



The Knowledge Report

MARKET OVERVIEW | AUGUST | 2009



Hotel Market Overview in Jakarta, Bali and Surabaya

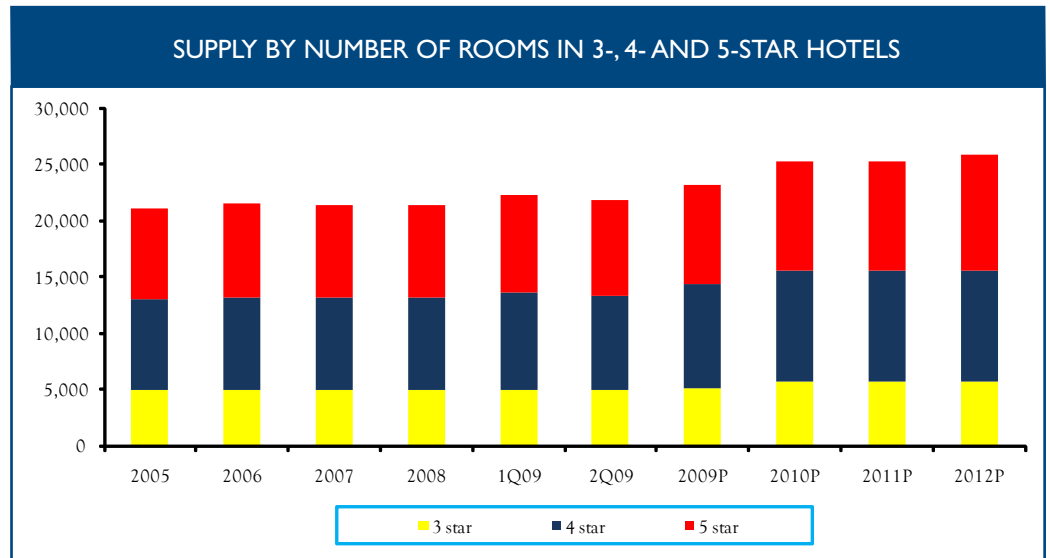
HIGHLIGHT FOR THIS REPORT

- **Hotel:** The hotel market in general posted positive growth in both the ARR and AOR figures across three cities: Jakarta, Surabaya and Bali. After the downward trend in the first quarter of this year, the hotel market advanced with higher occupancy rates, particularly during the end of 2Q2009 and as a result triggered an increase in room rates as well. Overall, the hotel market in these cities benefited from the school mid-year holiday, when families take their vacations, and this was most noticeable in resort areas like Bali. Despite being dominated by business hotels, most hotels in Jakarta and Surabaya also enjoyed higher occupancy in the middle of the year, in particular the 3- and 4-star hotels.

HOTEL SECTOR

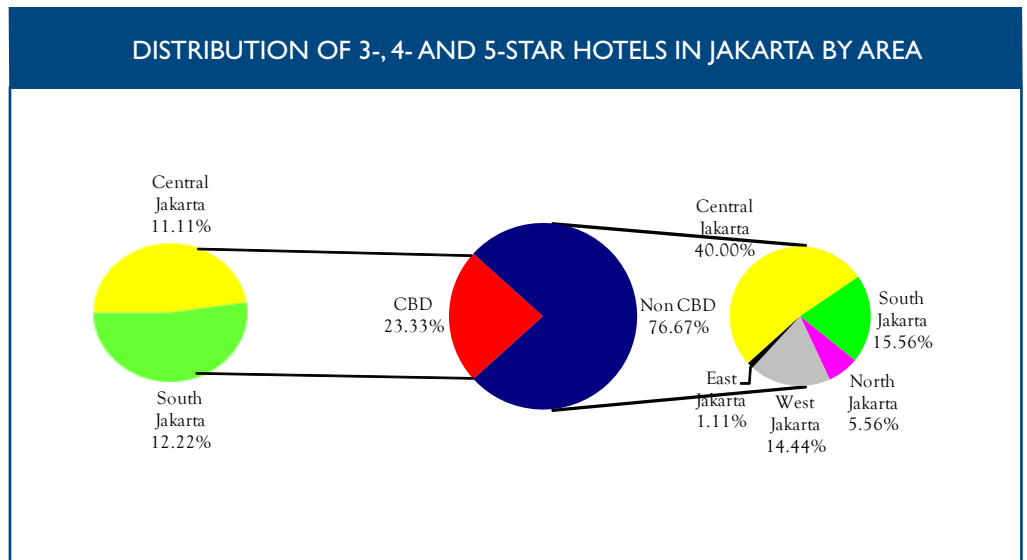
JAKARTA MARKET

No new hotels were identified in the quarter, leaving hotel supply in the 3- to 5-star category in Jakarta at 21,959 rooms. Based on the total rooms supply above, about 23.33% were in the CBD area, with the remainder outside.



Source: Colliers International Indonesia - Research Department





Source: Colliers International Indonesia - Research Department

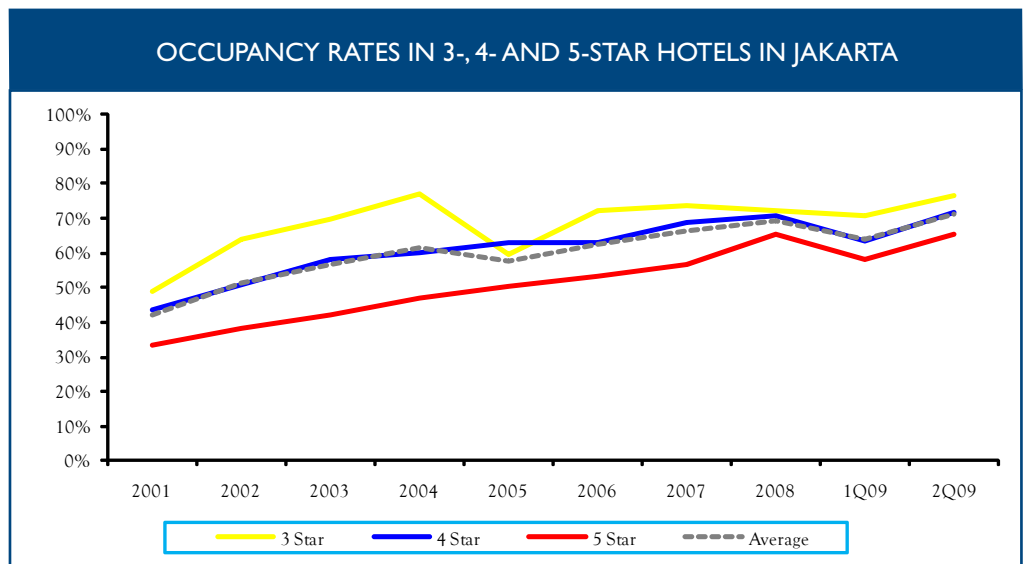
After 20 months of renovation, Hotel Oriental Mandarin will be re-opened in October 2009. The all new hotel will add another 272 guest rooms, combining modern facilities with

the Group's oriental heritage and Indonesian culture. The Oriental Mandarin first opened its doors in 1978 .

AVERAGE OCCUPANCY RATE

Occupancy rates across the star-rated hotel categories showed a positive trend quarter-on-quarter. Overall, the occupancy rates for all hotel categories moved upward from 64.1% to 71.3% this quarter. Occupancy rates of their respective star ratings increased by 6% to 8% this quarter. Three-star hotel occupancy rose from 70.5% to 76.6%. Four Ibis hotels, including Ibis Kemayoran, Ibis Slipi, Ibis Tamarin and Ibis Mangga Dua, all recorded high occupancy rates, of above 80%. Other 3-star hotels that registered occupancy of over 80% and have contributed most of the overall occupancy included Putri Duyung Cottage,

Cemara Hotel and Harris Hotel. In the 4-star category, four hotels led with occupancy of above 80%. They were Dai-Chi (Aston Atrium), Le Grandeur, Novotel Mangga Dua and Kristal Hotel. The AOR of 4-star hotels this quarter climbed by 8.3%, to 71.8%. Meanwhile, none of the 5-star hotels recorded occupancy rates of above 80%. The AOR for 5-star hotels was up by 7.3%, to 65.8%, which was the same as recorded in 4Q2008. Three hotels in this category recorded high AOR: The Dharmawangsa, Intercontinental Mid Plaza and Mulia Hotel.

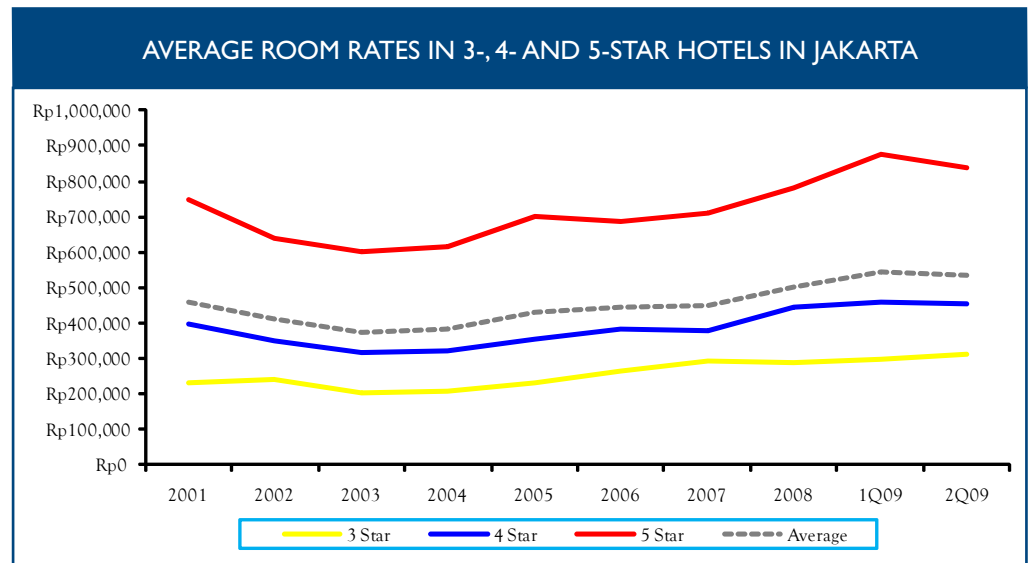


Source: Colliers International Indonesia - Research Department

AVERAGE ROOM RATE (ARR)

Unlike the AOR trend, which posted an upward trend, the ARR trend for hotel in Jakarta was only positive for the 3-star category. Both 4- and 5-star hotels experienced a decline, albeit moderately, this quarter. The ARR for 5-star was down from Rp877,837 to Rp838,902 this quarter. Again, higher ARR was mostly contributed by hotels with ARR of above Rp1 million, like The Ritz

Carlton (both the SCBD and Mega Kuningan), The Dharmawangsa, Grand Hyatt and Shangri-La. Similarly, the downtrend was experienced by 4-star hotels, which recorded ARR of Rp453,686, down from Rp460,639 last quarter. Two hotels in the 4-star category reached the highest ARR: Nikko Jakarta and Ambhara.



Source: Colliers International Indonesia - Research Department

OUTLOOK

Since the bombing event in the JW Marriott and Ritz Carlton hotels in July this year, there has been no significant impact to the hotel business. Yet 5-star hotels have felt the

impact, albeit moderately. Overall, the occupancy rates for the whole Jakarta area might be seen to fluctuate modestly, since the majority of guest profiles are local.

BALI MARKET

TOURISM OVERVIEW

In acknowledgment of the terror threat following the bombing of two hotels in Jakarta in July, security in Bali remains on high alert and key stakeholders there have developed a close network of Local and National Authorities to optimize communication and distribution of relevant updates and action plans having a direct impact on the safety of guests, staff and the wider community. Meanwhile, the police and the military have stepped up security measures by their presence at all levels. The Bali Hotels Association is sharing resources with authorities and enhancing the communication infrastructure of all stakeholders to

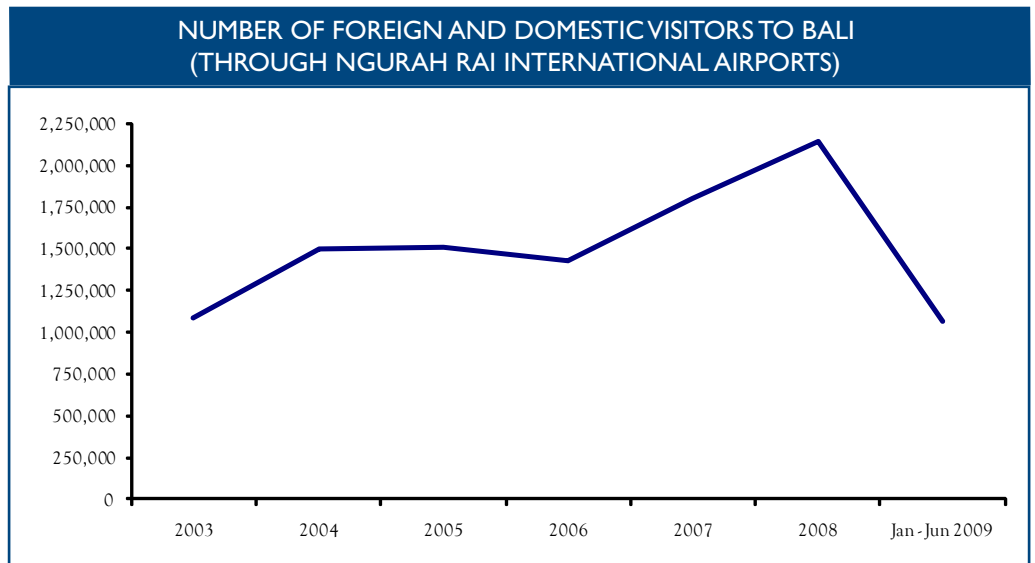
further improve security support and collaboration. Hotels nowadays must put every effort into monitoring access to their premises.

To bolster tourism promotion in the post-bombing period, the government has allocated nearly US\$1 million. Good news includes Garuda Indonesia's report that passenger loads remain constant on inbound flights to Bali. Further, the EU is preparing to lift the black-listing of four Indonesian carriers, clearing the way for Garuda to fly to Amsterdam early in 2010.

INBOUND VISITORS TO BALI THROUGH NGURAH RAI AIRPORT

The most recent information gathered from Bureau of Statistics was in June 2009 stating that it represents 49.86% of the total visitors

in 2008. The tourist profile in Bali was still dominated by Australians, followed by Japanese.



Source: Central Bureau Statistics (Bali Province)

HOTEL MARKET OVERVIEW

The hotel market in Bali in general showed a positive trend compared to the previous quarter. Occupancy rates rose in all of Bali's the main tourism spots and, with growing inquiries for hotel rooms during the quarter, hotel operators have also introduced higher room

rates. ARR information over time indicates that occupancy rates were relatively higher during June, during the mid-year school holidays, where occupants were mostly local visitors spending their vacation in Bali.

LIST OF POTENTIAL HOTEL DEVELOPMENTS IN 2009 - 2012 PERIOD

HOTEL NAME	LOCATION
Kamakila Hotel	Legian
Intercontinental Sanur Hotel	Sanur
Sahid Meritus Hotel	Kuta
Peninsula Hotel	Tanjung Benoa
Aryaduta Resort Hotel	Kuta
Raffles Amарtha Resort	Pecatu
Renaissance Bali Resort & Spa	Nusa Dua
Jumeirah Resort	Nusa Dua
The Regent	Sanur
W Retreat & Spa Bali	Seminyak

Source: Colliers International Indonesia - Research Department

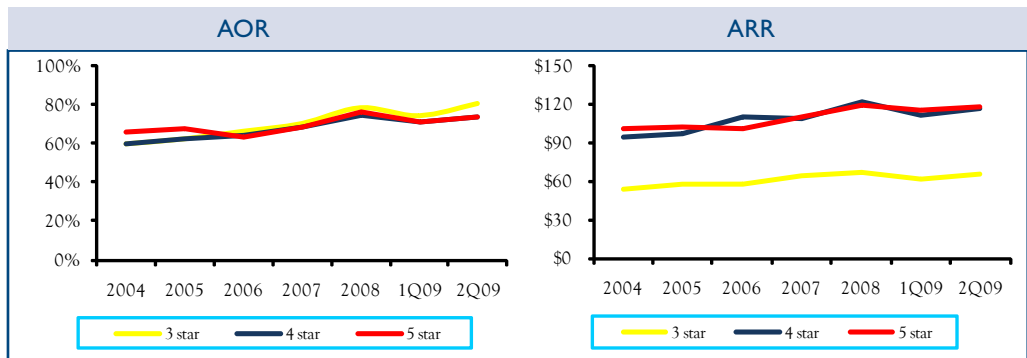
OVERALL HOTEL PERFORMANCE

NUSA DUA

The overall occupancy level for all star-rated hotels rose during the quarter. Occupancy for 3-star category hotels jumped quite significantly, from around 74% to 80%, while for 4-star hotels there was a moderate rise, from 70.7% to 73.8%. Likewise, the 5-star hotels in this area registered modest occupancy growth from 71.1% to 73.5%. Hotels recording occupancy levels within this area included Goodway (3-star) and Westin (5-star). For several periods, Westin hotel has performed well, with high occupancy.

The ARR in Nusa Dua area moved upward this quarter for all star-rated hotels. Three-star hotels recorded an ARR of US\$65.27, compared to US\$61.09 last quarter. The ARR for 4-star hotels also climbed modestly. Led by two hotels achieving ARR above US\$100, the ARR this quarter was US\$116.72, against US\$111.16 last quarter. Five-star hotels also captured positive ARR this quarter, edging up to US\$117.80 from US\$114.60 last quarter. The highest ARR in this area was for Amanusa, with an ARR of more than US\$350.00.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN NUSA DUA



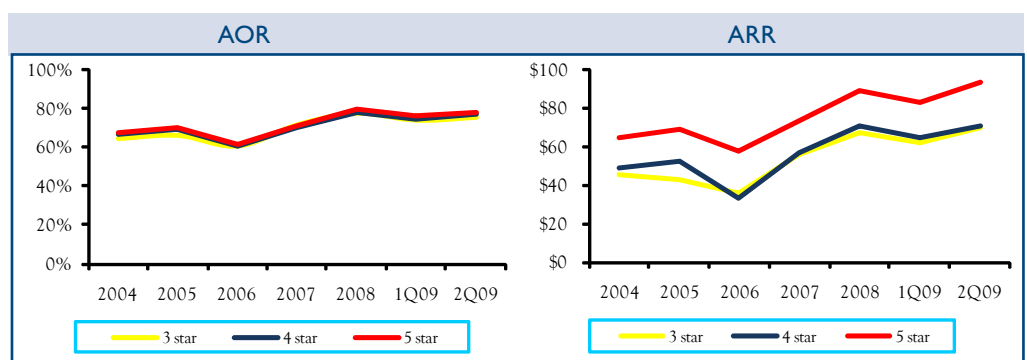
Source: Colliers International Indonesia - Research Department

TANJUNG BENOA

All star-rated hotels in Tanjung Benoa showed an increasing trend in occupancy. Three-star hotels posted positive occupancy figures, from 73.6% last quarter to 75.1%. Both 4- and 5-star hotels recorded upward trends in occupancy of around 2 to 3% this quarter. The average occupancy of 4-star hotels rose to 76.9%, up from 74.1% last quarter, while 5-star hotels recorded 78.1% occupancy, up from last quarter's 75.8%. Novotel Benoa Bali, Grand Mirage and Ramada Resort were those with high occupancy levels, of above 80%.

The ARR figures across all star-rated hotels in Tanjung Benoa rose quite significantly over the quarter and have achieved the same level as at the peak season in 4Q2008. Three-star hotels recorded an increase in ARR at US\$69.66, or up by around US\$5.00 from US\$62.11. A similar trend was also experienced by 4- and 5-star hotels, where the ARR climbed quite significantly, to US\$70.45 and US\$93.01, respectively. In this quarter, 5-star hotels recorded a significant increase of around US\$10.00 q-o-q. Two hotels in Tanjung Benoa Bali - Melia Benoa and Conrad - led the ARR achievement with more than US\$100.00.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN TANJUNG BENOA



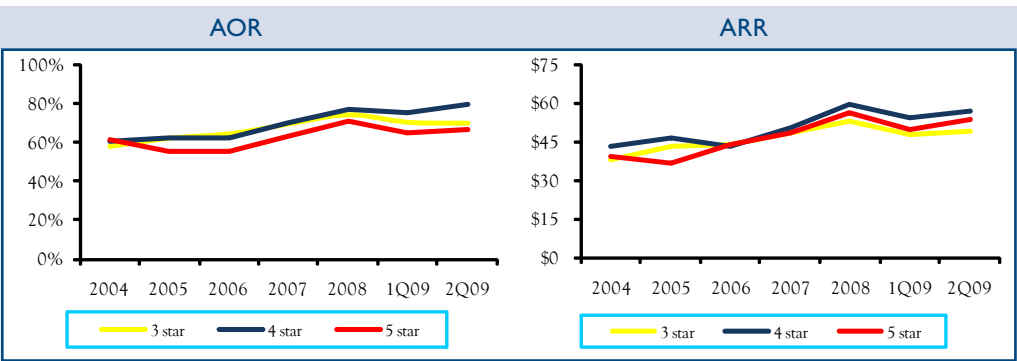
Source: Colliers International Indonesia - Research Department

SANUR

The 4- and 5-star hotel categories recorded a rise in occupancy level, with the most significant jump of almost 5% experienced by 4-star hotels. AOR in this quarter was 79.6%, up from 74.8% last quarter. Altogether, three 5-star hotels recorded an average occupancy of 66.6%, up slightly from 64.8%. Meanwhile, the average occupancy rate for 3-star hotels in Sanur dropped very slightly, to 70.2% from 70.6% last quarter. Hotels with the highest AOR during the quarter (those above 80%) were Pavilions and Puri Santrian, both 4-star hotels.

Like the other tourism areas in Bali, the ARR in Sanur improved by 1 to 2% across all star-rated categories. The ARR for 3-star hotels was registered at US\$48.99, up from US\$47.63 last quarter. Meanwhile, the ARR for 4-star hotels moved upwards from US\$54.47 to US\$56.77. Likewise, the ARR for 5-star hotels in Jakarta increased, by around US\$3.00 to US\$53.74. The highest ARR was found at Mercure Resort.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN SANUR



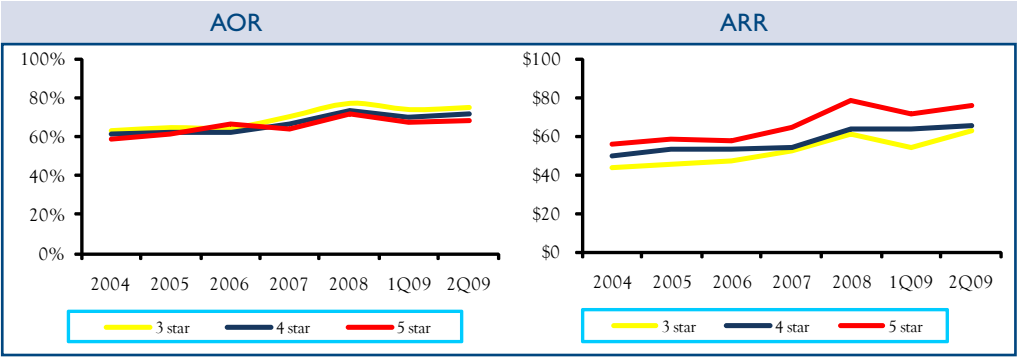
Source: Colliers International Indonesia - Research Department

KUTA

Marginal increases in occupancy level were experienced by all star-category hotels in Kuta, where the average increase was around 1%. Three-star hotels registered an average occupancy of 74.8%, while the 4-star hotels recorded 71.3%. Five-star hotels' occupancy was 68% this quarter.

The hotel market in Kuta also posed a similar trend. Three-star hotels recorded a significant increase q-o-q in ARR, while a modest increase was experienced by 4-star hotels. The 5-star hotels also showed a positive trend in ARR this quarter. For three-star hotels, ARR rose by almost US\$10.00 this year, up from US\$53.82 to US\$62.66. For the 4-star category, ARR moved ahead moderately by less than US\$2.00 to US\$65.04 and the 5-star category registered at US\$75.54 this quarter, or up by around US\$4.00.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN KUTA



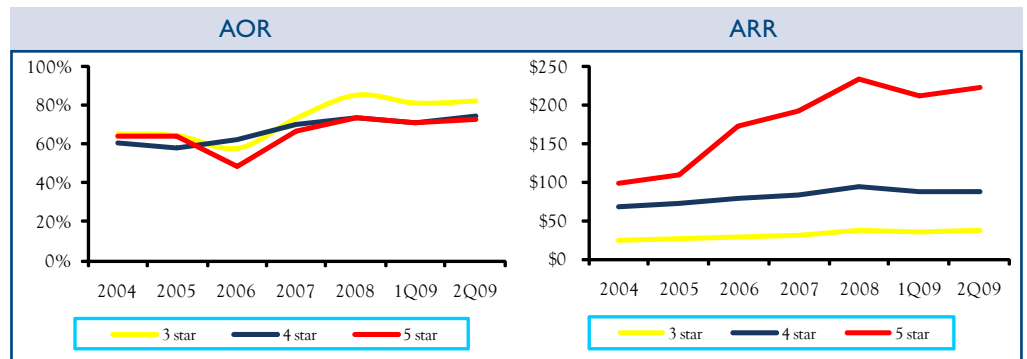
Source: Colliers International Indonesia - Research Department

JIMBARAN & PECATU

Like the other tourism areas, the occupancy level in Jimbaran and Pecatu area rose this quarter, led by the 3-star hotels with 81.9%, up from 80.8 % last quarter. In this area, all the 3-star hotel category recorded an AOR of above 80%. Two 4-star hotels in this area recorded average occupancy level of 74.4%, up from last quarter's 71.1%. The 5-star category, which is the biggest in terms of numbers of projects, posted a higher occupancy level than last quarter, at 72.4%.

In all hotel categories, the Jimbaran and Pecatu area recorded positive growth in ARR. The ARR for 3-star hotels climbed by around US\$3.00 this quarter, bringing the ARR to US\$37.75. The 4-star hotels also registered a climb in ARR, but moderately, by around US\$1.0,0 to US\$87.81. A significant increase in ARR was recorded at US\$223.37, or up by US\$12.00. Most increase in the 5-star category was actually contributed by two luxury hotels: Four Seasons Resort and Ritz Carlton. Despite recording a minor drop in ARR, Bvlgary Hotel and Resort still maintained its position as the highest ARR (above US\$500) in Jimbaran-Pecatu area, indeed even in Bali.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN JIMBARAN & PECATU



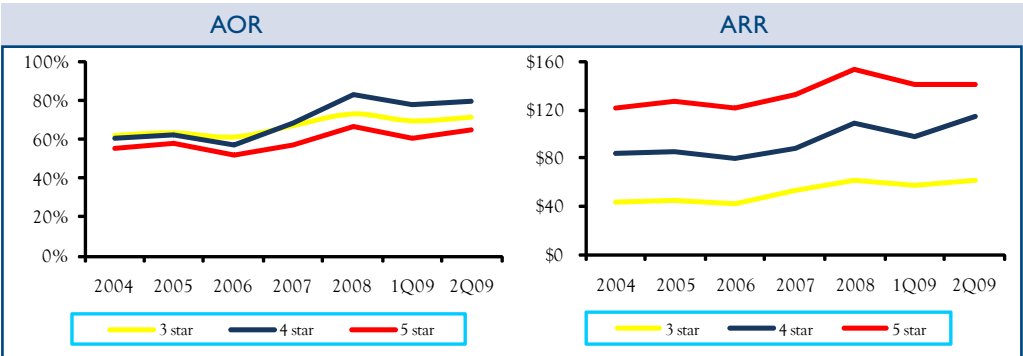
Source: Colliers International Indonesia - Research Department

SEMINYAK & CANGGU

Five-star hotels in Seminyak, which were the lowest, compared to 3- and 4-star hotels, performed best this quarter by registering a 5% increase in the AOR. Last quarter, the AOR for 5-star hotels was only 60.1%; this quarter (still the lowest, compared to 3- and 4-star hotel categories) the occupancy rates rose to 65.2%, most of this contributed by the performance of Tugu Canggu and The Legian. Meanwhile, 3-star hotel occupancy rose to 71.4% from 69.6% previously. The 4-star categories recorded 79.5%, or up from 77.62% last quarter.

Four-star hotels in Seminyak and Canggu area recorded a jump in ARR by around US\$17.6 this quarter, bringing the ARR to US\$115. The 3-star and 5-star hotels also moved upwards, to US\$61.95 and US\$141, respectively. Three hotels of 5-star category registered high ARR of above US\$100: The Oberoi Bali, The Legian and Tugu Canggu.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN SEMINYAK & CANGGU



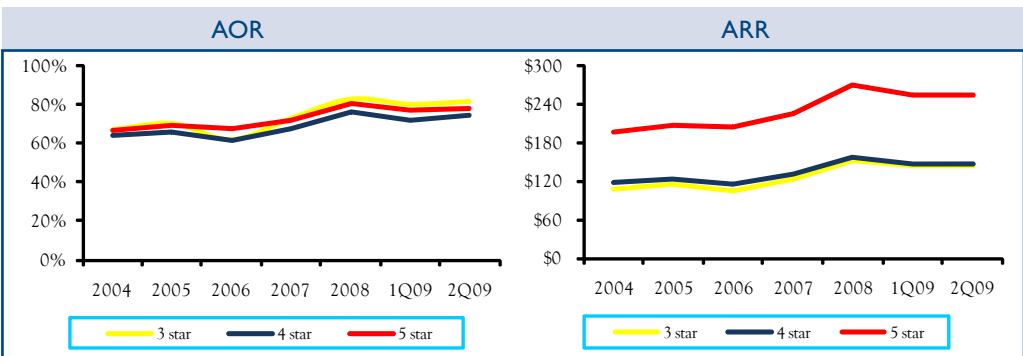
Source: Colliers International Indonesia - Research Department

UBUD

As the second largest hotel provider after Kuta, tourism areas like Ubud recorded a moderate increase in the AOR level. The AOR for 3-star hotels edged up to 81.8% from 80.4%. Almost all 3-star hotels in Ubud registered around 80% occupancy rates. The 4-star hotels recorded a climb to 74.2% compared to 71.8% last quarter. This increase was due to around four hotels recording occupancy rates of above 80%. The occupancy for 5-star hotels edged higher moderately, from 77.4% to 77.9% this quarter.

Ubud remains one of the most expensive tourism areas in Bali. Their 3-star hotel rates were even higher than the average rates found for higher star-rated hotels in other areas. ARR for 3-star hotels in Ubud was US\$146.55 higher than last quarter's figure. The ARR for the 4-star category by contrast dropped only slightly, by US\$2.00 to US\$144.39. Meanwhile the ARR for 5-star hotels was relatively flat, recorded at US\$254.55.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN UBUD



Source: Colliers International Indonesia - Research Department

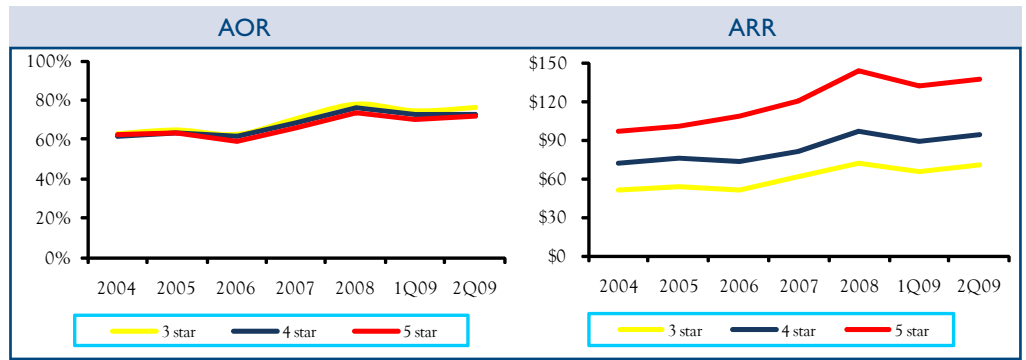
OTHER AREAS IN BALI

The occupancy rates for 3-star hotels in other areas, such as Candi Dasa, Lovina, Nusa Lembongan, Pemuteran, Singaraja, Denpasar and Klungkung, stayed at around the 73% level. There were no significant differences from the figures in the previous quarter. Similar to other tourism areas, the occupancy for 4-star hotels in areas like Buleleng, Candi Dasa, Karang Asem, Lovina and Pemuteran also shifted up to 74%, up moderately from 72.6%. The occupancy for the 5-star hotel category

found in Karang Asem and Pemuteran stayed at the same level, around 75%.

In the other areas outside Bali's main tourism area, the ARR for 3-star hotels rose from US\$46.39 to US\$47.15. The 4-star hotels also registered a rise, of US\$61.00 to US\$69.23. In the 5-star category, the ARR was somewhat lower, at US\$230.97 this quarter. Amankila in Karang Asem still led with the highest ARR of above US\$480.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN OTHER AREAS IN BALI



Source: Colliers International Indonesia - Research Department

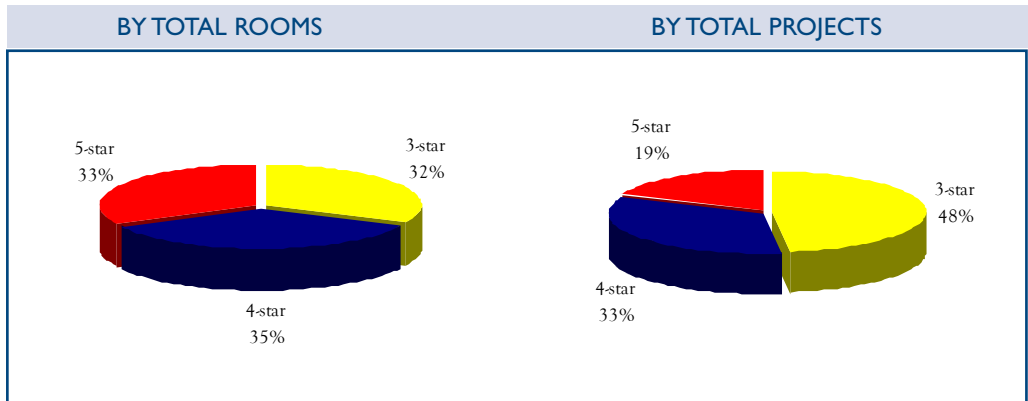
SURABAYA MARKET

SUPPLY

Up to this quarter, star-rated hotel supply in Surabaya remained at 4,682 rooms, almost evenly divided amongst 3-, 4- and 5-star hotels. Up to date, there were no additional rooms supplied, either from existing hotels or from new hotels, but the completion of two 3-star hotels is imminent. Hotel V3, with 226 rooms, which was soft-launched in February this year, is still waiting to be operated, while Hotel Oval, with 176 rooms, is expected to be in operation in 3Q2009. The completion of Aston Palace is also waiting for the 3Q2009, while the Lippo Group's Aryaduta hotel, part of the mixed-use compound City of Tomorrow, is projected to finalize in 2010.

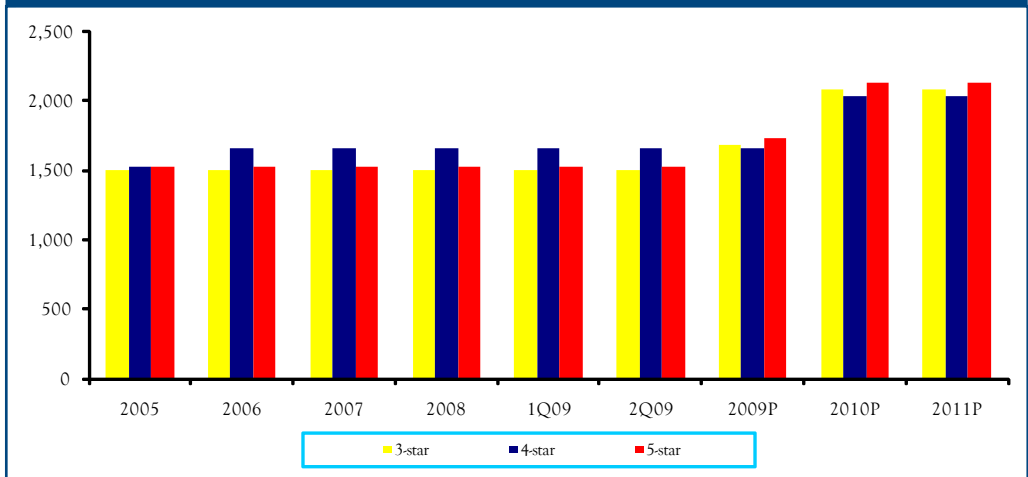
According to one hotel association, it is projected that by 2012 there will be 10 new additional hotels in Surabaya. Despite a relatively low AOR in the 5-star category, the AOR for both 3- and 4-star hotels was good. This implies that the Surabaya hotel market was quite sensitive to price and therefore low star-rated hotels, or even budget hotels are possible in Surabaya. The Tune Hotel chain is expanding to Indonesia, and Surabaya is one of the target cities.

NUMBER OF ROOMS OF 3-, 4- AND 5-STAR HOTELS IN SURABAYA

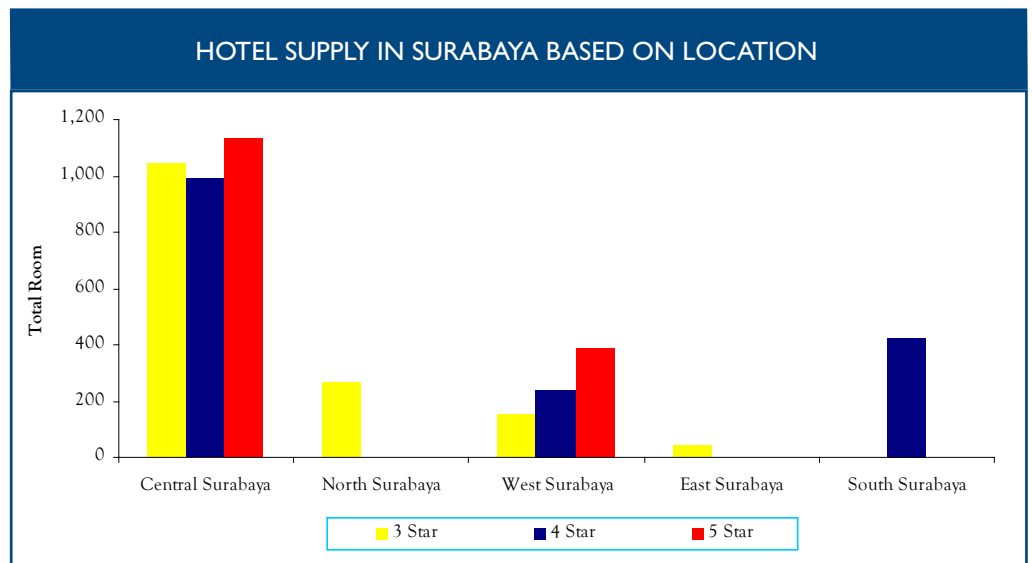


Source: Colliers International Indonesia - Research Department

HOTEL SUPPLY IN SURABAYA



Source: Colliers International Indonesia - Research Department

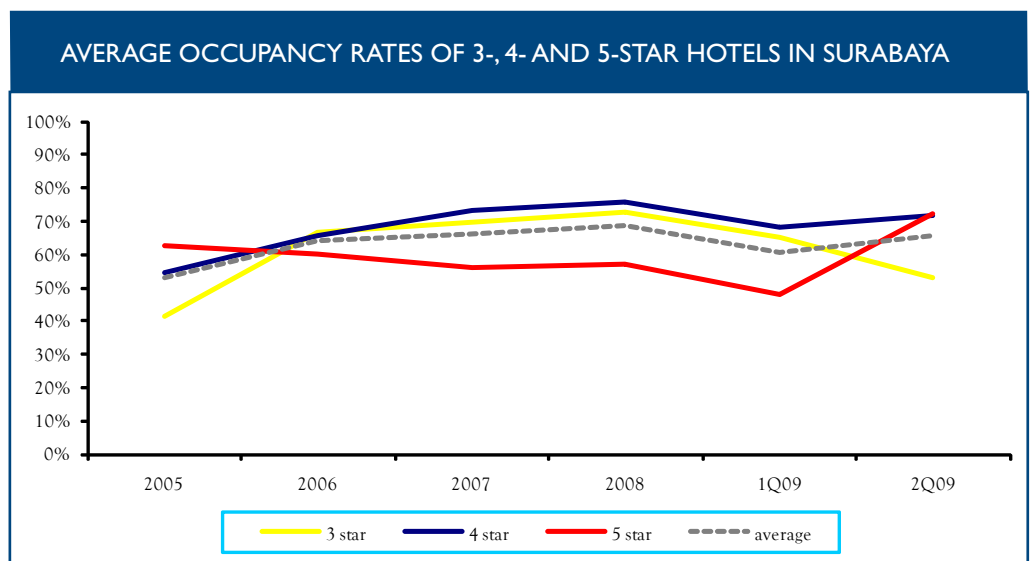


Source: Colliers International Indonesia - Research Department

AVERAGE OCCUPANCY RATES (AOR)

The second quarter of this year saw an increase in the occupancy rates of all star-rated hotels in Surabaya. Of all these, 3-star hotels recorded the best performance, but with only minor differences compared to the 4-star hotels. A big gap in occupancy was shown for 5-star hotels, with AOR for this quarter at 52.92%. Nevertheless, this quarter AOR was actually better than the last quarter performance of 48%. Sheraton Hotel, one of prominent 5-star hotels in Surabaya, distinguished itself with an AOR of above 67% during 2Q2009. In the

4-star hotel line, AOR showed an increase of almost 4% on last quarter, registering at 71.96%. The best performer in this category was Mercure, with a significantly high AOR of over 90%, followed by Plaza Surabaya and other Accor hotels of Novotel. In the 3-star category, AOR rose quite substantially from round 65% to 72%. Narita has consistently registered the highest AOR figure, of above 90%, followed by Ibis Rajawali, Santika and Elmi.

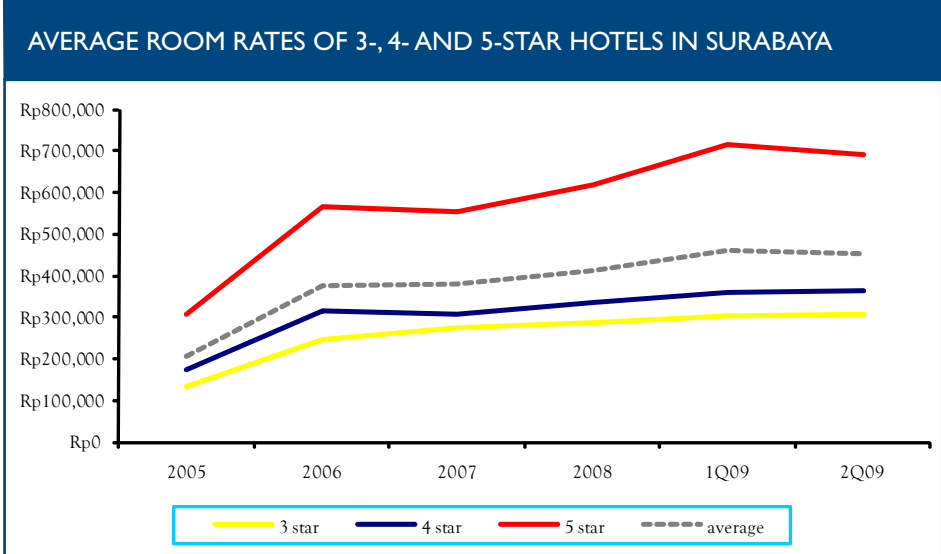


Source: Colliers International Indonesia - Research Department

AVERAGE ROOM RATES

Only the 5-star hotel category recorded a moderate drop in the ARR. The quarter's ARR figure for 5-star hotels was Rp690,845, down from Rp716,067 in the last quarter. Shangri-La hotel maintained the highest ARR among this hotel category; however, like the other 5-star hotels in Surabaya, the Shangri-La ARR also showed a downturn trend in this quarter. Other star-rated hotels, on the other hand, posted a positive trend in the ARR. Three-

star hotels registered a slightly increase q-o-q, from Rp303,270 to Rp305,248. Elmi hotel has maintained its position as the highest ARR, at above Rp400,000, which was even higher than most ARR in the 4-star category. With two hotels recording ARR of above Rp400,00, e.g. Tunjungan and Mercure, the ARR for 4-star hotels increased slightly, to Rp365,590 from Rp357,951 previously.



Source: Colliers International Indonesia - Research Department

293 OFFICES IN 61 COUNTRIES ON 6 CONTINENTS

USA 99
 Canada 19
 Latin America 18
 Asia Pacific 62
 EMEA 95

\$2.0 billion in annual revenue

868 million square feet under management

15,573 Professionals

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