

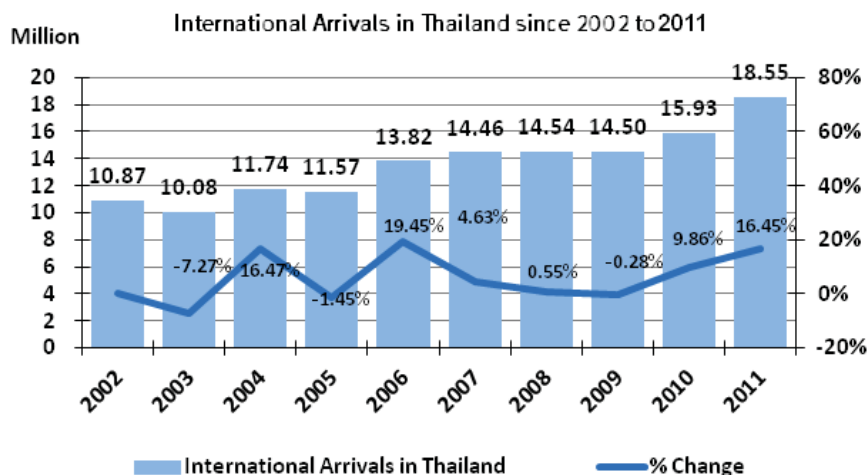


HIGHLIGHTS

- By the situation of the Thailand's hotel industry in 2H 2010, a number of international tourists in 2010 were dropped comparing to 2009 as the result of political situation in Thailand 1H 2010 that dropped the confidential of tourists in terms of the security in Thailand.
- As the flood situation in Bangkok, Thailand, it is affected to the hotel industry.
- Demands in 5-star hotel and 4-star hotel were recovery since 2H 2010 as the situation of the political has been softened.
- Due to the hotel industry has direct affected by the political uncertainty in 1H 2010, including the high competitions in the market and Baht currency appreciation in 2H 2010.
- Furthermore, some hotels have reduced the room rate to stimulate the occupancy rate in 2010 to keep their occupancy rate. As the result, the room rate of 5-star hotel and 4-star hotel has slightly dropped the room rate in 2H 2010.
- However, the political and flood situations are short term situation that expects to solve in near future. In long term period, we expect that the hotel industry will be recovery in terms of ADR and occupancy rate if the situation in Thailand has been cleared.

A NUMBER OF INTERNATIONAL ARRIVALS IN THAILAND IN 2011 HAVE TOTALLED 18.55 MILLION COMPARED TO WHOLE YEAR OF 2010 THAT RECORDED AT 15.93 MILLION.

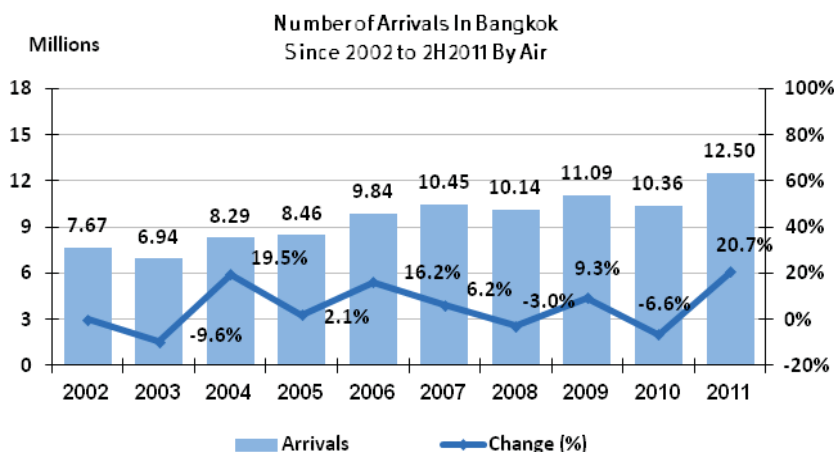
Figure 1
Tourist Situation in Bangkok in 2011F



Source: Knight Frank Thailand Research and TAT

- A number of International arrivals in Thailand in 2011 have totalled 18.55 million compared to whole year of 2010 that recorded at 15.93 million. The number of tourist arrival in Thailand has huge increased as the internal political has certainty.
- Even though, some parts of Thailand include Bangkok area have been flood in September to November 2011, but the tourists were continuing to arrive Thailand.
- The tourism in Thailand has expected to increase as Thailand is still be the best destination for vacation of foreigners.

Figure 2
Number of Arrivals in Bangkok



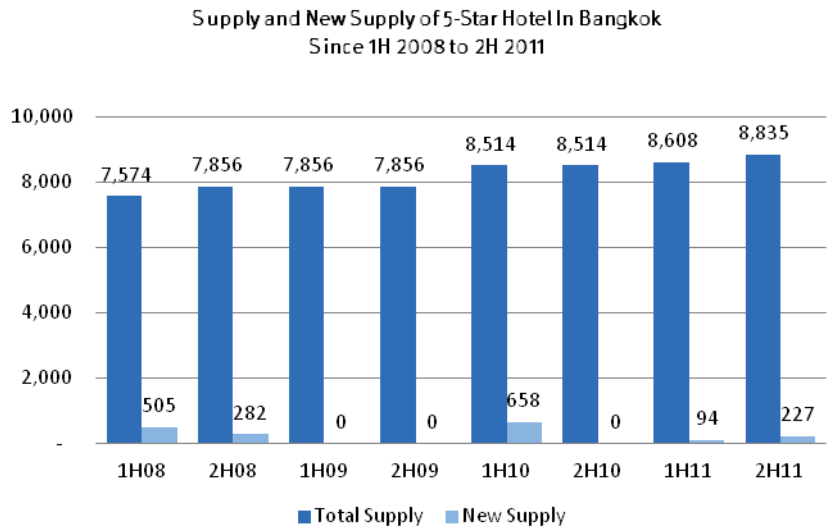
Source: Knight Frank Thailand Research and Immigration Bureau

- A number of arrivals to Bangkok in 2011 have recorded at 12.50 million that increased for 20.7% compared to the whole year of 2010 that recorded at 10.36 million.
- The certainty of political in Bangkok is the main key that was increased the number of tourists.



A TOTAL SUPPLY OF 5-STAR HOTEL IN 2H 2011 WAS SLIGHTLY INCREASED COMPARING TO 1H 2011.

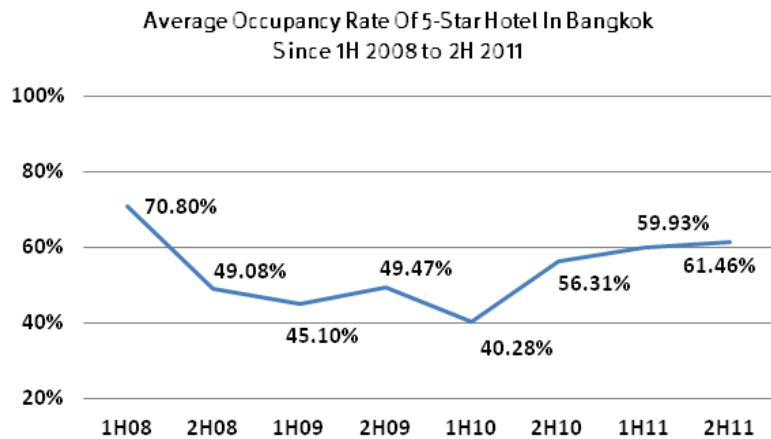
Figure 3
Hotel Market Analysis



Source: Knight Frank Thailand Research

- A total supply of 5-star hotel in 2H 2011 was slightly increased comparing to 1H 2011, it was recorded only 227 rooms increased in 2H 2011.
- There is due to new hotel developments have turned to be lower start of hotel such as 3-star and 4-star hotels included the budget hotels.

Figure 4
Demand of 5-Star Hotel In Bangkok

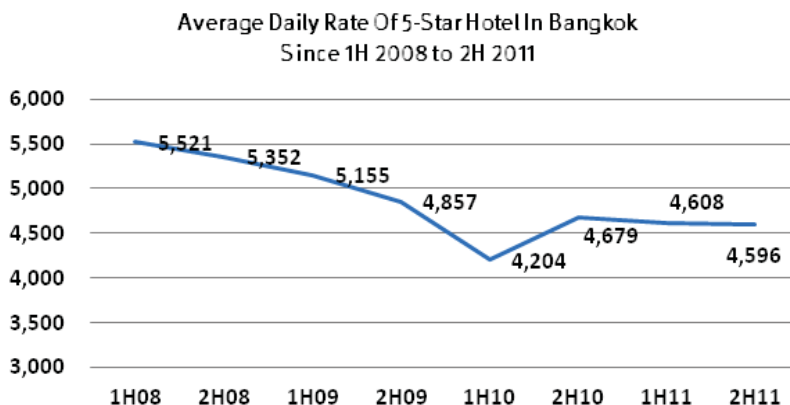


Source: Knight Frank Thailand Research

- By semi-annual basis, an average occupancy rate of 5-star hotel in 2H 2011 was slightly increased from 59.93% in 1H 2011 to 61.49% in 2H 2011.
- For y-o-y basis, the occupancy rate of 5-star hotel has increased from 56.31% in 2H 2010 to 61.46% in 2H 2011.
- However, the occupancy rate has held the increased of occupancy rate by the flood situation.
- It seems the 5-star hotel industry has been continuing recovery since 1H 2010 even though the hotel industry has affected by the flood last year.

THE AVERAGE ROOM RATE IN 2H 2011 SHOWS AT BAHT 4,596 PER NIGHT THAT DROPPED FROM BAHT 4,608 PER NIGHT IN 1H 2011.

Figure 5
Average Daily Rate of 5-Star Hotel in Bangkok

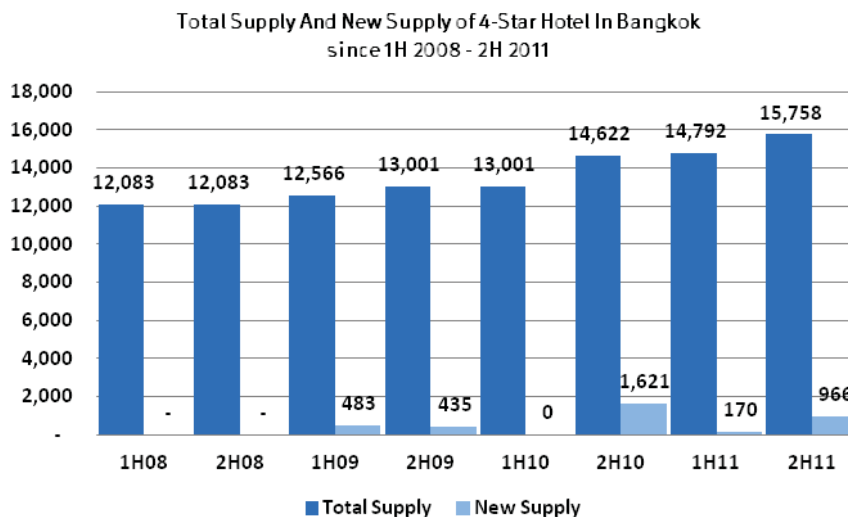


Source: Knight Frank Thailand Research

- By semi-annual basis, an average room rate of 5-Star hotel in 2H 2011 was quite stable compared to the 1H 2011 that dropped the average room rate only 0.3%.
- The average room rate in 2H 2011 shows at Baht 4,596 per night that dropped from Baht 4,608 per night in 1H 2011.
- There is due to the competition in this period is soften as few new room supply of 5-star hotels launched in this period. However, the competition of hotel industry will be increased since next few years after the new coming hotel launched to the market.

TOTAL 4-STAR HOTEL ROOM IN BANGKOK HAS RECORDED AT 15,758 ROOMS THAT WERE INCREASED FOR 966 ROOMS FROM ROOM SUPPLY IN 1H 2011 ABOUT 6.6%.

Figure 6
4-Star Hotel Analysis : Supply of 4-Star Hotel In Bangkok



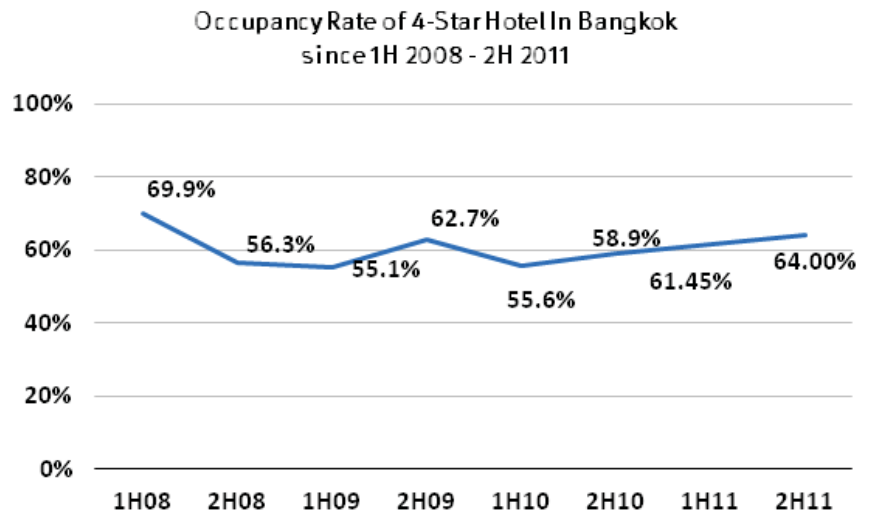
Source: Knight Frank Thailand Research

- Total 4-star hotel room in Bangkok has recorded at 15,758 rooms that were increased for 966 rooms from room supply in 1H 2011 about 6.6%.
- The new launched 4-star hotels were found 966 rooms that located in CBD and Sukhumvit areas in majority. CBD was recorded at 669 rooms while Sukhumvit found 297 rooms.



AS THE POLITICAL HAS SOLVED AND THE WORLD ECONOMIC HAS PARTLY RECOVERY, THE OCCUPANCY RATE OF 4-STAR HOTEL IN 2H 2011 HAS RECOVERY FROM 61.45% TO 64.00%

Figure 7
Demand of 4-Star Hotel in Bangkok

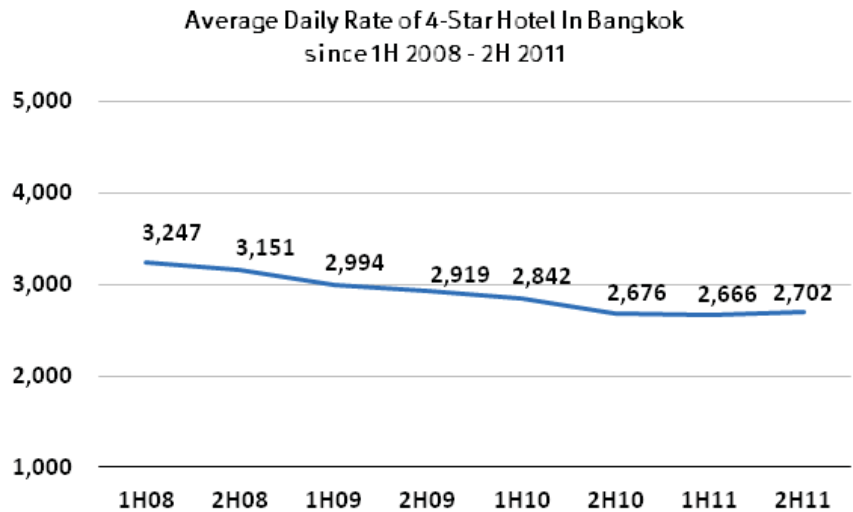


Source: Knight Frank Thailand Research

- As the political has solved and the world economic has partly recovery, the occupancy rate of 4-Star Hotel in 2H 2011 has recovery from 61.45% to 64.00% and also continuing increased since 1H 2010 after the political situation has been soften.
- To compare y-o-y basis, the occupancy rate of 4-star hotel has increased from 58.9% in 2H 2010 to 64.00% in 2H 2011.
- However, the flood situation in 2H 2011 was slowdown the growth of occupancy rate as the numbers of guests have cancelled on flood period.

AN AVERAGE ROOM RATE OF 4-STAR HOTEL HAS CONTINUING DECREASED SINCE 1H 2008 FROM BAHT 3,247 PER NIGHT TO BAHT 2,666 PER NIGHT.

Figure 8
Average Daily Rate

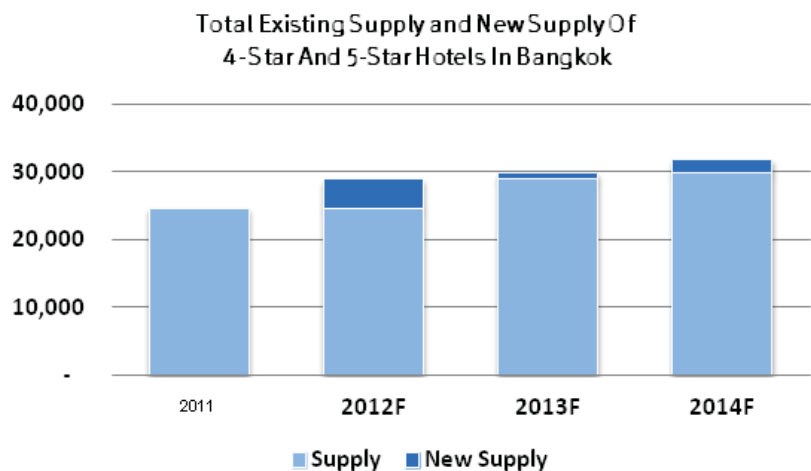


Source: Knight Frank Thailand Research

- An average room rate of 4-star hotel has continuing decreased since 1H 2008 from Baht 3,247 per night to Baht 2,666 per night. There is due to the factors of political situation, Europe and united State financial crisis, Baht currency appreciate and also the flood situation in Bangkok area. This point has slow down the hotel industry in Bangkok.
- An average daily rate within 2H 2011 was slightly increased from Baht 2,666 per night to Baht 2,702 per night or about 1.33%. To compare by y-o-y basis, an average room rate in 2H 2011 was higher than the average room rate in 2H 2010 of 1%.
- However, the increasing of average room rate has very few as the flood situation has slow down the market in 2H 2011. Furthermore, some hotels have held their occupancy rate to help the guests who moved from the flood area and stayed in their hotel.

NEW SUPPLY

Figure 9
New Supply





MARKET OUTLOOK

- A number of international tourists were decreased in 1H 2010 as the result of political situation in Thailand but it is recovery for the 2H 2010. There is due to the situation of internal political has been soften. Knight Frank believes that a number of tourists in Bangkok are expected to increase as Bangkok is the one destination of tourist in South East Asia when the situation has been solved.
- A total supply of 5-star hotel within 2H 2011 was showed at 8,835 rooms that increased of 227 rooms from the 1H2011 while 4-star hotel has totalled room supply at 15,758 rooms which was increased for 966 rooms within 1H 2011. The new supply of 5-star hotel and 4-star hotel are still continuing increasing as the Bangkok is still being good for the shopping and business in South East Asia.
- According to the new supply of hotel development in Bangkok, a number of 1,213 rooms of 4-star hotel and 5-star hotel are expected to come into hotel market within 2013 or about 5% increasing of existing supply in 2H 2011.
- Demand in the 5-star and 4-star hotel market was gradually dropped by the cause of political situation on April and May 2010. However, the demand has increased in 2H 2010 as the politic situation has been softened.
- Demand was increased from the previous period about 1.71% for 5-star hotel and 2.55% for 4-star hotel. However, the increasing of the 4-star hotel is still slowdown to growth as the new coming 4-star hotel in market that made high competition.
- Average room rate of 5-star hotel in 2H 2011 was dropped for 2% comparing to average room rate in 2H 2010 while the 4-star hotel in 2H 2011 was increased at 1% from average room rate in 2H 2010 as the high competition in the 4-star hotel market.
- Knight Frank (Thailand) has the opinion that the positive sign of economic condition and investment in this year including the political situation has softened, Bangkok hotel market in 2012 will be soft due to the large new coming supply in 2012 with weak demand which is a direct effect from the market sharing in the market. However, the occupancy rate and ADR are expected to increase in a small percentage for the hotel industry.
- We also expected that the hotel industry will be recovery within next few years as the Bangkok is still be the one of tourist/shopping destination in the South-East Asia that is fully with facilities and the main hub to other areas easily.



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Thailand Contacts

Phanom Kanjanathiemthao

Managing Director
+66 (0)2643 8223 Ext 110
phanom.kanjanathiemthao@th.knightfrank.com

Chaturawit Wattanapruk

Executive Director
+66 (0)2643 8223 Ext 120
chaturawit.wattanapruk@th.knightfrank.com

Surasak Limpa-Arayakul

Director, Valuation Department
+66 (0)2643 8223 Ext 143
surasak.limpa-arayakul@th.knightfrank.com

Roong Sitthisankunchorn

Director, Property Management Department
+66 (0)2643 8223 Ext 144
roong.sitthisankunchorn@th.knightfrank.com

Marcus Burtenshaw

Director, Agency Department
+66 (0)2643 8223 Ext 121
marcus.burtenshaw@th.knightfrank.com

Frank Khan

Director, Head of Residential Department
+66 (0)2643 8223 Ext 280
frank.khan@th.knightfrank.com

Ulf Schaefer

Director, Premier Home & International Project Marketing
Residential Department
+66 (0)2643 8223 Ext 286
ulf.schaefer@th.knightfrank.com

Risinee Sarikaputra

Associate Director, Research and Consultancy Department
+66 (0)2643 8223 Ext 180
risinee.sarikaputra@th.knightfrank.com

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