

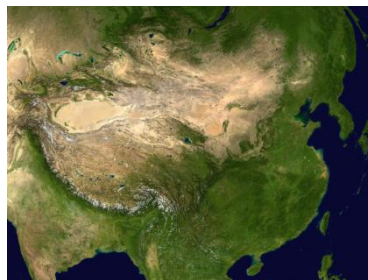


2016 EDITION | Price US\$800
SUMMARY

THE ANNUAL HVS ASIA-PACIFIC **HOTEL OPERATOR GUIDE** (AS OF 31 DECEMBER 2015)

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The HVS Asia-Pacific Hotel Operator Guide 2016

Foreword



It is with great pleasure that I share with you our third annual Asia-Pacific Operator Guide, data as of 31 December 2015. This third edition will continue to serve owners as a reference for which operator has a strong presence in their home market and in potential future markets further afield as well as key feeder markets across the region. With China rapidly becoming a strong outbound market, brands and operators that are well positioned there are better positioned to welcome Chinese travelers overseas.

Branding, anchored by the management expertise and distribution power that operators bring to a hotel property, is becoming more and more critical. In the face of increasing competition, non-branded properties often perform at a discount to their branded peers due to lack of awareness and quality assurance. Running a hotel is no easy task and owners have a tendency to view operators' fees as unjustified for the value they deliver. It is essential that owner and operator align their interest from very early in the process and work towards a common goal, rather than start their long-term relationship from conflicting standpoints.

In this third edition, we have captured close to one million existing and more than half a million pipeline rooms spread over 6,546 properties. This publication features major operators and we look forward to have more brands included in forthcoming editions. Our analysis covers 30 countries and territories in Asia-Pacific (excluding India) and 798 markets with existing hotels as well as 488 markets with proposed hotels.

A handwritten signature in black ink, appearing to read 'Daniel J. Voellm', with a long horizontal flourish extending to the right.

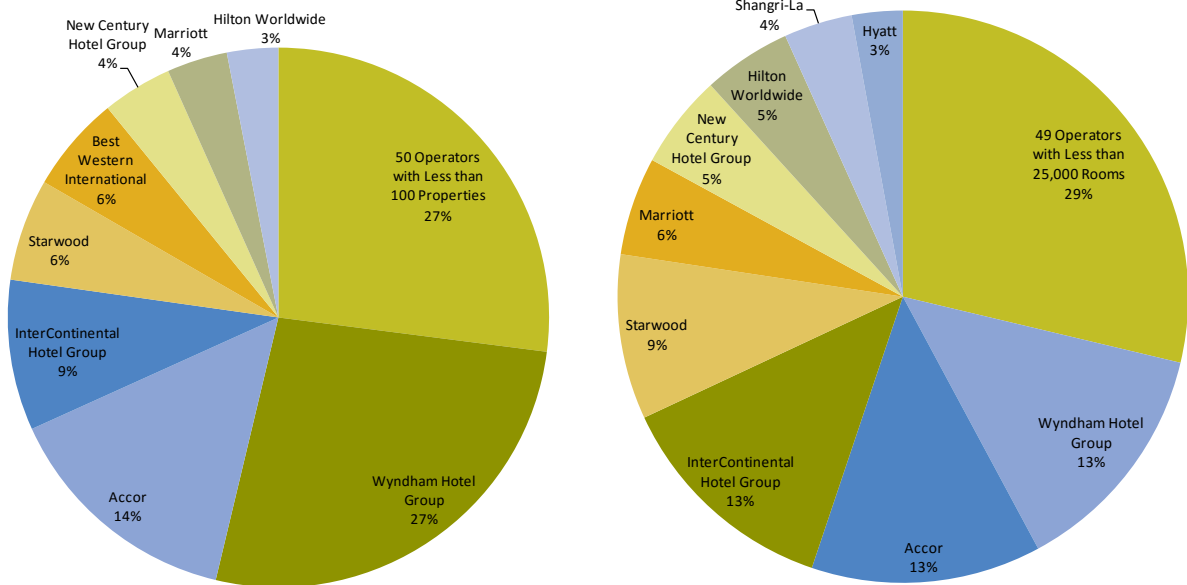
Daniel J. Voellm
Managing Partner, Asia Pacific

Overview

We have prepared our analysis by number of properties and number of rooms for operators, brands, countries and cities. The following discussion highlights the largest players in each category.

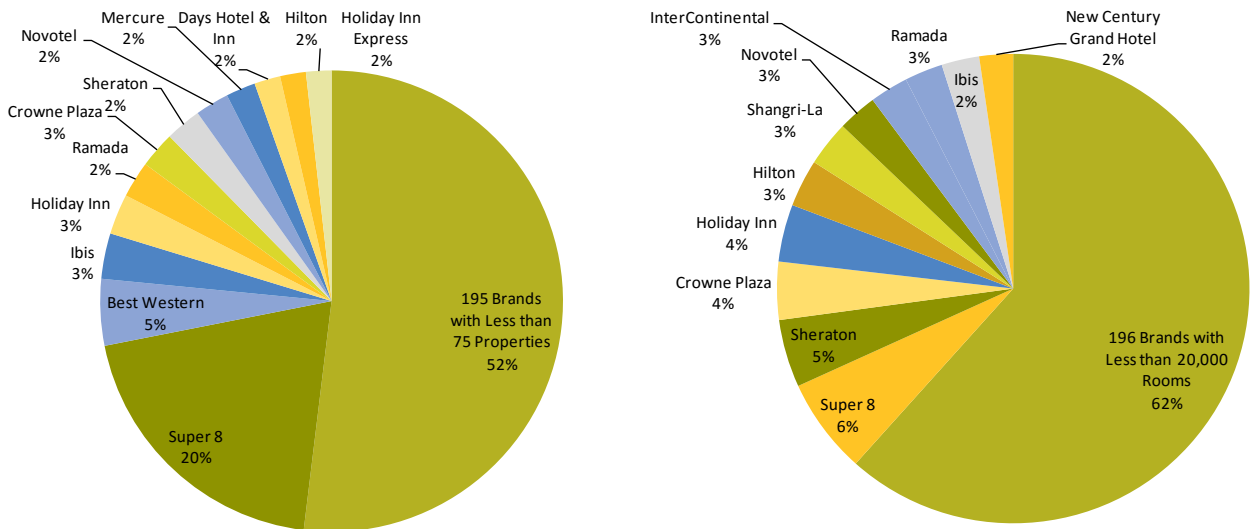
Operators

OPERATOR MARKET SHARE BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS



Among the 58 operators reviewed, the top eight have a market share of 73% by number of properties and 68% by room inventory. The top three players are Wyndham, Accor and IHG, followed by Starwood, Marriott and New Century Hotel Group. The pending takeover of Starwood would significantly enhance Marriott's standing in the region.

BRAND MARKET SHARE BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS

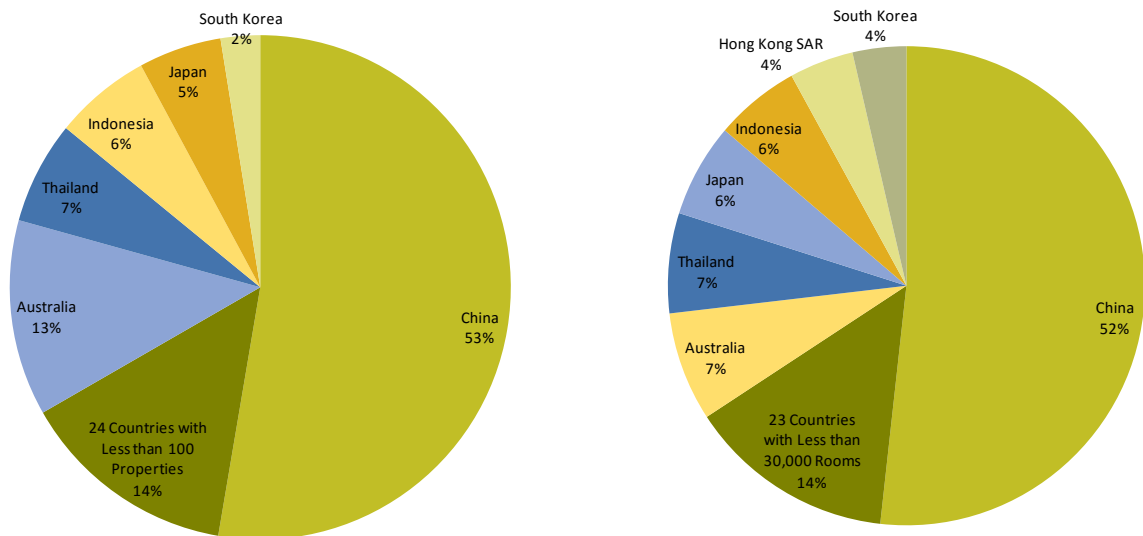


Brands

Given the prevalence of multi-brand operators, the brand landscape is subject to an even higher degree of fragmentation. By number of properties, the budget chains – particularly Super 8 with its presence in China – have the largest market share. Iconic full-service brands, including Holiday Inn, Crowne Plaza, Sheraton, Novotel and Ramada, come next. In terms of number of rooms, full-service brands dominate, with Sheraton enjoying the second-largest market share at 5% after Super 8.

Countries

GEOGRAPHIC DISTRIBUTION BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS



Given its sheer size, China dominates in terms of geographic market share at 53% and 52% of all branded properties and room inventory, respectively. Other significant markets include Australia, Thailand, Indonesia and Japan. Despite being a relatively small territory, Hong Kong SAR has the sixth largest share of branded room supply in Asia-Pacific.

Markets

TOP 10 MARKETS BY NUMBER OF PROPERTIES AND PIPELINE

| Rank | Market | Number of Existing | Rank | Market | Property Pipeline |
|------|-----------|--------------------|------|---------------|-------------------|
| 1 | Beijing | 270 | 1 | Petaling Jaya | 600% |
| 2 | Shanghai | 179 | 2 | Wanning | 600% |
| 3 | Bangkok | 109 | 3 | Bekasi | 400% |
| 4 | Hong Kong | 94 | 4 | Daegu | 400% |
| 5 | Sydney | 88 | 5 | Hsinchu | 400% |
| 6 | Hangzhou | 82 | 6 | Sichuan | 350% |
| 7 | Bali | 76 | 7 | Boao | 300% |
| 8 | Singapore | 76 | 8 | Dali | 300% |
| 9 | Chengdu | 75 | 9 | Jianyang | 300% |
| 10 | Jakarta | 72 | 10 | Jinzhong | 300% |

Beijing has the largest number of branded properties at 280. The ten leading markets feature 1,121 branded properties or 25% of the total sample.

Among the top ten markets with the strongest property pipelines, there is a clear shift towards China, which has seen very active development.

The strongest growth is expected in Petaling Jaya where six new hotels are in the pipeline. By number of properties, Shanghai is set to see the largest growth by properties in absolute terms at 69 properties, followed by Bali at 65.

TOP 10 MARKETS BY NUMBER OF ROOMS

| Rank | Market | Number of Rooms |
|------|-----------|-----------------|
| 1 | Beijing | 53,265 |
| 2 | Shanghai | 53,187 |
| 3 | Hong Kong | 41,489 |
| 4 | Bangkok | 30,131 |
| 5 | Singapore | 26,864 |
| 6 | Seoul | 20,406 |
| 7 | Sydney | 17,678 |
| 8 | Jakarta | 17,130 |
| 9 | Chengdu | 16,888 |
| 10 | Hangzhou | 16,372 |

Beijing features the largest number of branded rooms at more than 50,000, followed by Shanghai and Hong Kong. Bangkok is the fourth-largest hotel market in the region. Singapore leads a group of mid-sized markets with more than 26,000 rooms.

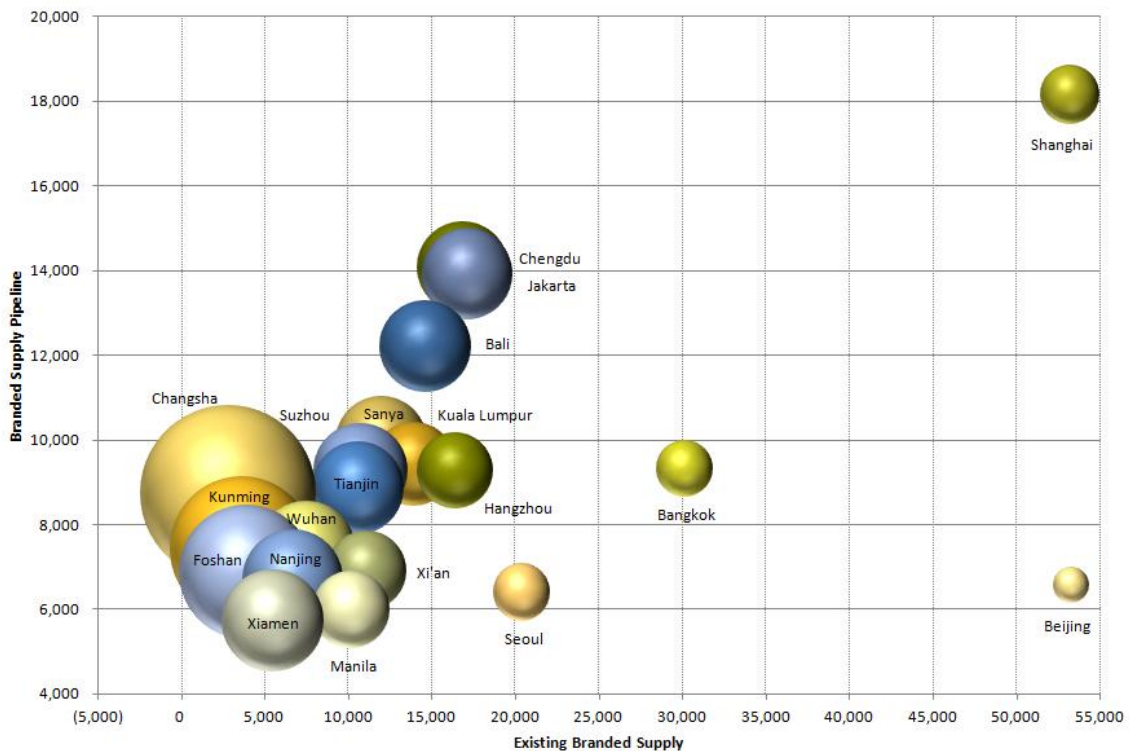
All Markets with the largest room supply growth are coming off of a relatively low base.

In a shift from 2015, eight of the top ten markets with the strongest pipeline by number of rooms are located in China. In absolute terms, Shanghai claims the top spot for the largest pipeline room at 18,150 branded rooms. Chengdu is the market with the second largest pipeline at 14,062 branded rooms. Among the other markets with a pipeline of more than 6,000 rooms, Changsha, Kunming, Foshan, and Nanjing look at the largest growth at 308%, 205% 177% and 100% respectively.

TOP MARKETS ROOM SUPPLY GROWTH

| Rank | Market | Rooms Pipeline |
|------|-----------------|----------------|
| 1 | Yunnan | 1505% |
| 2 | Phu Quoc | 1391% |
| 3 | Jinzhong | 1136% |
| 4 | Khao Yai | 1114% |
| 5 | Dujiangyan | 1058% |
| 6 | Wanning | 969% |
| 7 | Rizhao | 868% |
| 8 | Jilin | 847% |
| 9 | Zigong | 800% |
| 10 | Suining | 684% |
| 11 | Puerto Princesa | 680% |
| 12 | Jianyang | 610% |
| 13 | Heze | 552% |
| 14 | Bekasi | 541% |
| 15 | Chengde | 504% |
| 16 | Hengyang | 486% |
| 17 | Chifeng | 475% |
| 18 | Xingyi | 465% |

TOP MARKETS: EXISTING AND NEW SUPPLY - SUPPLY GROWTH



In terms of markets with the largest growth in supply, aside from the top 4 markets mentioned in the previous paragraph, most markets in the graph above have a pipeline that is between 30% and 90% of their existing room supply. All these markets are likely to experience moderating performance levels in the medium term until the new supply is absorbed.

Operator Pipeline

TOP 10 OPERATORS: GROWTH

| Rank | Operator | Pipeline/ Existing Rooms |
|------|--------------------------|-----------------------------|
| 1 | General Hotel Management | 537% |
| 2 | Jumeirah | 426% |
| 3 | Urban Resort Concepts | 381% |
| 4 | Staywell | 344% |
| 5 | Movenpick | 251% |
| 6 | HNA | 221% |
| 7 | Commune Hotels + Resorts | 194% |
| 8 | Absolute Hotel Services | 182% |
| 9 | Melia | 177% |
| 10 | Club Med | 170% |

In terms of absolute growth by number of rooms, InterContinental Hotel Group has the strongest pipeline in Asia-Pacific at more than 78,000 rooms, followed by Hilton, Marriott, Accor and Starwood. Wyndham and Hyatt also forced their way into the top ten, where HNA represent the regional players.

The top 10 operators account for more than 78% of the rooms pipeline of the 46 operators that reported pipeline data.

In terms of growth (pipeline vs. existing room inventory), General Hotel Management is expected to post the strongest performance by almost quintupling in size. However, it should be noted that this growth is coming off of a small base. Notably, the top six operators will more than triple their current size with their current pipeline. Smaller and regional players dominate the Top 10 list. Operators of four-Star and mid-market brands have been aggressive and successful at building their pipeline, reflecting a gradual shift away from the top tier product offering towards the value segment.

TOP 10 OPERATORS: PIPELINE BY NUMBER OF ROOMS

| Rank | Operator | Number of Rooms |
|------|------------------------------|--------------------|
| 1 | InterContinental Hotel Group | 78,102 |
| 2 | Hilton Worldwide | 68,954 |
| 3 | Marriott | 64,811 |
| 4 | Accor | 59,469 |
| 5 | Starwood | 51,573 |
| 6 | Wyndham Hotel Group | 31,072 |
| 7 | Hyatt | 29,243 |
| 8 | Best Western International | 11,941 |
| 9 | HNA | 11,403 |
| 10 | Carlson Rezidor Hotel Group | 10,858 |

TOP OPERATORS: NET ROOM GROWTH

| | Rooms Added | Net Room Growth |
|-----------------------------------|----------------|--------------------|
| Commune Hotels + Resorts | 496 | 96% |
| Hotel Shilla | 1,376 | 61% |
| Galaxy Entertainment | 1,620 | 60% |
| Wyndham Hotel Group | 38,067 | 42% |
| Swiss-Belhotel | 2,220 | 32% |
| Club Med | 776 | 31% |
| Park Hotel Group | 593 | 23% |
| Six Senses | 113 | 19% |
| Hotel Lotte | 1,044 | 18% |
| Movenpick | 283 | 18% |
| Dusit Thani | 674 | 16% |
| Swire Hotel | 142 | 15% |
| Dorsett Hospitality International | 773 | 13% |
| Hyatt | 3,052 | 13% |
| Accor | 12,324 | 11% |
| Melia | 271 | 11% |
| Outrigger | 124 | 10% |
| Hilton Worldwide | 4,263 | 10% |
| Interstate | 199 | 9% |
| Shangri-La | 3,019 | 9% |
| Carlson Rezidor Hotel Group | 651 | 9% |

Net Room Growth

Lastly, ranked by the very important KPI in the industry - net room growth - there is a mix of small and large operators at the top. Commune Hotels + Resorts posted the highest net room growth of 96% whereas in absolute terms it ranked 19th with 496 rooms added. Other operators that made their mark in 2015 include Hotel Shilla, Galaxy Entertainment, Wyndham Hotel Group and Swiss-Belhotel.

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About HVS

HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries, celebrated its 35th anniversary last year. Established in 1980, the company performs 4,500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 35 offices and more than 500 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry.

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HVS ASIA PACIFIC is represented by seven offices in Hong Kong, Bangkok, Beijing, Shanghai, Shenzhen, New Delhi and Singapore. HVS also hosts four of the main annual industry events in the region, namely the China Hotel Investment Conference (CHIC) in Shanghai, Hotel Investment Conference South Asia (HICSA) in India and Tourism, Hotel Investment & Networking Conference (THINC) Indonesia in Bali, and THINC Sri Lanka in Colombo. Additionally, HVS publishes a wide range of leading research reports, articles and surveys, which can be downloaded from our online library.

The Hong Kong team has worked on a broad array of projects that include economic studies, hotel valuations, operator search and management contract negotiation, development strategies for new brands, asset management, research reports and investment advisory for hotels, resorts, serviced residences and branded residential development projects. HVS Hong Kong's clients include New World Development, The Wharf, Sun Hung Kai, Samsung, SK, Lotte, Taj Hotels and Resorts, Agile Property Holdings, Citibank and LaSalle Investment Management, amongst others.

About the Authors



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Daniel J Voellm, Managing Partner HVS Asia-Pacific is based in Hong Kong and has provided advice in all major markets across 18 countries in the region. Daniel Voellm started his career at HVS in the New York office; as Vice

President at the global headquarters he conducted a wide range of appraisals and market studies as well as underwriting due diligence services in 22 US states and in Canada. Daniel brings a strong understanding of the hospitality industry to HVS. His experience in hotel and food and beverage operations in Germany, Switzerland, England and the US is complemented by an Honours Bachelor of Science degree from Ecole Hôtelière de Lausanne in Switzerland. Daniel works closely with key institutional and private owners of hotel properties, financiers, developers and investors, and has gained a strong understanding of their investment requirements and approaches to assessing the market value of investment properties. Daniel further advises on property and concept development and strategy.

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