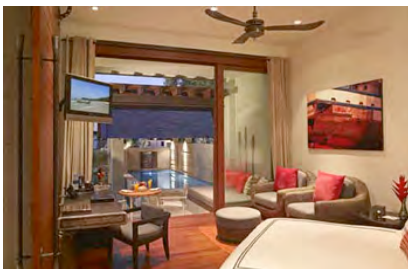


Dear Phuket Home Owner

Phuket is now quietening down after what is being described as one of the best high seasons on record. We are most optimistic about the coming year and would like to take the opportunity to advise you of the various programs we have for rentals in 2008.

PIPS have set a budget of just under 1 Million Baht for our marketing strategies which are now more focused than ever to perpetuate our goal of bringing serviced holiday homes and long stay properties to the globally emerging holiday market.



Indigo Pearl Villa with pool

Indeed, 2007 has seen the introduction of many hotels including to include villas in their rooms portfolio as they try to capitalize on the changes in the tourism industry towards real home comforts and facilities that are more family friendly. Properties that offer hotel and villa style properties now include The Mangosteen, Pavilions, Shangri La, Laguna Holiday Residences, Dusit Resort, Andara, indigo Pearl, Aleenta and the Movenpick.

The increase in independent travelers making their own holiday arrangements has been a great part of Phuket's success in this segment with good indication of growth. Developers are also very bullish, despite recent reports in the press regarding the future of Thailand's Real Estate market.

There are a number of up and coming developments that will be entering into the holiday rental market. These include The Trees, Kamala Falls, Kamala Orchid, Casuarina Shores, Sujika Gardens, Ocean Breeze (having completed it's first season), Luna and the ever-expanding Sai Taan. The Laguna Holiday Residences have added dozens more villas to the mid end and the Banyan Trees additional villas on the upper end increasing the supply levels to new heights. Numerous mid level developments are springing up in the Ban Jo, Baan Manik and the Ban Don area where the rice paddies are being filled in preparation for development.



Casuarina Shores, Bang Tao

Maintaining a balance between supply and demand as far a rates management is concerned is always a primary focus at PIPS and having evaluated the past years, have developed a rates strategy that we are confident will pay dividends in the coming year.

Rates:

With Phuket traditionally presenting rates in US Dollars since the late 1990's, many felt the pinch with a weak dollar last year. To this end, PIPS is evaluating following a number of other operators who have released their rates in Thai Baht. This is a difficult one to predict as price perception is always a consideration and 7000 baht per night for an apartment and upwards of 20000 Baht for a villa may be disconcerting. I would appreciate any feedback you may have on the subject. See more on this and the inclusion of a currency converter in the **Website Update** below.



This year, PIPS will be advertising rates **inclusive of 10% Service Charge and VAT**. This will avoid delays in confirming final rates. Owners are asked to bear in mind that PIPS will break these items out of the revenues received before allocating the income

and commission.

We will be making a slight adjustment to the rates on select properties. In properties that will not have competing developments completed in the coming year, we will be increasing the rates by a modest 10%. These properties have not had a rates increase in almost 3 years due to increased supply.

Apartments will not be seeing a rates increase due to the number of new developments positioning themselves at price points below what is currently being achieved. PIPS will be following the rates tables at developments surrounding properties rented to ensure parity is maintained in line with the market.

Agents:

PIPS has developed some sound relationships with a number of excellent companies that are producing dividends. Many agents are still unable to effectively deal with holiday rentals and we continue our search for suitable vendors who are geared to deal with this market segment. PIPS is still the only rental company in Phuket that is in a position to increase market exposure by making the properties in their Full Service portfolio to other companies and agents.



PIPS will be listing some properties on a test case basis with Phuket.com. After many years, they now have a suitable system for dealing with developments with serviced homes. A view of their portfolio will reflect the number of hotels with villas and apartment operations. PIPS will initially be listing larger properties such as Club Lersuang, which have large number of similar room types. Depending on results, listings for The Coolwater and Ocean Breeze will follow. Although commissions charged by Phuket.com are higher than normal, we feel that the additional expense to PIPS is worthwhile.

Another product PIPS is considering is listing certain properties with Latestays.com. This is a division of Phuket.com (Asia Web



Direct) and provides last minute booking facilities at discounted rates. PIPS often uses Latestays.com when booking accommodation for their staff as you have to book less than 14 days before which makes it very popular with those looking for a last minute deal. We will advise you of the details as soon as discussions with AWD are concluded.



Recent news is that on 05 February, Wotif, an Australian Company, offered 34.2 Million US Dollars to buy AWD. This bodes well for the market, as it should increase Phuket's visibility on the world stage

The marketing team will be making a trip to Bangkok in March to visit some of our best performing agents as well as a few new ones which, we hope will enhance the prominence of holiday rental homes in Phuket. We will be expanding our search for suitable international agents, especially in Australia and New Zealand.

Web Adverts



We have identified a number of international websites dealing with holiday homes and will continue our relationship with these for the coming year. A few new sites have appeared recently and we are monitoring their development with a mind to adding Phuket properties. We will continue our series of banner ads and listings in the various high profile Phuket sites including Phuket Gazette and Phuket DIR.

Adwords

Our commitment to "Pay per click" programs with Google has paid dividends. As phuketvillarentals.com is one of the most established rental sites for Phuket (since 2001) we consistently rank within the first five for key search phrases for villas and apartments. PIPS spent on average 15000 baht per month last year on Adwords and will continue to maintain our program in 2008.

Please see below some stats from our web tracking for 2007

Phuket Island Property Services Co., Ltd (PIPS)



76,749 [Visits](#)

479,185 [Pageviews](#)

6.24 [Pages/Visit](#)

00:06:46 [Avg. Time on Site](#)

58.96% [% New Visits](#)

Search Engines

35,461 (46.20%)

Referring Sites

26,342 (34.32%)

Direct Traffic

14,921 (19.44%)

Other

25 (0.03%)



Events

PIPS will once again be a sponsor at the Phuket Race Week 2008. Following the positive feedback from last year's event, we look forward to maintaining our relationship with Race Week.

With the rise in popularity of major sporting events in Phuket over the past couple of years, we are evaluating the viability of supporting a mountain bike event - not surprising to those of you who know Allan and his love of cycling.



New web site

You may recall the newsletter last year about our intention to update phuketvillarentals.com. We have defined the criteria and the code has been written with a beta version currently in testing. We are aiming for the new site to be launched mid-April with currency converter to handle Baht/ US Dollar and Euros. There will also be a back end area where Owners will be able to block off their intended periods of stay and view bookings pending/ completed. We will be including some more analysis tools to assist us with market tracking which will enable better decision-making when deciding strategies. There will also be the ability to effectively deal with special offers and updates with an email feature to correspond with Owners, Agents and prospective clients and return guests.

phuketvillarentals.com

Statistics:

Since 2003, PIPS has seen a 275% increase in holiday rental revenues when compared to 2007 figures. Growth of 33% was achieved in 2007 compared to 2006 and it is expected that there will be at least 40 - 45% growth again in 2008. Interestingly, when comparing Dec 2006- Jan 2007 with the similar period one year later, there was a 100% increase. This increase represented 80% of 2007's entire revenues for holiday rentals.

Long-term rentals were down 12% which is an interesting trend considering that prior years have seen dramatic increases in long-term tenancies. The current political uncertainties last year can clearly be seen in this figure as fewer people were wanting to relocate and / or start up new businesses. It is envisaged that this will return to figures from previous years such as 2005; which experienced a 135% increase in long-term revenues - even though we had just had a tsunami.



Synopsis:

So, what does this all mean to you, the Phuket homeowner? It means that for those intent on maximizing returns, we could be looking at a very good year. With Real Estate markets in a state of flux, many prospective buyers and developers are going to find it difficult to complete developments in a time frame that was expected in the past. This will impact the number of new properties available whilst holiday arrivals are on the increase.

Political instability has left its mark on long term rentals and it is hoped that when the current regime starts to make its mark, it be positive and in the best interests of Thailand' populace and in particular, to companies and individuals who have invested in the country

PIPS' marketing strategy is one of the most focused and effective on the island, offering a level of service that few other management companies are able to achieve. This translates into customer confidence supported by service that enhances the experience. This leads to better occupancies and returns.

Thank you for taking the time to read this and I trust that you found it informative and uplifting in the knowledge that you have your home listed with the people who have your personal development and that of Phuket as a whole, at heart.

Wishing you a prosperous rental year and all the best for 2008

Kind regards

Joey