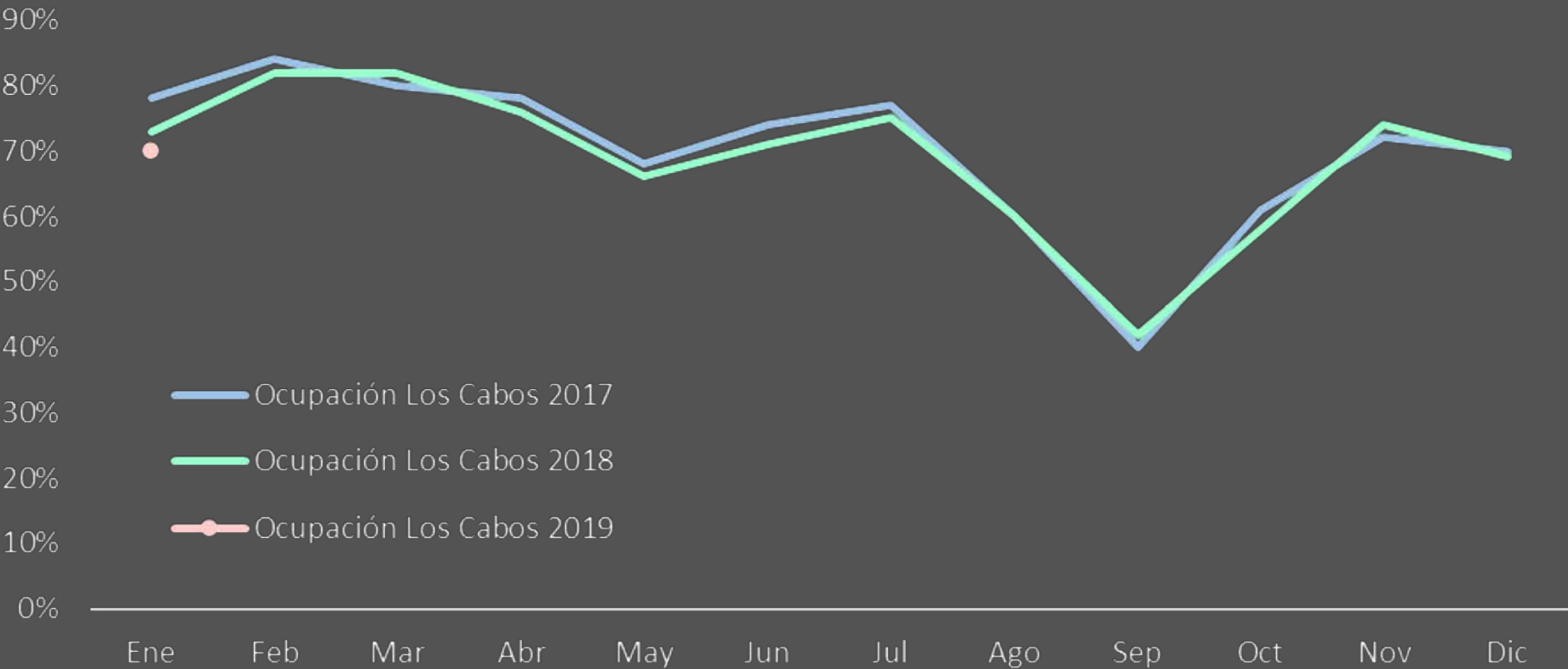


TOURIST OBSERVATORY IN LOS CABOS

MARCH, 2019

Main indicators - Summary

Hotel activity



Source: ASOCIACIÓN DE HOTELES DE LOS CABOS

Rooms Available
(Dec-2018):
16.822
+0.4%
(Vs Dec-2017)

Source: DATATUR

Occupancy
(Jan-2019):
70%
-3pp
(Vs Jan-2018)

Source: ASOC. DE
HOTELES DE LOS

Rooms Per Night
(Dec-2018):
858,765
+6%
(Vs Dec-2017)

Source: DATATUR

Arrival of passengers by air

Total passengers
(Jan-2019, in
thousands):
230
+3.9%
(Vs Jan-2018)

National Passengers
(Jan-2019, in thousands):
67.3
+7%
(Vs Jan-2018)

International passengers
(Jan-2019, in thousands):
162.8
+2.6%
(Vs Jan-2018)

Source: GAP

Total of Group Business
RFPs (Feb-2019):
21
-2 RFPs
Feb-2018 (VS)

Room Night (Groups)
(Jan-dec-2018):
9.064
+34.7%
Feb-2018 (VS)

Source: Hwnd Property

Surveys of Tourists
Tourist satisfaction (more
than expected, Jan-
2019):
39.7%
+9.3pp
(Vs Jan-2018)

Origin of Tourists
(Jan-2019)
71.9% Foreigners
+5.6Pp
(Vs Jan-2018)

Source: Tourists

Passengers on a cruise
ship
(Jan-2019):
53.730
+7.5%
(Vs Jan-2018)

Cruise ships
(Jan-2019):
23
-4.2%
(Vs Jan-2018)

Source: DATATUR



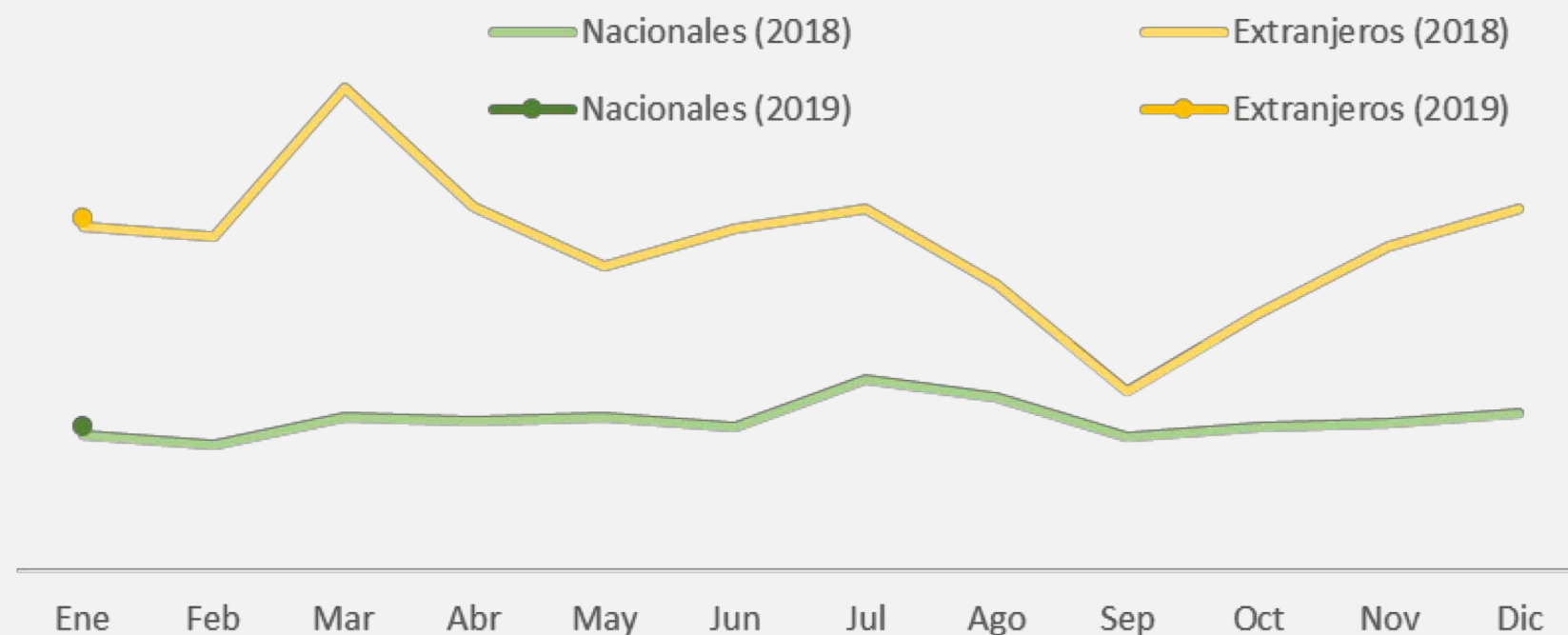
TOURIST OBSERVATORY IN LOS CABOS

DEMAND INDICATORS
PASSENGERS AND TOURISTS

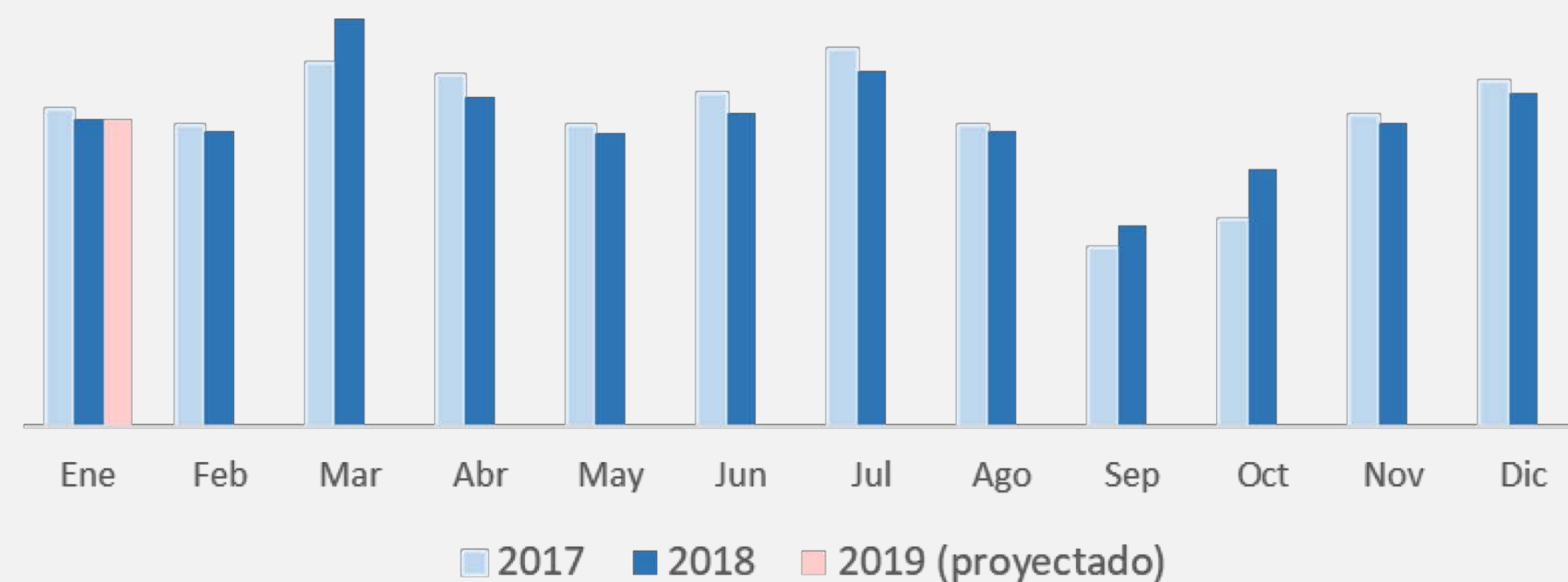
Arrival of passengers at the airport in Los Cabos, 2018-2019

- In Jan-2019 the arrival of 230.5 thousand passengers to the Los Cabos airport was registered, which means an increase of 3.9% compared to the same period in 2018.
- Passengers on domestic flights (67.3 thousand) represent 29.2% of total arrivals and had an increase of 7% regarding Jan-2018.
- Passengers on international flights (162.8 thousand) represent 70.8 per cent and an increase of 2.6%. The participation of Arriving international passengers has remained relatively similar in the months of January of the past two years (71% in Jan-2017 and Jan-2018).
- If the registered growth of Jan-2019 regarding Jan-18 is kept, it is estimated that the seasonality of arrivals during the month of Jan-2019 is 8.4% of the total expected during 2019. Similar to the record in 2018.

Passenger Arrival to the airport of San Jose del Cabo, Monthly (2018-2019)



Seasonality of passenger arrival to the airport of San Jose del Cabo (2017-2019)



Arrival of foreign tourists by air

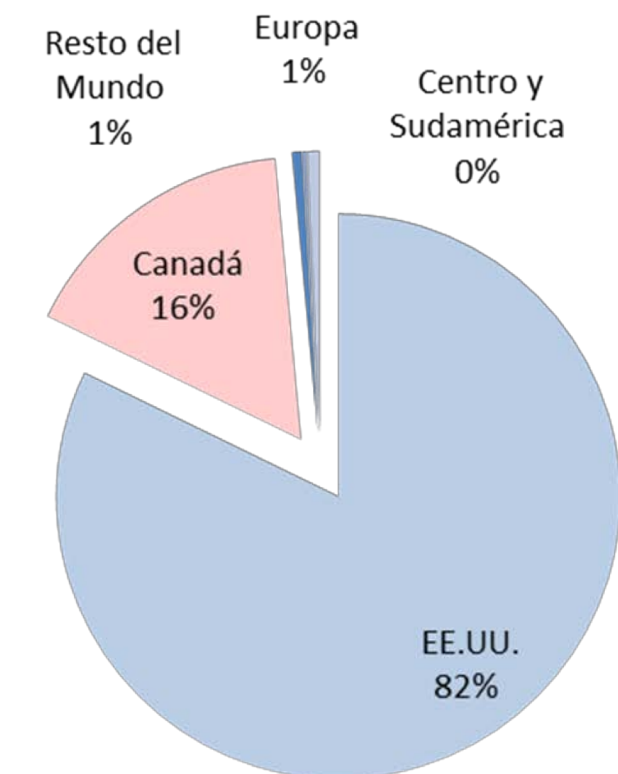
By origin (residence), 2018-2019

	Ene-2018	Feb-2018	Mar-2018	Abr-2018	May-2018	Jun-2018	Jul-2018	Ago-2018	Sep-2018	Oct-2018	Nov-2018	Dic-2018	Ene-2019	Total Ene-Dic 2018	Δ Ene-2019 /Ene-2018
EE.UU.	120,814	128,603	171,996	136,162	129,317	148,990	152,331	114,299	72,390	107,692	129,090	147,461	122,358	1,559,145	1.3%
Canadá	20,491	20,896	21,042	13,231	5,399	3,391	3,568	4,039	3,205	6,887	16,041	21,866	24,304	140,056	18.6%
Europa	631	632	774	483	464	360	608	1,138	441	535	713	1,060	841	7,839	33.3%
Centro y Sudamérica	214	197	252	177	206	180	255	177	148	165	144	228	295	2,343	37.9%
Resto del Mundo	685	644	726	758	652	715	840	751	682	668	654	1,303	1,053	9,078	53.7%
Total	142,835	150,972	194,790	150,811	136,038	153,636	157,602	120,404	76,866	115,947	146,642	171,918	148,851	1,718,461	4.2%

Source: INM- SIOM

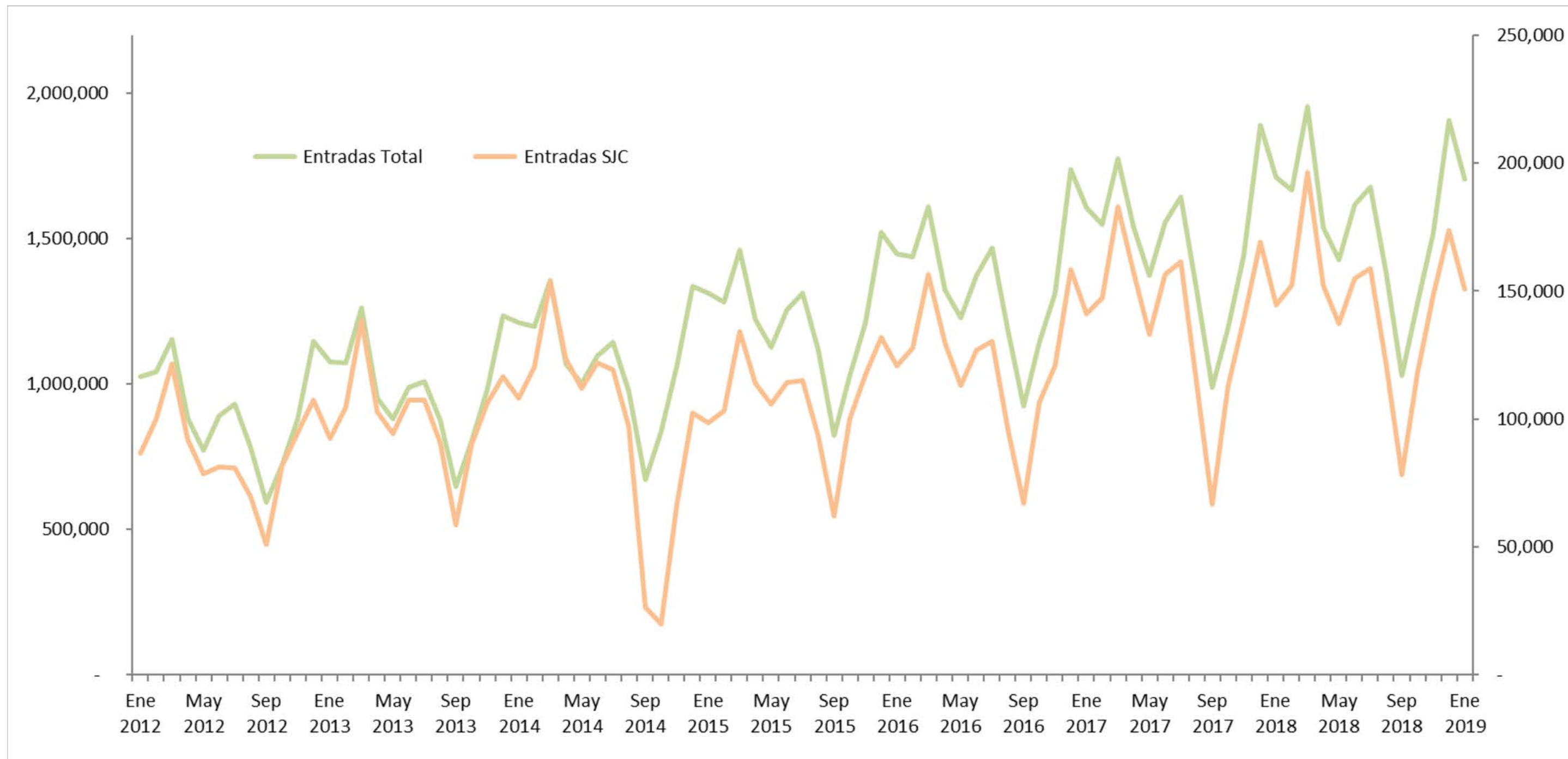
- **Along Jan-Dec-2018, 1.72 million tourists from abroad entered the country through the airport of SJD, a figure 3.2% higher than Jan-dec-2017.**
- **In Jan-2019 this growth was continued. There were 149 thousand tickets, meaning an increase of 4.2% in relation to Jan-2018.**
 - **In Jan-2019 Americans represent 82% of the total however their participation decreased 2pp compared with the same period 2017. The arrival of the U.S. grew 1.3%.**
 - **Canadians represent 16% of the total, representing an increase of 2pp in their participation in comparison with Jan-2018. It should be noted that the winter season, is the most intense in terms of outputs of Canadian tourism to sun and beach destinations. Canadian arrivals grew 18.6% in this period.**

Participation of foreign tourist arrivals by air to the airport of San Jose del Cabo (Ene-2019)



Monthly evolution of the arrival of foreign tourists by air

The international airport of SJD and at the national level, 2012-2019



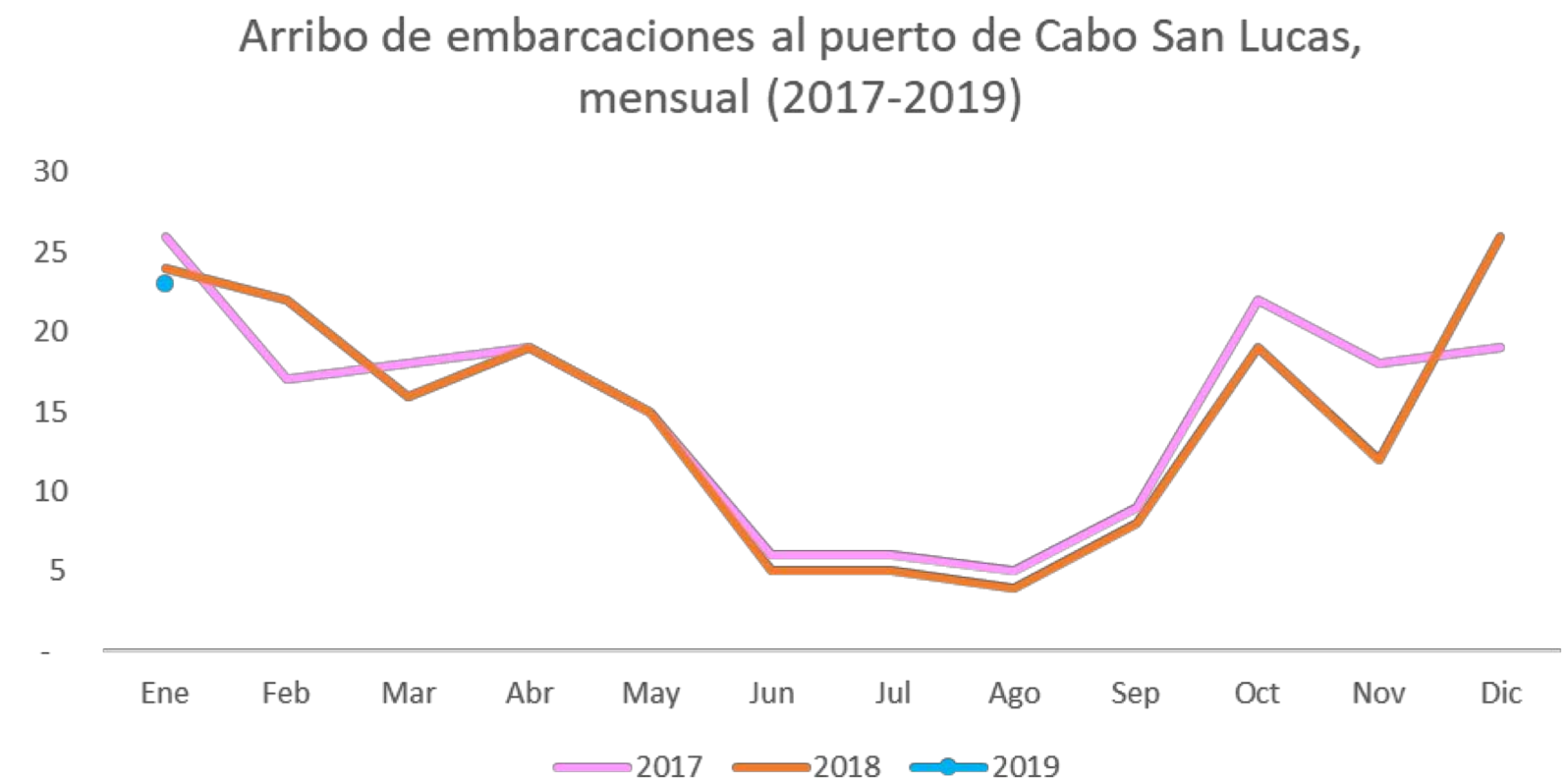
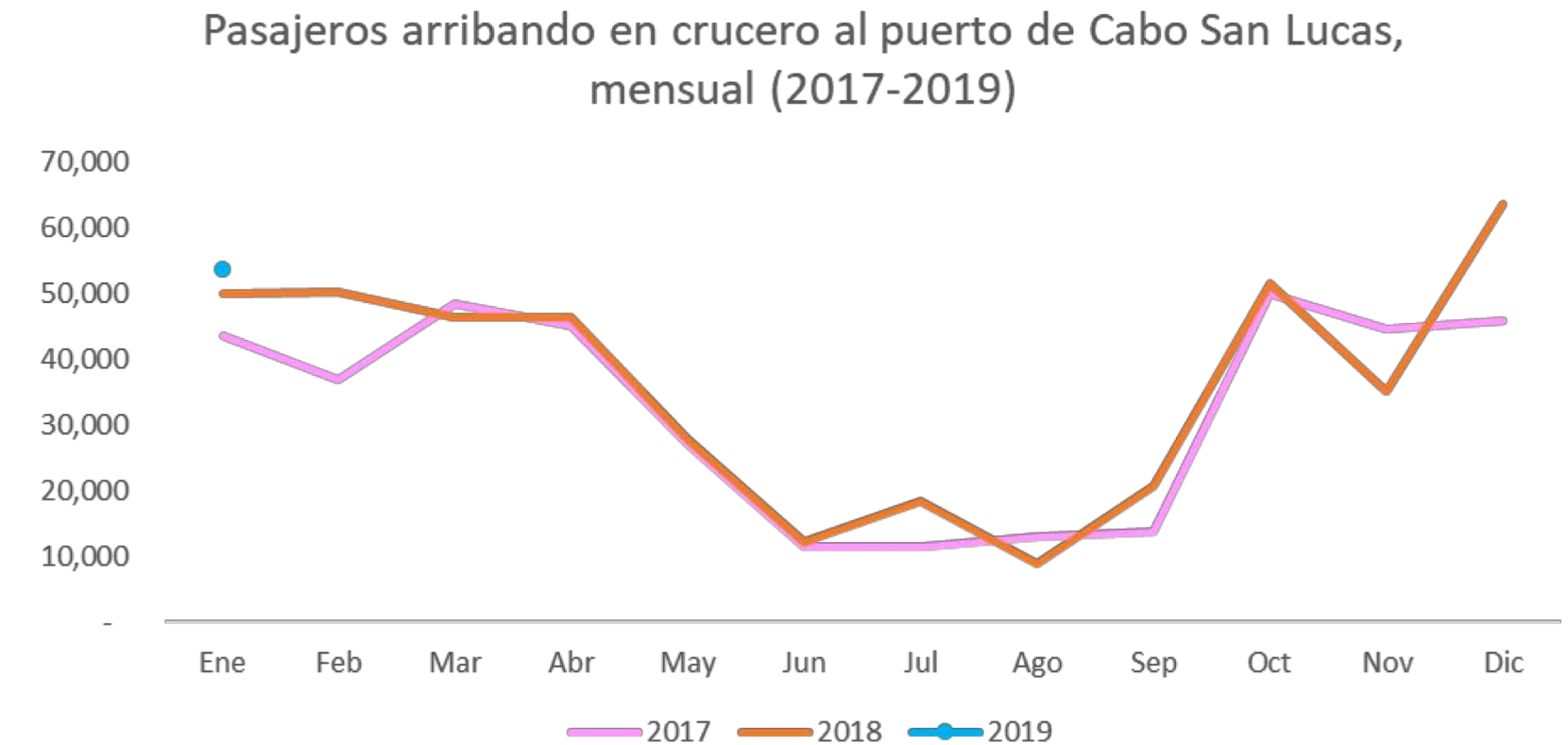
Source: INM- SIOM

- In Jan-2019 The arrival of foreign tourists (INM) decreased both nationally and in the SJD Airport as has happened in the past few years.
- When comparing Jan-2019 versus Jan-2018, the national level was reduced by the arrival of tourists in 0.27% while to Los Cabos increased 4.2%.
- The American market grew 1.3% while other markets grew up to a double-digit. Different sources show that the United States is slowing down, it is expected that the growth in the year is reduced or close to zero.

Arrival of passengers on cruise ships and vessels (2017-2019)

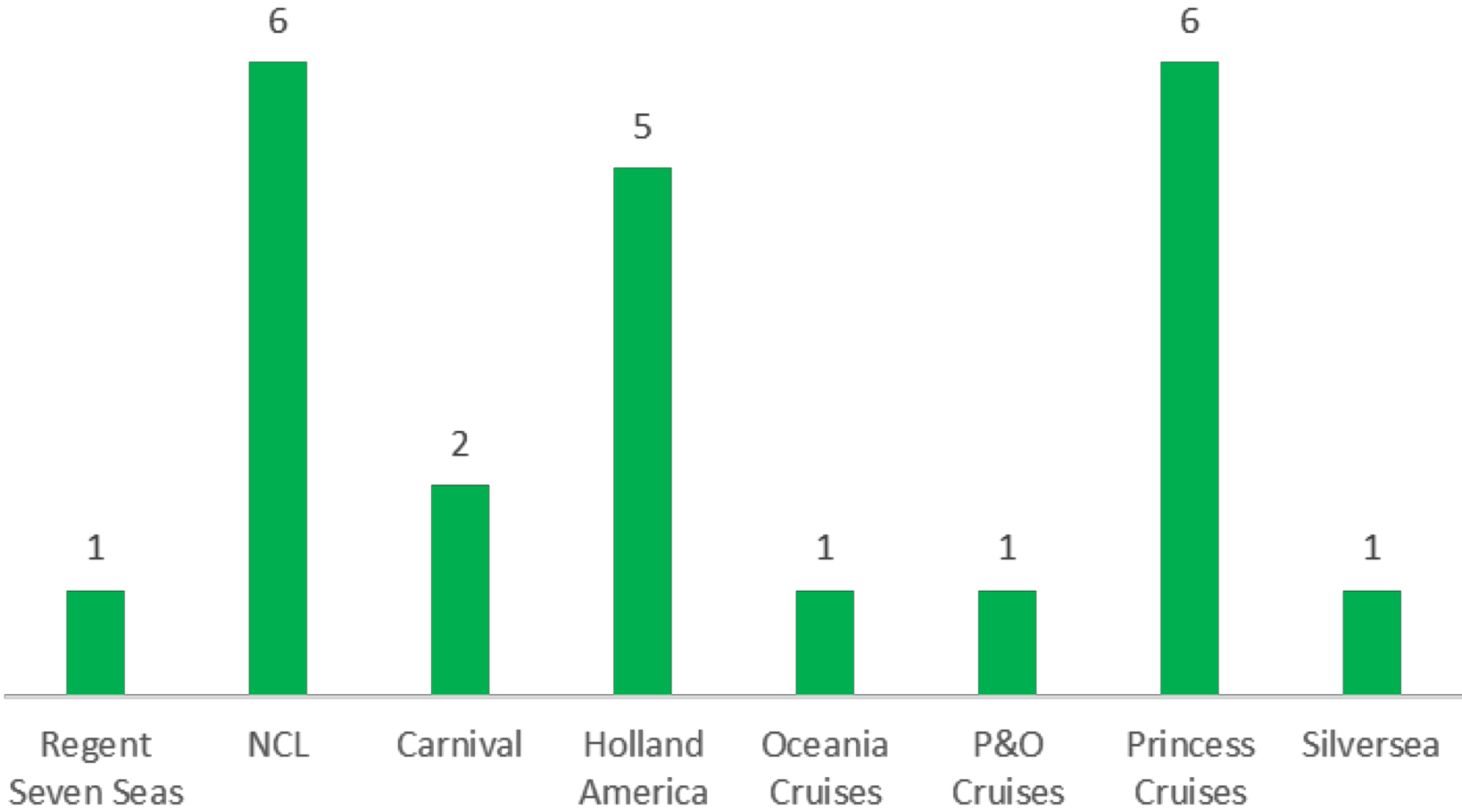
- **2018 recorded the arrival of 431.014 passengers in 175 cruise ships to the Port of Cabo San Lucas.**
 - This represents a monthly average of close to 36 thousand passengers and 15 vessels per month.
 - When comparing Jan-dec 2018 versus Jan-dec 2017 there is a growth of 10.2 per cent in the volume of passengers, and a decrease of 2.8% in ships.
 - The winter season (Dec-Feb) is the one that presents the greatest volume of arrival of cruise ships, concentrating to 41% of the total.
- **In Jan-2019 (blue dot on the graph) recorded the arrival of 53,730 passengers on 23 cruise ships.**
 - It means an increase of 7.5 per cent in the volume of passengers in comparison with Jan-2018.
 - However, the arrival of a vessel less than in the previous year was registered.

Source: DATATUR



Arrival of the vessels to the Port of Cabo San Lucas, Jan-2019

Fecha	Embarcación	Línea Naviera	Capacidad max.
01-01-2019	Seven Seas Navigator	Regent Seven Seas	530
02-01-2019	Norwegian Star	NCL	2,800
02-01-2019	Silver Whisper	Silversea	382
04-01-2019	ms Eurodam	Holland America	2,250
06-01-2019	Norwegian Star	NCL	2,800
07-01-2019	Carnival Splendor	Carnival	3,710
07-01-2019	Ruby Princess	Princess Cruises	3,080
08-01-2019	ms Eurodam	Holland America	2,250
14-01-2019	Ruby Princess	Princess Cruises	3,080
14-01-2019	Grand Princess	Princess Cruises	3,100
15-01-2019	ms Eurodam	Holland America	2,250
18-01-2019	Norwegian Gem	NCL	2,800
21-01-2019	Ruby Princess	Princess Cruises	3,080
22-01-2019	ms Eurodam	Holland America	2,250
24-01-2019	Grand Princess	Princess Cruises	3,100
25-01-2019	Norwegian Gem	NCL	2,800
26-01-2019	Arcadia	P&O Cruises	2,388
27-01-2019	Oceania Insignia	Oceania Cruises	824
28-01-2019	Carnival Splendor	Carnival	3,710
28-01-2019	Ruby Princess	Princess Cruises	3,080
29-01-2019	ms Eurodam	Holland America	2,250
29-01-2019	Norwegian Gem	NCL	2,800
30-01-2019	Norwegian Star	NCL	2,800



The 23 cruise ships that arrived to the Port of Cabo San Lucas in Jan-2019 were operated by shipping lines, the principal lines are: 8 Norwegian Cruise Line (6), Princess Cruises (6) and Holland North America (5).

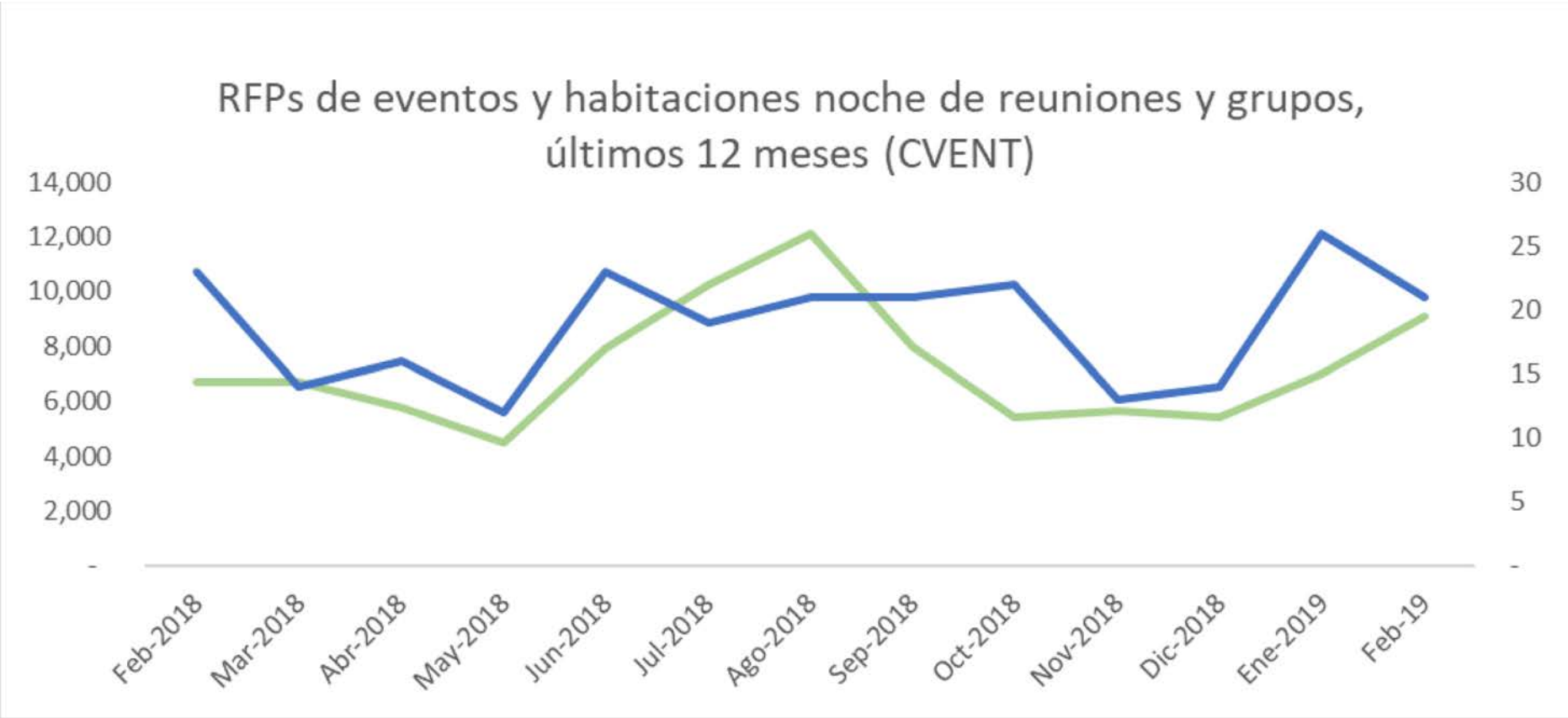
Source: CREW-CENTER.COM



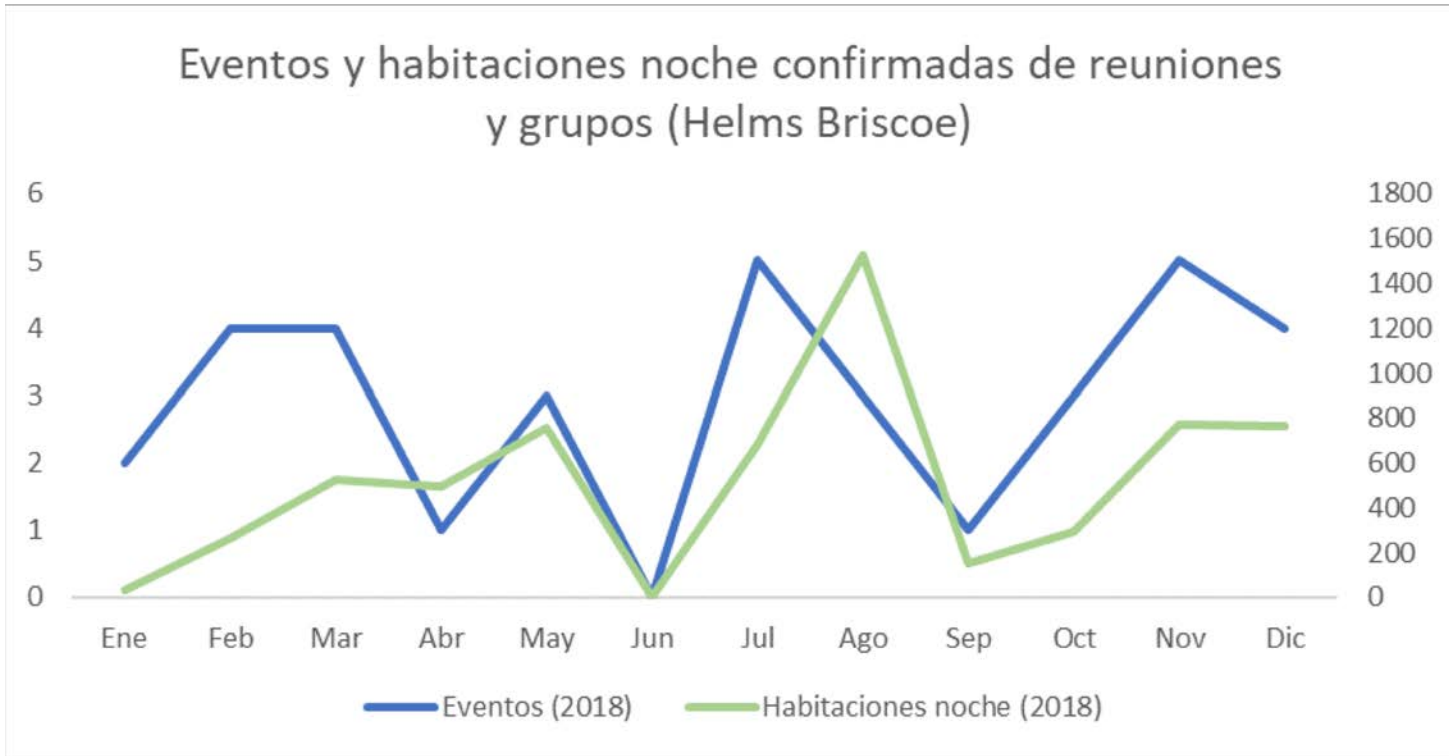
TOURIST OBSERVATORY IN LOS CABOS

DEMAND INDICATORS
SURVEYS OF TOURISTS AND GROUP
BUSINESS

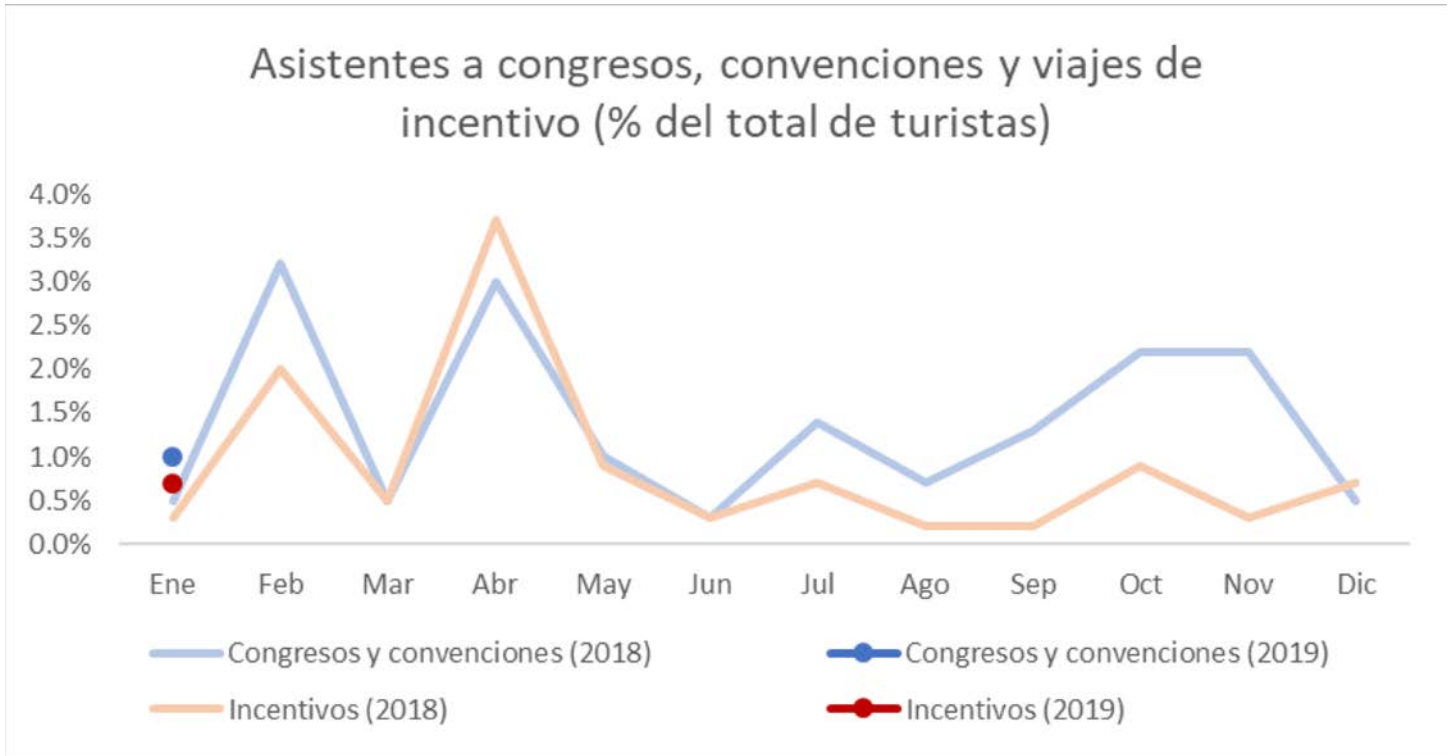
Indicators of demand: Business Group



Source: CVENT



Source: Helms Briscoe

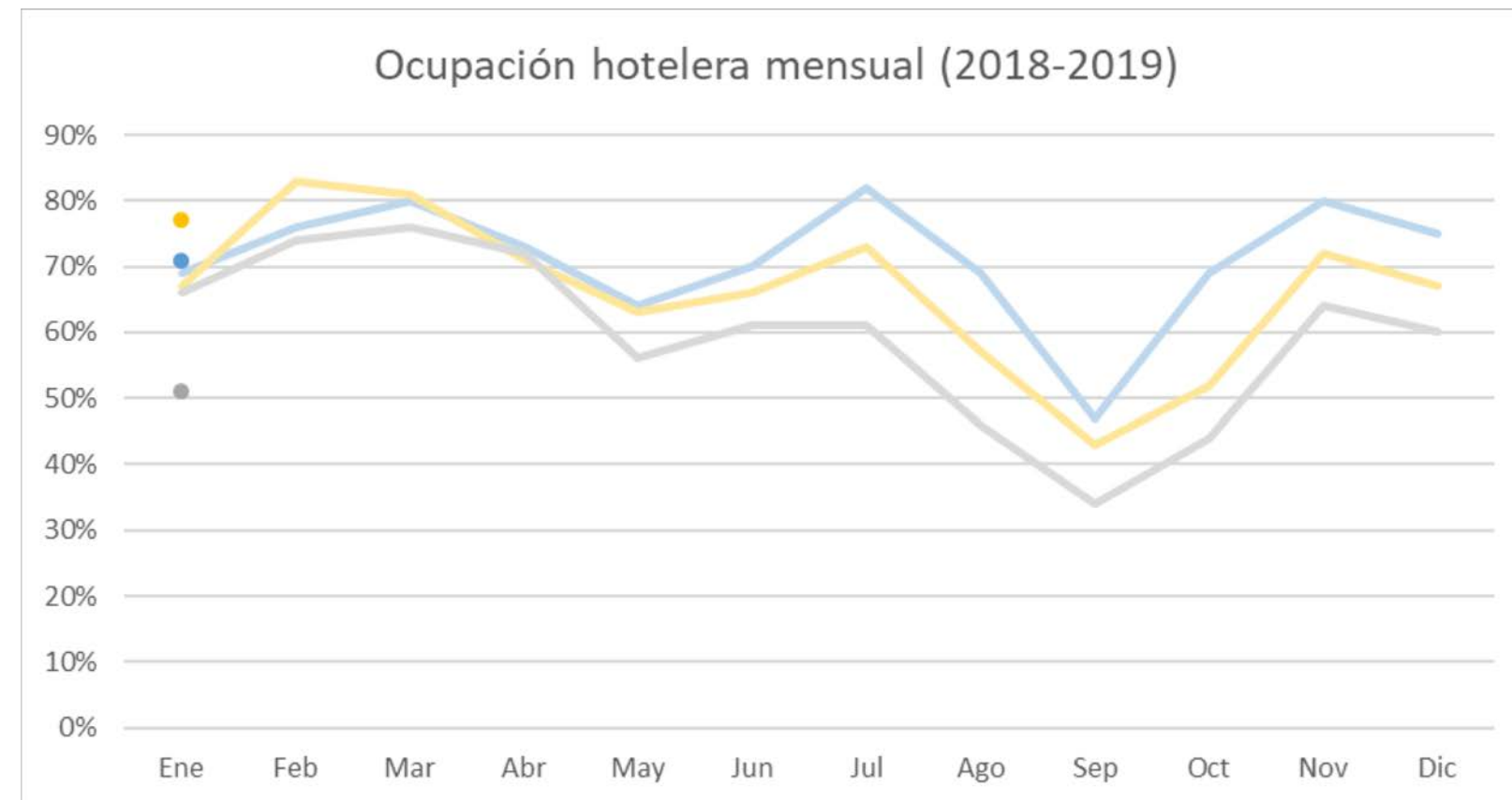


Source: SURVEY OF TOURISTS

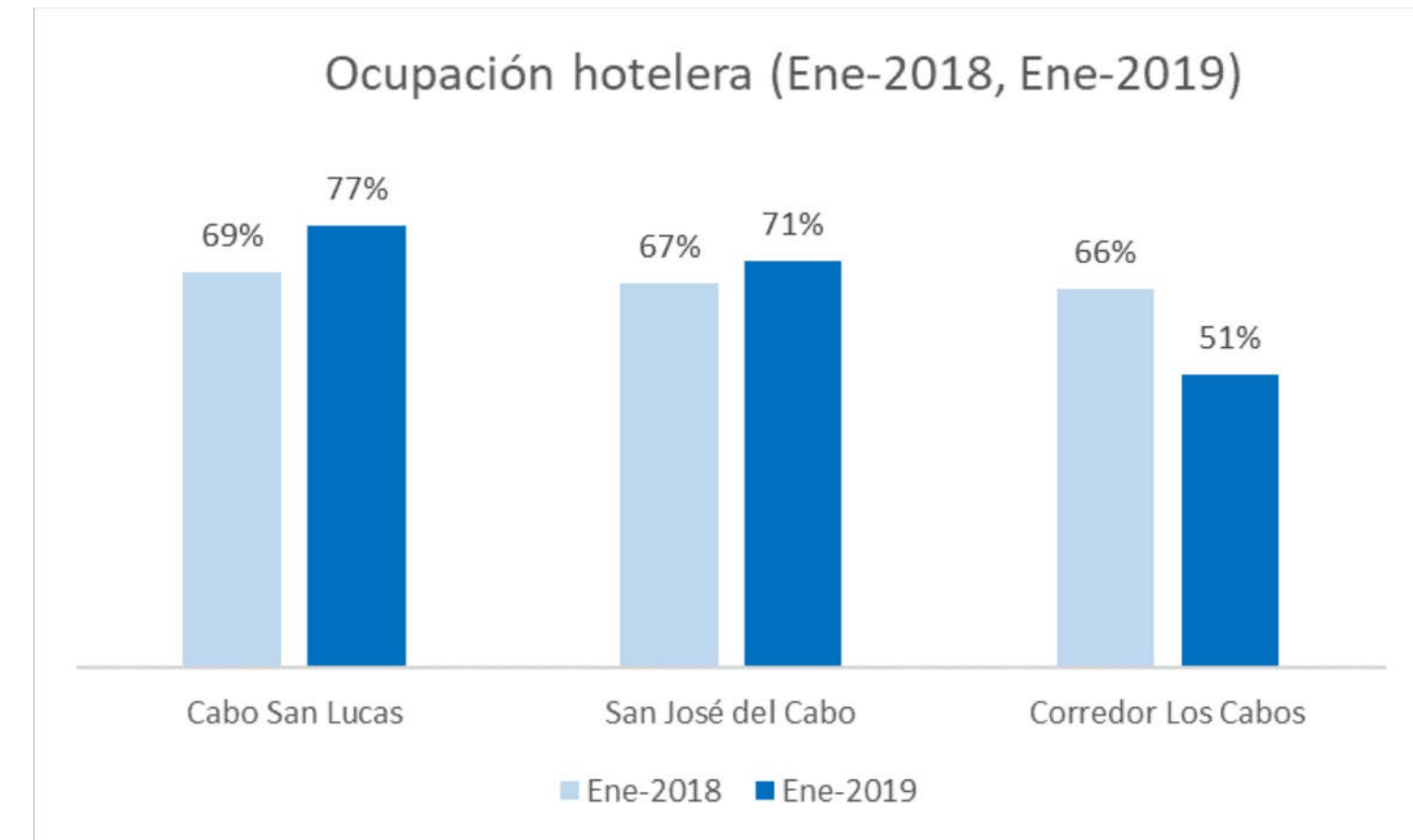
An aerial photograph of a coastal area with a rocky shoreline. The water is a deep blue, and the rocks are dark and jagged. Two small kayakers are visible in the water, one slightly ahead of the other. The kayakers are wearing bright orange gear. The overall scene is serene and scenic.

TOURIST OBSERVATORY IN LOS CABOS

SUPPLY INDICATORS



Source: ASSOCIATION OF HOTELS OF LOS CABOS

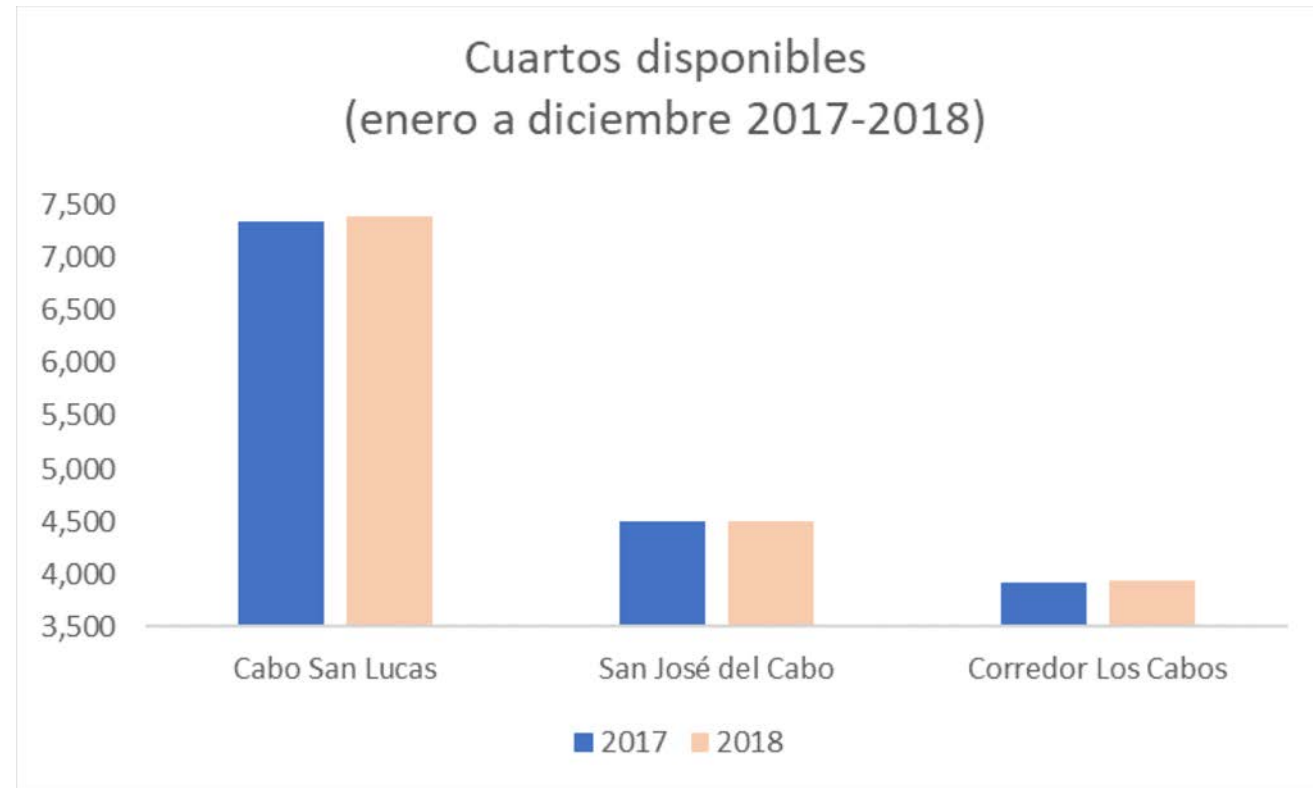


Source: ASSOCIATION OF HOTELS OF LOS CABOS

- According to the Asociación de Hoteles de Los Cabos, hotel occupancy in Los Cabos has increased 3 pp as compared to Jan-2018 with Jan-2019. At the level Sub-destination Cabo San Lucas , increased 8pp and San José del Cabo 4pp. However, the Los Cabos Corridor lost 15pp.
- If hotel offer of Dec-2016 was kept, with the arrival of tourists (Dec-2018), the occupation in Dec-2018 would have been: 90% (based on DATATUR).
- The arrival of tourists to Hotels to Los Cabos in Dec-2018 recorded 196,583, increasing 15.8% compared to Dec-2017 (27 thousand) and the average stay has fallen 0.4 nights (4.77 to 4.37; based on DATATUR).

Hotel Offer

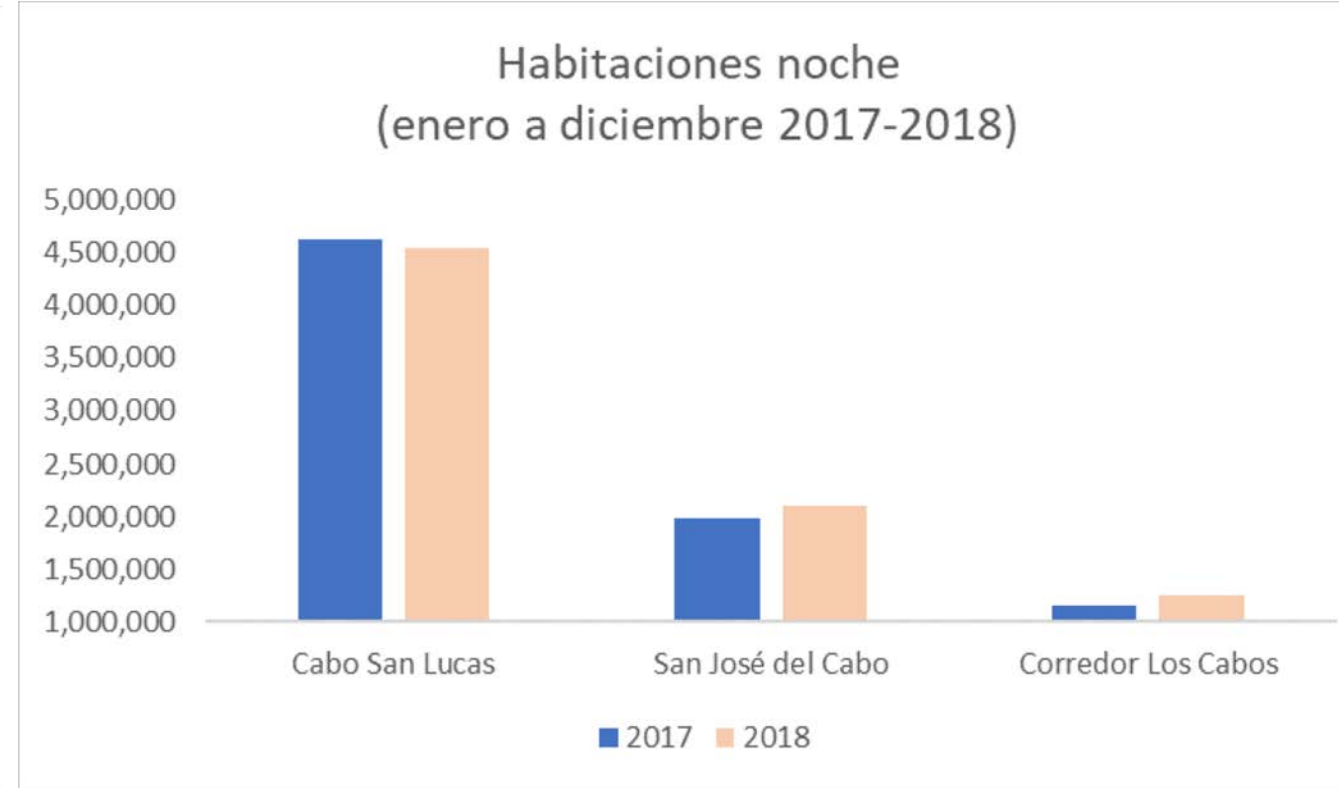
Evolution of the hotel offer for Los Cabos and Sub-destinations



Source: DATATUR

CABO SAN LUCAS

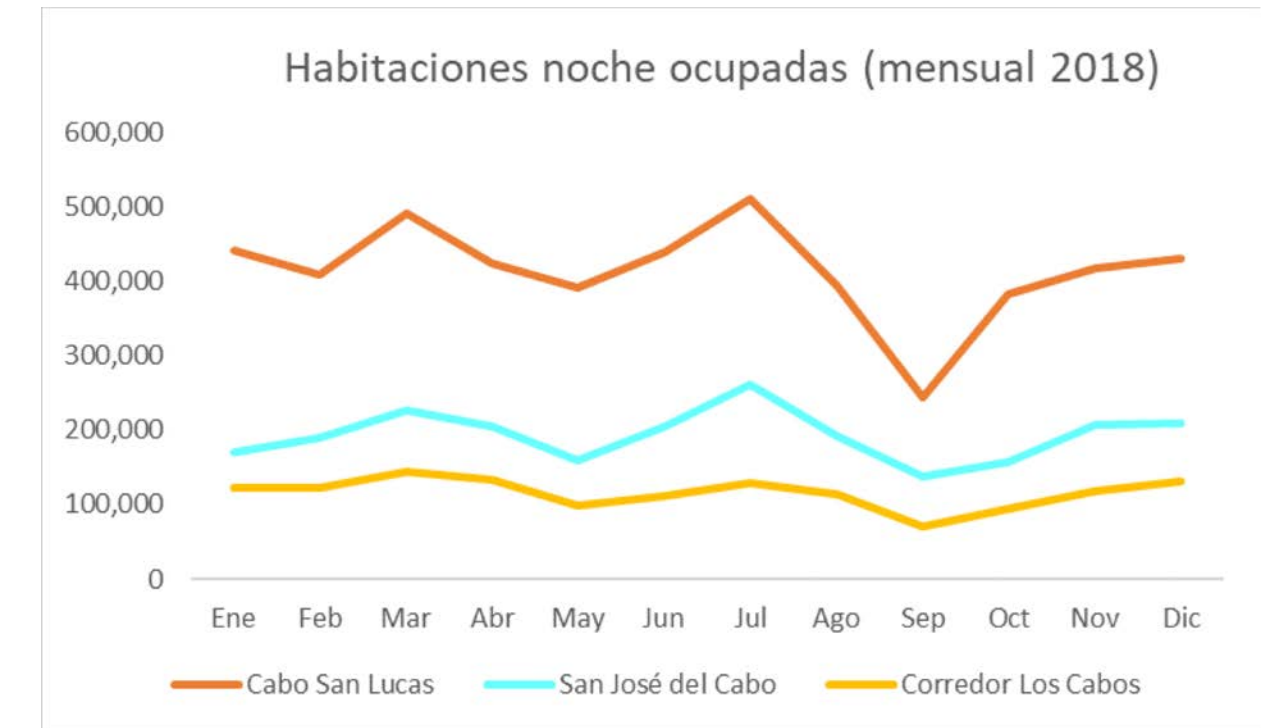
- According to the Asoc. De Hoteles, the highest rate of occupation and growth (Jan-2019 vs Jan-2018) of all sub destinations: 77% and 8pp increase.
- Decrease of the offer: From January 2017 to December 2018 the hotel supply has decreased 1.5% from 7,713 (January 2017) to 7,595 (December 2018) (DATATUR).
- The room nights grew 1.1% between Dec-2018 and Dec-2017 (DATATUR).



Source: DATATUR

SAN JOSE DEL CABO

- Growth of 4pp in the occupation when comparing Jan-2018 and Jan-2019 (Asoc. De Hoteles in): 67% to 71%.
- From January 2017 to December 2018 the hotel offer has grown 36% (DATATUR).
- Had the highest growth in room nights: 21% between Dec-2018 and Dec-2017 (DATATUR).



Source: DATATUR

Los Cabos Corridor

- Drop in the occupation: a comparison of the Jan-2018 and Jan-2019 There is a fall of 15pp from 66% to 51% (Asoc. de Hoteles).
- This is due to the fact that the Corridor had the highest growth of rooms available to grow 96% between January 2017 and December 2018 from 2,042 to 4,003 (DATATUR)
- The room nights grew by 2.6 per cent between Dec-2018 and Dec-2017. However, occupation decreased given the increase in available rooms (DATATUR).

Hotel Offer

Evolution of the average rate and RevPAR Of Los Cabos and Sub-destinations

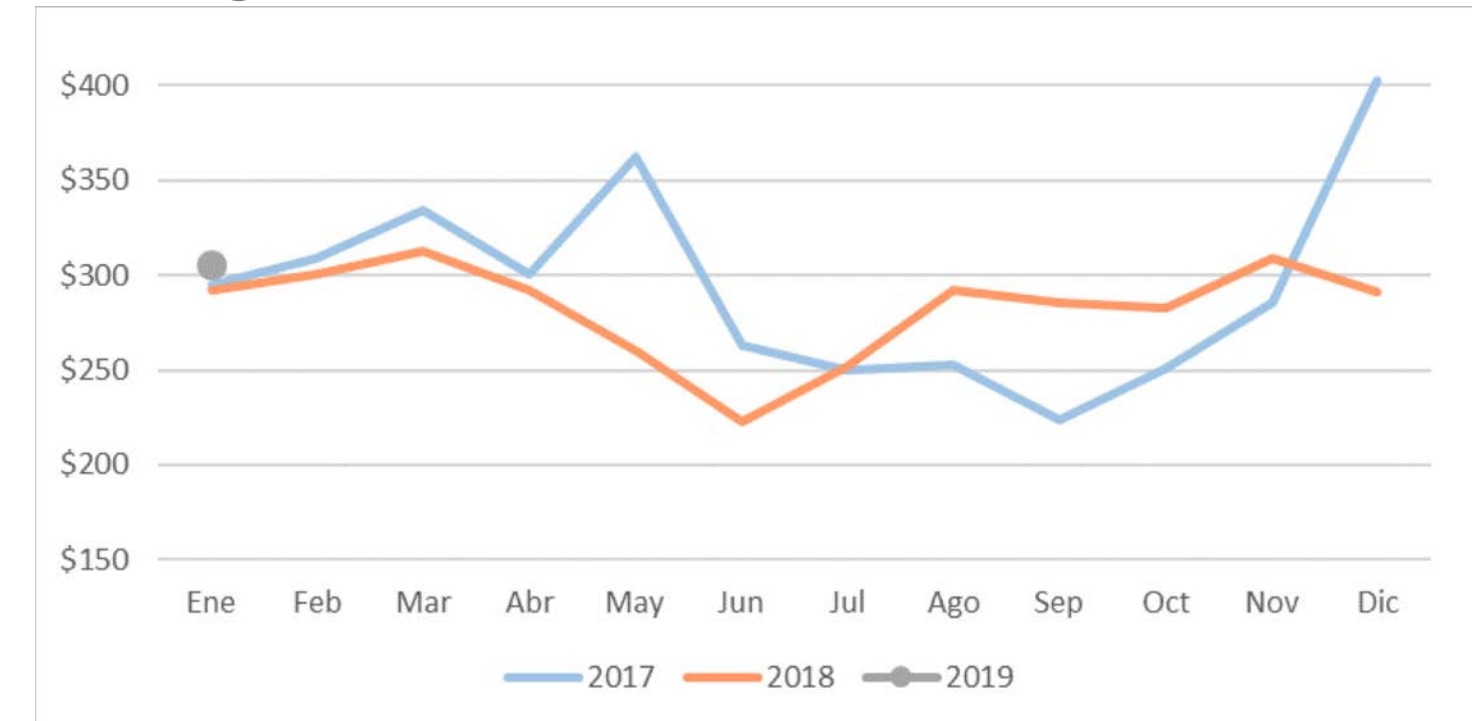
- The average rate in Los Cabos in Jan-2019 was \$306 USD; \$22 above the average for last 12 months (14 dollars above that in Jan-2018). The RevPar Was \$214 USD; 18 above average last 12 months (1 dollar above Jan-2018).
 - The Corridor of Los Cabos had the highest rate, located at \$472 USD, however 7 USD below the rate in Jan-2018.
 - Cabo San Lucas decreased its average rate \$19 USD to \$204 dollars.
 - San Jose del Cabo, continues to increase its average rate at \$37 dollars to \$242.

Source: ASOCIACIÓN DE HOTELES DE LOS CABOS

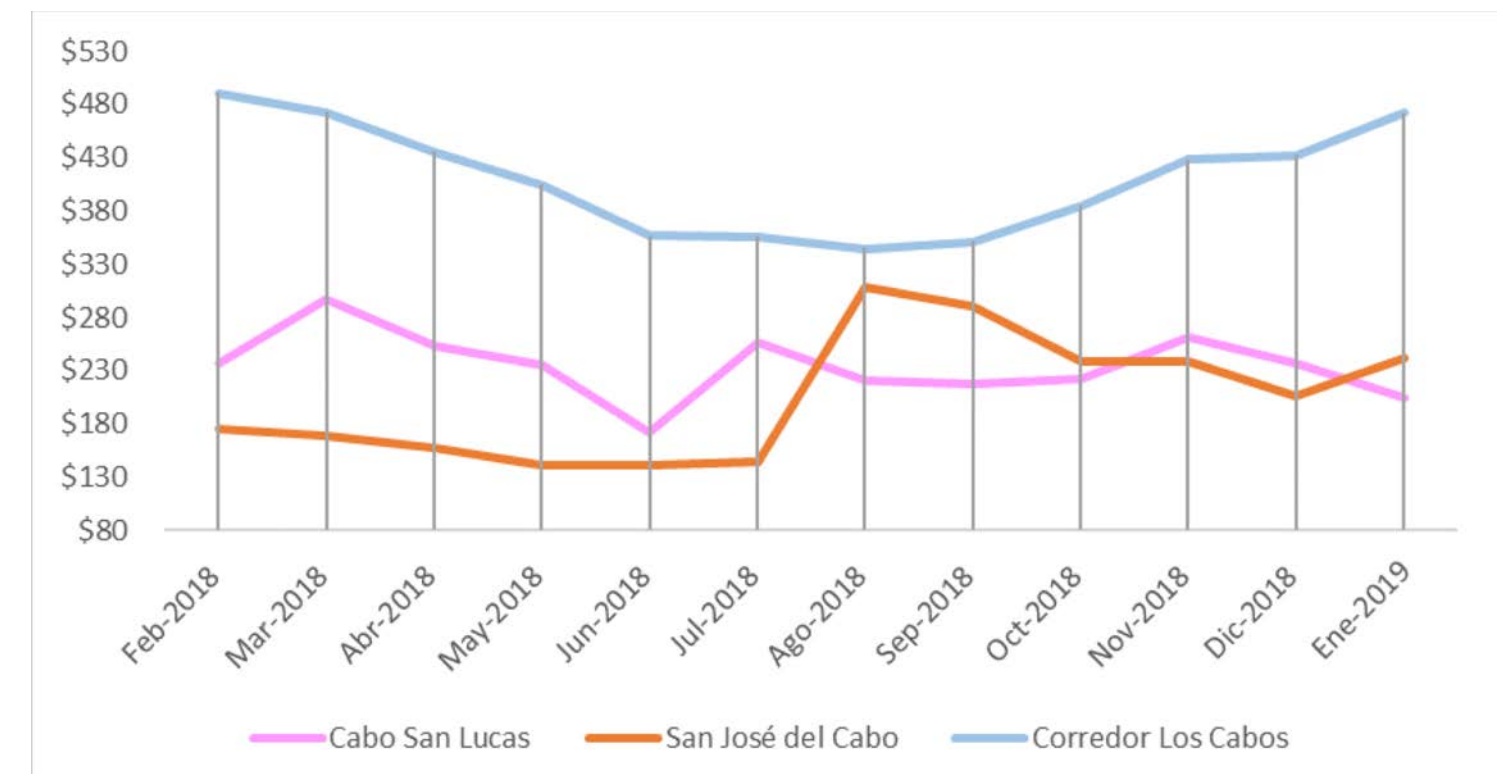
RevPAR Los Cabos (USD, 2018 - 2019)



Average Rate Los Cabos (USD, 2018 - 2019)



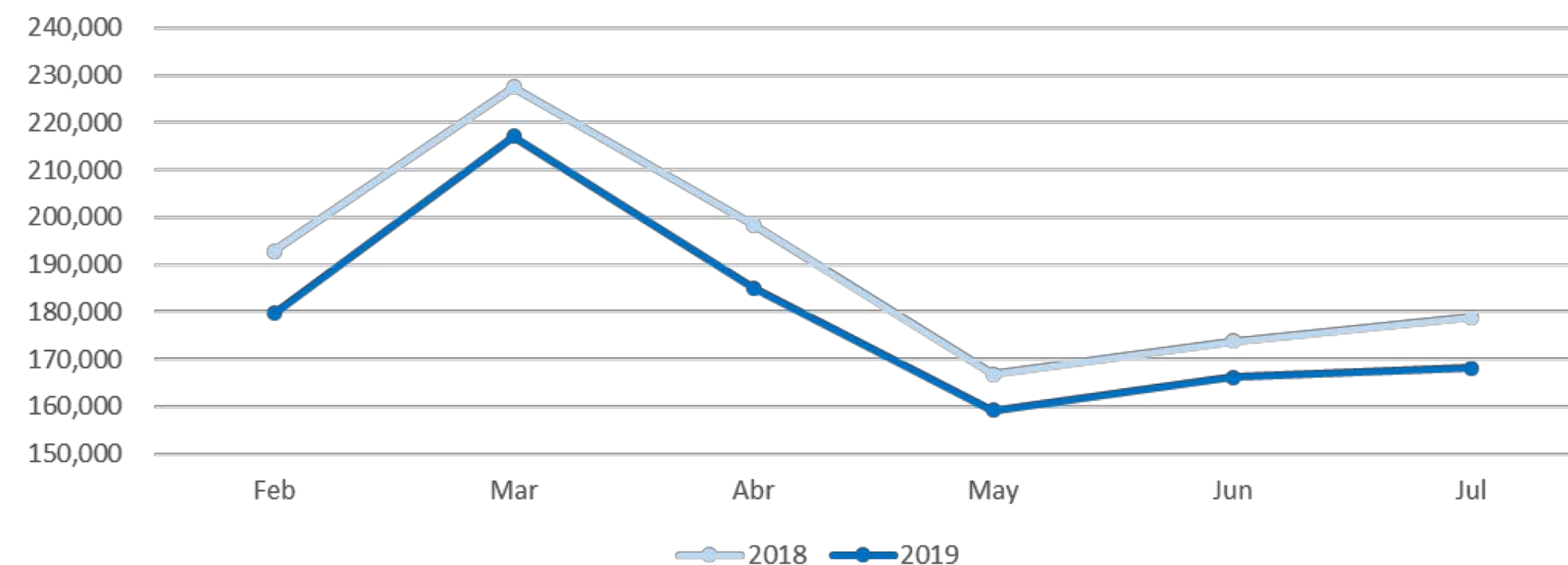
Average Rate Sub destinations (USD, monthly, last 12 months)



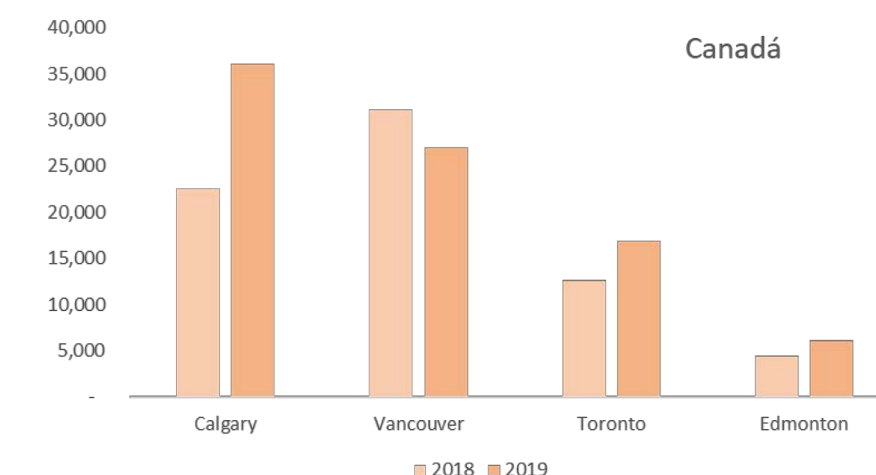
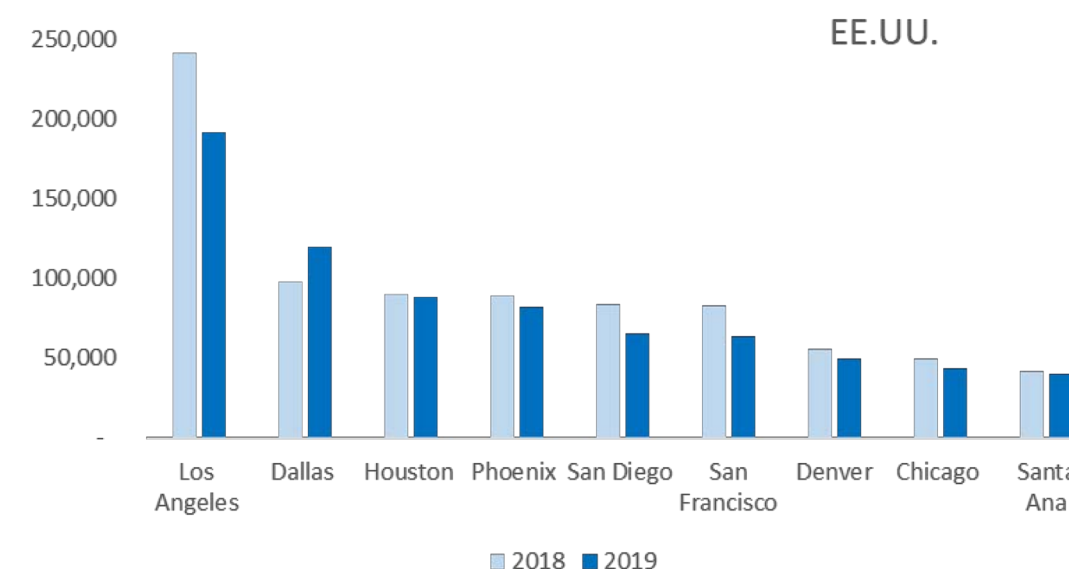
SEATS SCHEDULED FOR FEB-JUL, 2019

- For Feb-2019 There are 6.8% less scheduled seats available than in the same period in 2018 and 2019 are scheduled for Feb-Jul 5.5% less than for the same period in 2018.
- The main market in the US is Los Angeles (18%), followed by Dallas (11%), Houston and Phoenix (8% each), San Francisco and San Diego (6% each). All of California as a whole represents 43% of the seats available from U.S. to SJD in this period.
 - The participation of LAX in the international market will decrease 3pp however the DFW will increase 2pp. American, Alaska Airlines, Delta, United And Southwest are the most important (concentrating 97% as a whole).
- For Canada, the main markets are Calgary (36%) Vancouver (28%), Toronto (17%) and Edmonton; through the airlines WestJet (48%), Sunwing (33%) and Air Canada (18%).
 - The Seats scheduled from Canada as a whole will grow by 25.9%. The participation of Calgary will increase 8% and Vancouver will decrease by 8%.
- The factors of occupation of the international airlines for Dec-2018 were: American 73%, Alaska 81%, 56%, Delta United 78%, Southwest 75%; AirCanada 81%, Sunwing 78%, and WestJet 77%.

Programación de asientos hacia San José del Cabo (Feb-Jul 2019)



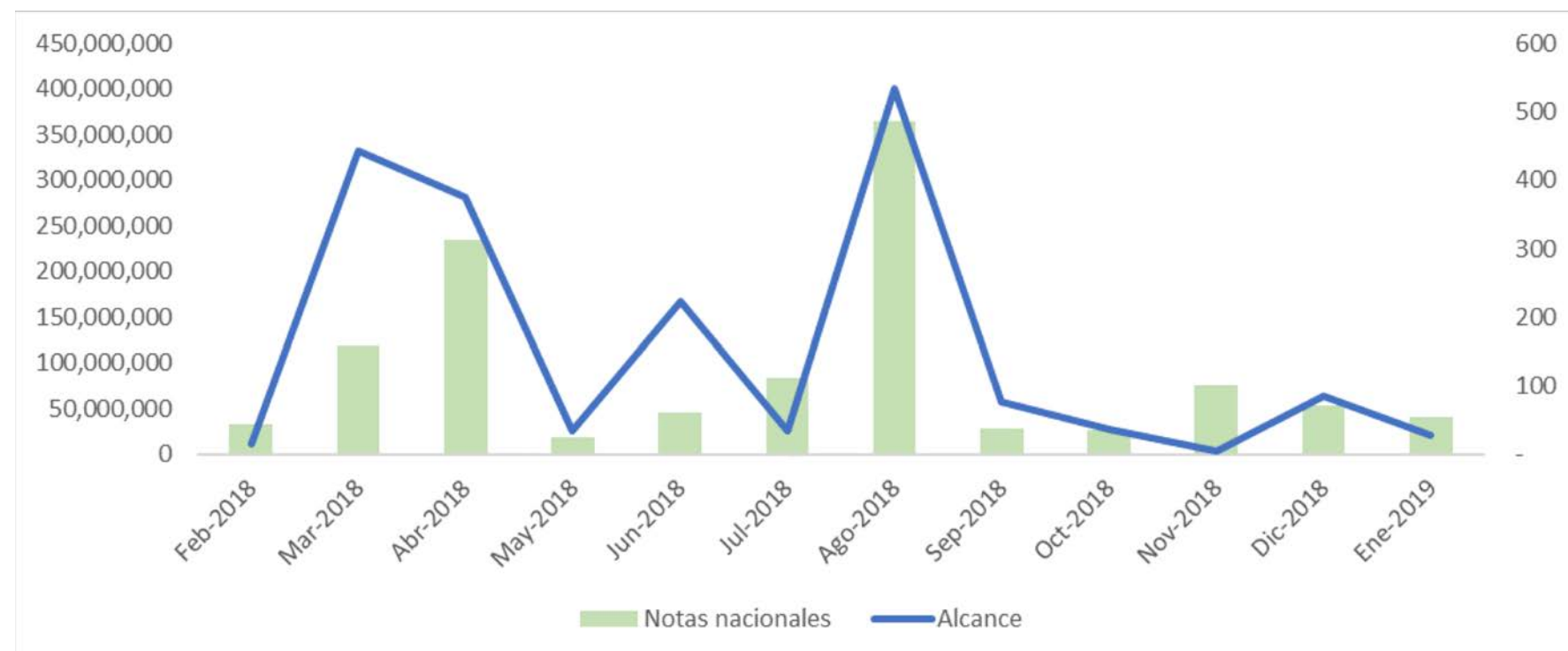
Seats are scheduled by origin (Feb-Mar 2019)



Public Relations, notes and scope

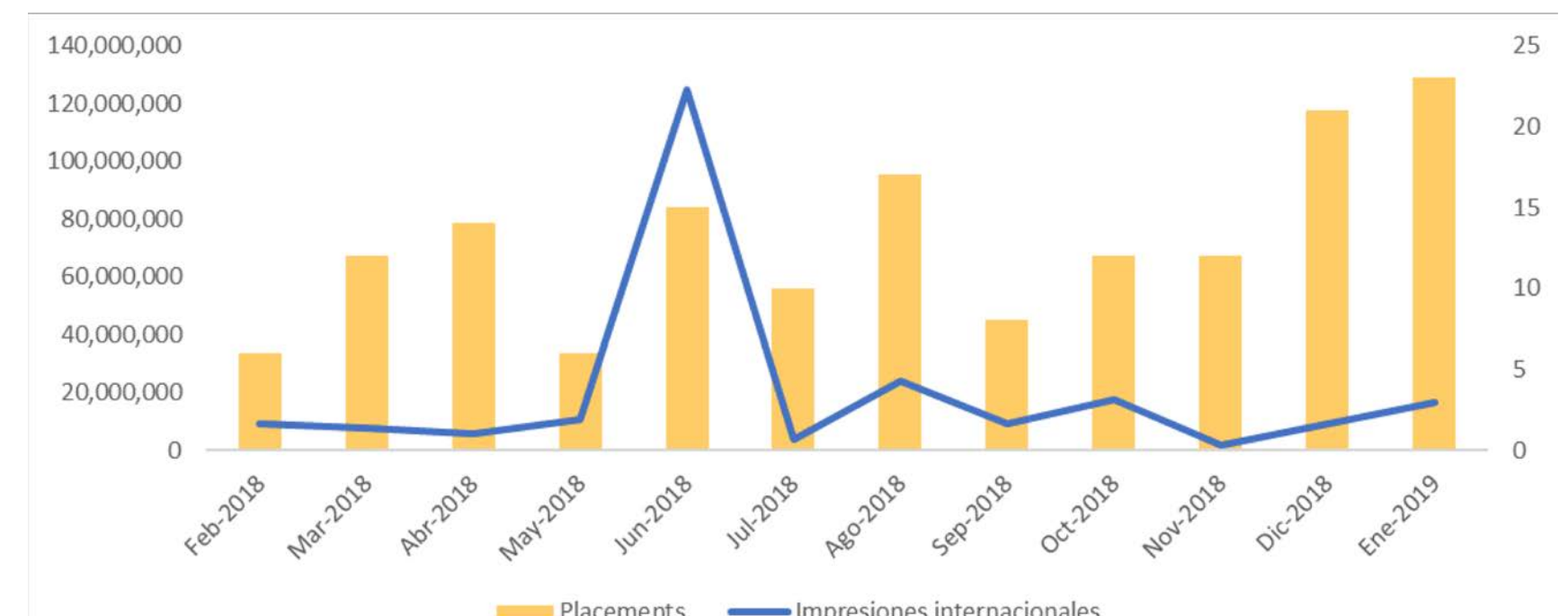
- In the domestic market:
 - In the period Jul-2018 to Jan-2019 (last 12 months) there were 1,567 insertions in national press (131 per month on average), generating a range of 1.415 million impacts (118 million per month on average). During January 2019 54 inserts were published achieving 21 million impacts.
 - The months that each publication had better performance were March and June, with more than 2 million of impacts by publication, and in September with 1.5 million each. In January, a throughput of 394 thousand impacts by publication were achieved .
- In the international market:
 - From Feb-2018 to Jan-2019 there were 156 insertions in the international press (13 per month on average), generating a range of 231 million impacts (20 million per month on average). During January 2019 23 inserts were published (the highest amount in the last 12 months) and achieving 17 million of impacts and a yield of 729 thousand impacts by publication.
 - The month with the greatest performance was in June with 8.3 million impacts by publication.
- There are no data reported for January 2018 in any of the two markets.

TOTAL OF DOMESTIC PUBLICATIONS AND SCOPE (JANUARY 2019)



Source: GAUDELLI

TOTAL OF INTERNATIONAL PUBLICATIONS AND SCOPE (JANUARY 2019)



Source: NJF

Definitions

- **Congress.** Meetings are not very business oriented in which takes place the encounter of large groups of individuals, usually to discuss and exchange views on a topic of interest. (Professional, cultural, sporting, religious, social, government or academia, among others) usually have a duration of several days and with concurrent sessions, as well as a multi-annual frequency or predefined.
- **Convention.** Trade or business meetings usually sponsored by a corporation, in which the participants represent the same company, corporate group or relations of customer or supplier. Sometimes the participation is mandatory, so, travel expenses are borne by the corporation. Includes those general meetings and formal of a legislative body, social or economic, in order to give information, deliberate or establish consensus or deal with policies on the part of the participants, as well as treat trade issues around a market, product or brand. Can contain a secondary component of exposure.
- **Rooms available.** Es the number of rooms or rooms that are in service. Does not account for the rooms by repair or some other cause are out of service
- **A tourist destination.** The main target of a tourist trip is the place visited which is essential for the decision to travel. See also main reason for a tourist trip.
- **Seasonality.** Means that the flows or tourist flows tend to concentrate around certain times of the year, repeating this process annually
- **Stay.** Results from dividing the total number of tourists night between the number of tourist arrivals per month. The result expresses the number of days of stay of the tourist.
- **Events or incentive trips.** The incentive trip is a modern strategy focused on management to recognize people that met or exceeded objectives commonly related to sales or productivity, addressed to the participants that demonstrate a better performance in their work with a extraordinary travel experience.
- **Rooms per night.** Se gets the daily record the number of tourists that occupy the rooms of the establishment, for your time of stay, (number of nights you spend the night in the establishment) and is classified according to their place of origin, in residents or non-residents.
- **Arrival of passengers.** Pasajeros transported by aircraft of airlines with established routes and itineraries
- **Arrival of tourists.** The number of tourists Corresponde recorded by the establishment during the month.

Definitions

- **Nationality of a visitor.** The country that grants you the passport or identity document, although habitually resident in another country.
- **Non-resident.** Is the person whose usual environment is outside of the Mexican territory and that visit this last for a shorter period to 12 months for any reason (business, vacation, and others). Excludes if you receive remuneration for the activities developed in the place visited
- **Occupancy.** The rate of occupation of the lodgings is a concept based on the offer. It is an important indicator to numerous effects. Provides information about the differences of use between the various types of lodging establishments and if it occurs in monthly data also indicates the seasonal pattern of the use of tourist accommodations.
- **RevPAR.** The RevPAR It is the most important gauge used in the hospitality industry to assess the financial performance of an establishment or a string. It is an abbreviation of the English Revenue Per Available Room, Income per available room. Always refers to a specific period (weekly, monthly, yearly, etc.). A way to calculate the RevPAR It is through the formula: $RevPAR = It / \Sigma Ht$, Where It It is equal to the total revenue of the rooms in a period t . ΣHt It is equal to the total number of available rooms in a period t . That is to say, the rooms of the establishment or chain multiplied by the number of nights of period t least the rooms are not available.
- **A resident.** Individual whose usual environment is located on the territory of the United Mexican States
- **Residence.** Es the place/country in which the traveller has remained during the greater part of the previous year (12 months), or has remained for a shorter period and intends to return within 12 months to live in that country.
- **Average daily rate.** The average daily rate (commonly known as ADR - for its acronym in English Average Daily Rate) Is a statistical unit that represents the average income per occupied room, paid in a given period of time. ADR along with occupation of the property are the bases for the financial performance of the property. The ADR is calculated by dividing the income of the rooms, including the number of rooms sold, should be excluded from the guest rooms of the house (known as "House use") and rooms free of charge (known as Complementary) Of the denominator.
- **Tourist.** Any person who travels outside of their usual location for a period of less than 12 months and for any reason, except persons who engage in activities that will generate income in the travel destination; refugees or migrant workers; diplomats; seasonal workers or border crossings, or employees of travel.
- **Visitor.** Any person who travels outside of their usual location for a period of less than 12 months for any reason, with the exception of persons who participate in activities that will generate income at the travel destination: refugees or migrant workers, diplomats, frontier workers or seasonal, employees, or persons seeking to establish a new residence or employment.

Tourist Observatory IN LOS CABOS

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