivals of 16,372 in full year 2012 and 14,784 in H1 2013. Regular scheduled flights from Penang on Firefly and Malaysia Airlines operate three flights per week.

Samui Airport Visitor Arrivals – Half Year



International arrivals over 5 years show growth of 17% CAGR

CAGR - Compound Annual Growth Rate

Source: Department of Civil Aviation and C9 Hotelworks Market Research

Tourism Indicators

- Top growth geographic sources of business are Russia and China. India and Austria showed a significant double digit year on year growth, while major declines were registered in the legacy U.K. and Italian markets.
- The number of individual travelers with 51% share in H1 2013, dropped from 55% in 2012, as group business which reflects a change in visitor profile has moved up.

Top 5 Source Markets

1. Germany	12%
2. Thailand	11%
3. Russia	9%
4. Australia	8%
5. United Kingdom	6%

Top 5 Asian Markets

1. China	22%
2. India	7%
3. Malaysia	4%
4. South Korea	3%
5. Japan	3%

Top 5 European Markets

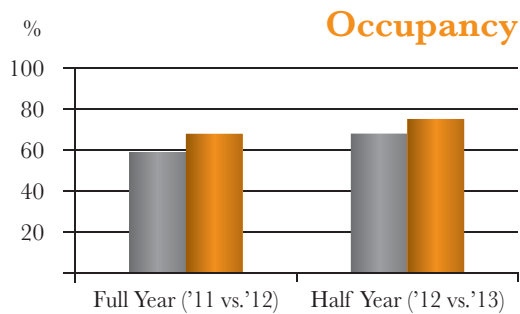
1. Germany	18%
2. Russia	14%
3. United Kingdom	10%
4. France	5%
5. Switzerland	4%

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

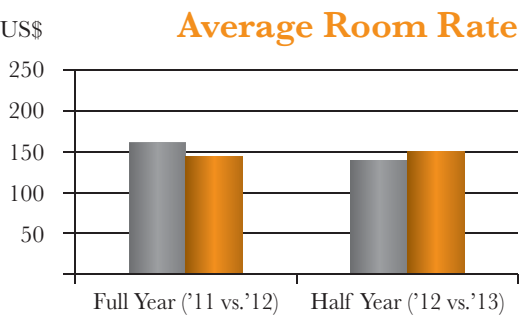
Hotel Performance

- Comparing actual occupancy rates between branded and non-branded hotels the variance is marginal. However, the average room rates achieved by branded properties during the first half of 2013 resulted in a 34% premium over independent operators.

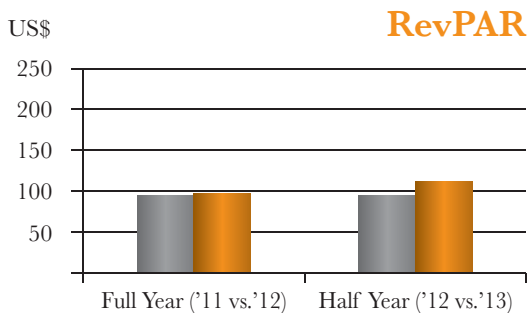
By Tier



Source: C9 Hotelworks Market Research



Source: C9 Hotelworks Market Research



Source: C9 Hotelworks Market Research

Change		
Luxury	▲	5%
Upscale	▲	4%
Midscale	▲	7%
Budget & Economy	▲	12%

Demand levels of branded hotels showing higher trading levels

Change		
Luxury	▲	11%
Upscale	▲	9%
Midscale	▲	7%
Budget & Economy	▲	1%

Luxury and upscale tier properties move rates upward

Change		
Luxury	▲	20%
Upscale	▲	14%
Midscale	▲	18%
Budget & Economy	▲	23%

Market-wide RevPAR breaks through US\$100 level

Hotel Openings

- The KC Beach Club Hotel & Pool Villas fully opened in June 2013, adding 42 keys to new supply. Anantara Bophut Koh Samui Resort & Spa closed for a major renovation in April and will re-open in mid November.

Hotel Name	Location	Rooms	Opening Date
Escape Resort	Mae Nam	69	Nov 2013
Movenpick Resort & Spa Mae Nam Beach Koh Samui	Mae Nam	89	TBA*
Ozo Samui	Chaweng	208	Q1 2014
Prana Resort Koh Samui Nandana	Bo Phut	60	Q1 2014

*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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