Soft Brand Hotels

Southeast Asia Market Review

November 2020

C9 HOTELWORKS

Soft brands catalyst for new cycle in Southeast Asia hotel development

Conversions expected to sharply rise during stressed downturn

"International chain hotels over the past decade in Southeast Asia have increasingly become standardized properties, with most tailor-made to fit into specific hotel brands. Soft brand offerings have proliferated given international hotel chains driving ambition to expand revenue. The region's explosive growth trajectory has motivated hotel owners who want to retain their identity under a soft brand scheme, yet benefit from hotel brands' customer base and distribution channels.

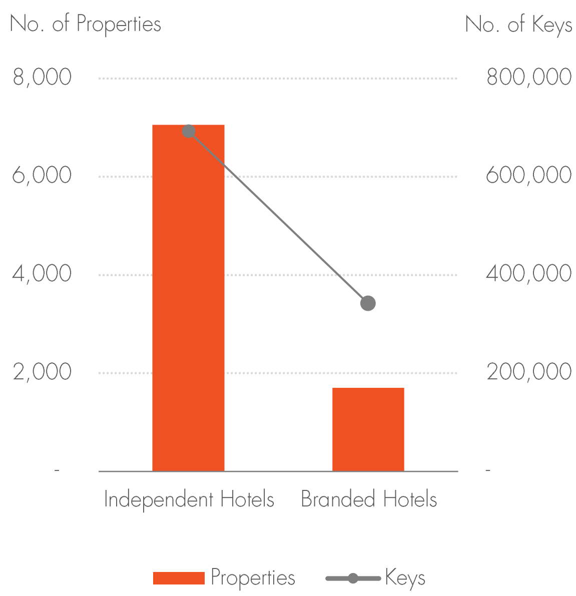
With a total of 8,757 operating international standard hotels in Southeast Asia according to STR data, over 80% of these are independent. With less than 20% being affiliated to international hotel brands, this reflects a significant opportunity for conversions. Key regional markets are Thailand, Indonesia, Vietnam, Malaysia and Philippines.

Hotel conversions across Southeast Asia are largely concentrated in the upscale (31%) and upper midscale (22%) tiers. According to our market research, pipeline soft brand offerings are mainly in the upper upscale (54%) and upscale (24%) tiers.

The post-COVID challenges are anticipated to spur more owners of independent hotels to seek shelter under global chains in the mounting storm of uncertainty. Hotel lenders are also expected to exert increased pressure on hotel owners to mitigate default risk."

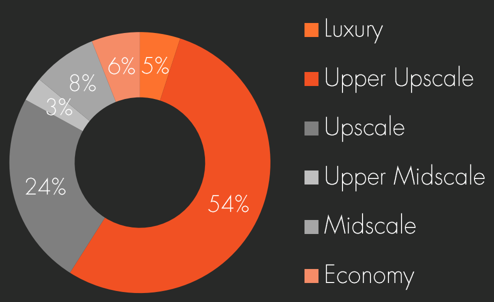
Bill Barnett, Managing Director, C9 Hotelworks

Operating International Standard Hotels Southeast Asia



Source: STR

Soft Brand Hotel Pipeline by Tier

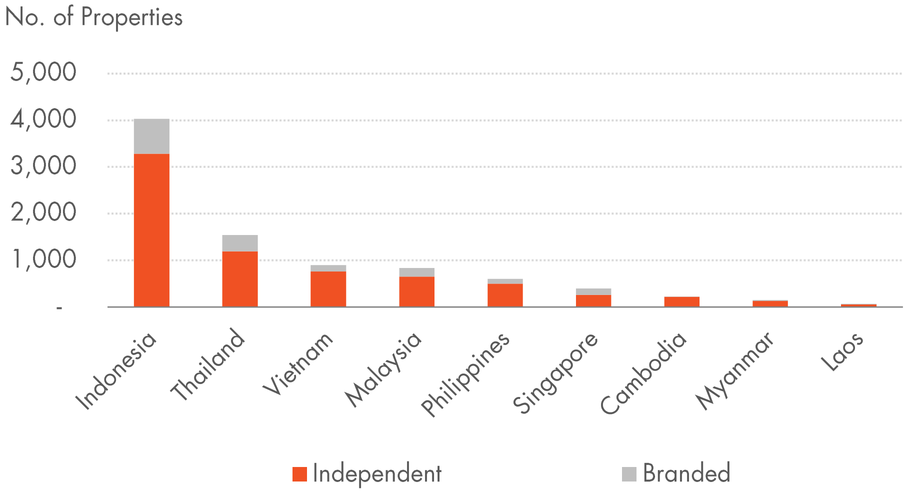


Key Soft Brands

MARKET POTENTIAL

Supply Overview

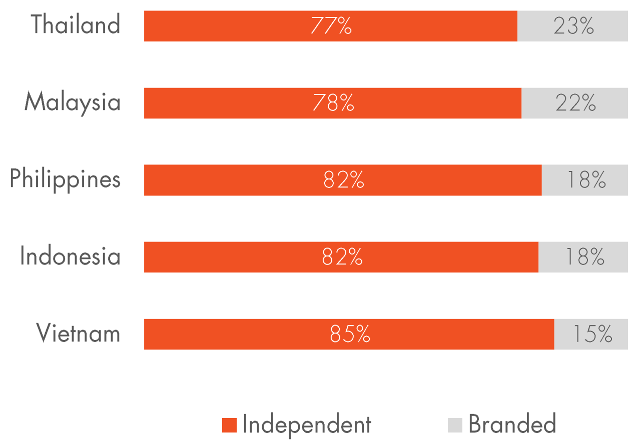
International Standard Hotel Supply by Country (Southeast Asia)



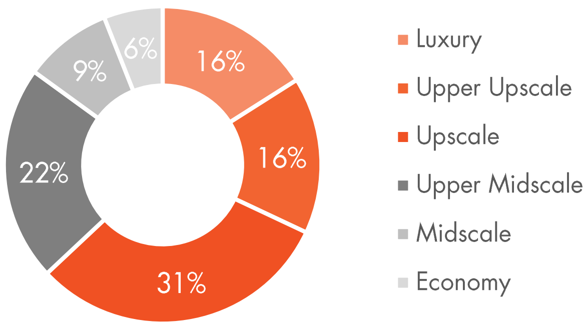
81% Independent Hotels

19% Branded Hotels

International Standard Independent Hotels vs. Branded Hotels (Top 5 in Southeast Asia)



Operating International Standard Hotel Conversions by Tier (Southeast Asia)



73% are rebranded from independent hotels

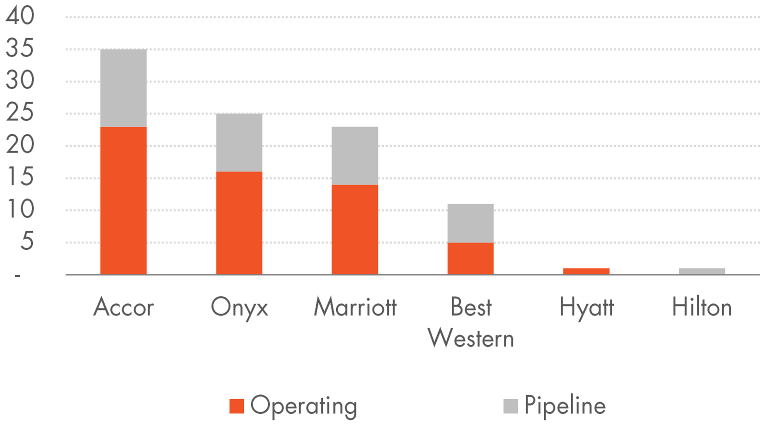
39% are in Thailand

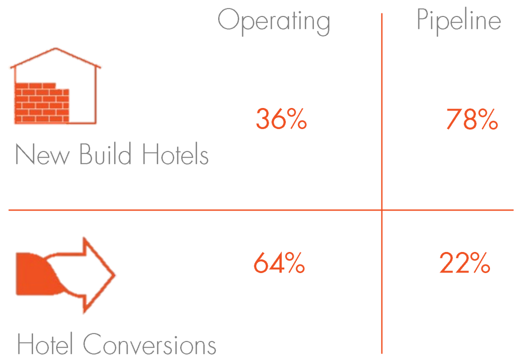
Source: STR

SOFT BRAND OVERVIEW

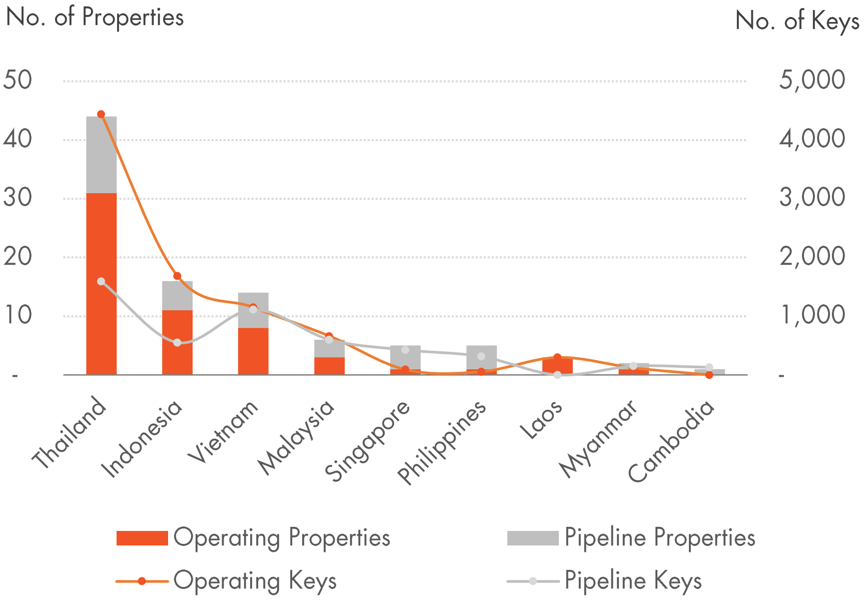
Supply Overview

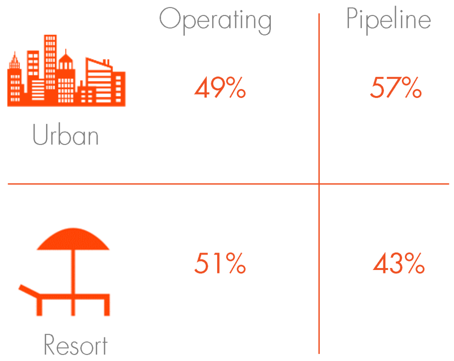
Soft Brand Hotel Supply & Pipeline (Southeast Asia)



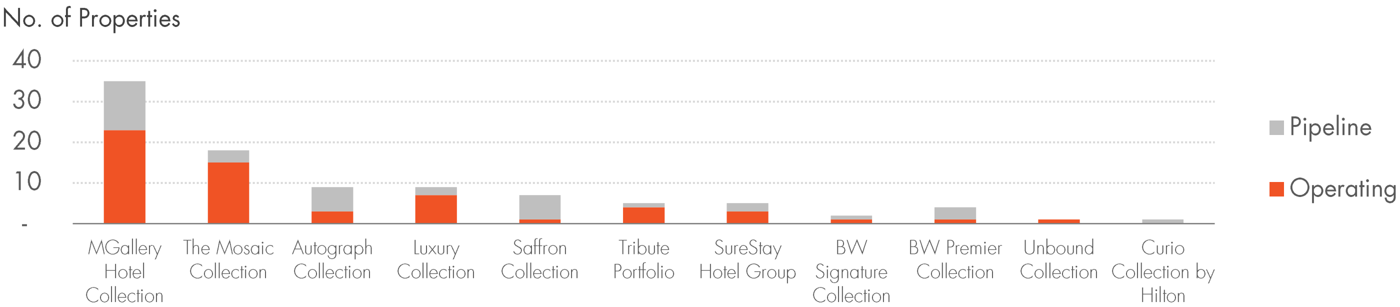


Soft Brand Hotel Supply & Pipeline by Country (Southeast Asia)



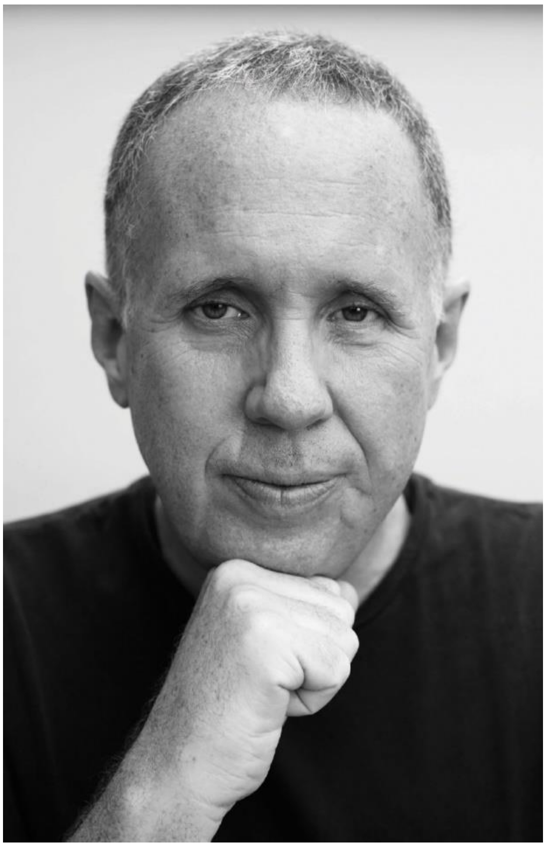


Soft Brand Hotel Supply & Pipeline by Brand Affiliation (Southeast Asia)



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

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