

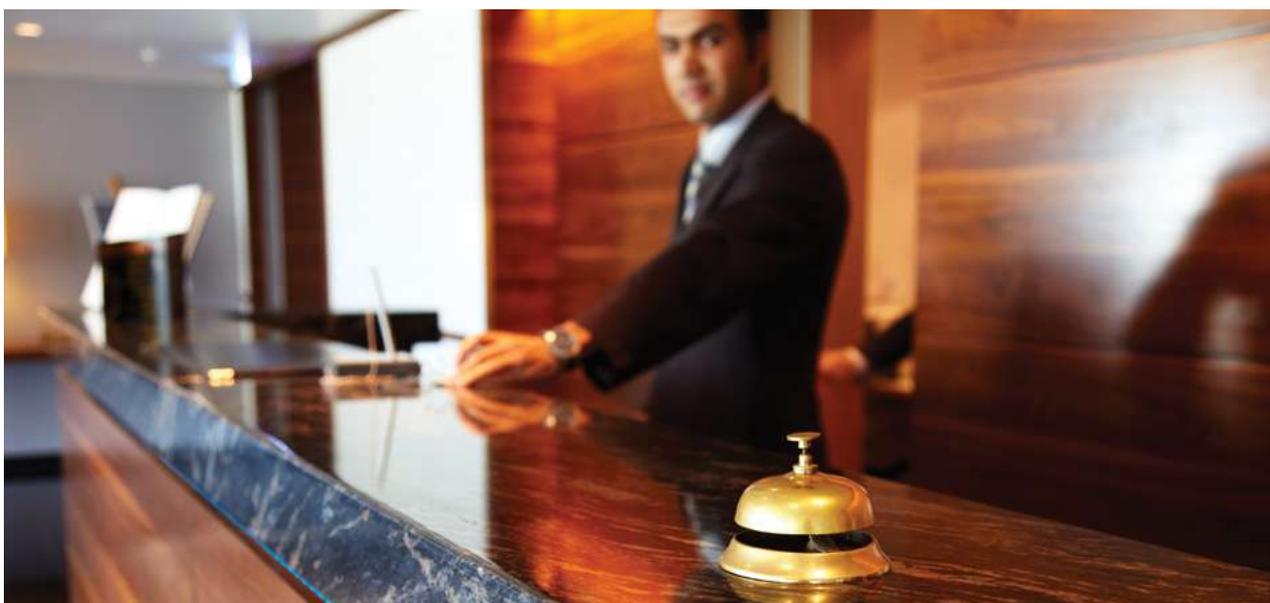


Horwath HTL™

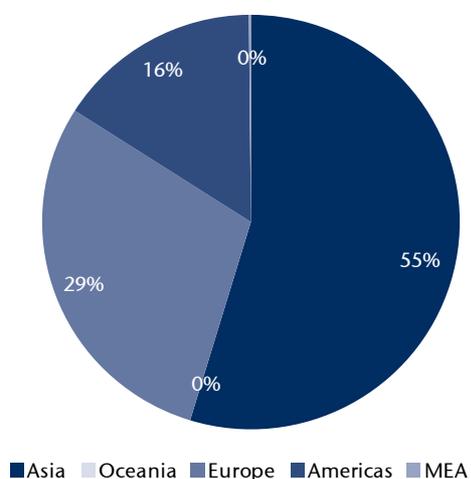
Hotel, Tourism and Leisure

Global leader in
hospitality
consulting

**Austria Hotel
Market Sentiment
Survey
July 2014**



Share of Respondents by Region



INTRODUCTION

The Horwath HTL Global Hotel Market Sentiment Survey has been designed to provide the hotel industry with a quick assessment of the future market outlook. The four-question survey focuses on the outlook for occupancy, average room rate and total revenue. In this mid-year survey, hoteliers were also asked to share their expectations in respect of market performance for the coming semester when compared to market performance in the second half of last year, as well as provide feedback regarding the impact continued global economic uncertainties have had on demand.

The global sentiment study gathered responses across 31 countries. Of the 1,265 respondents, 55 percent of them came from Asia followed by Europe (29 percent) and the Americas (16 percent). No results were gathered from Africa and the Middle East as well as Oceania.

This Austria report summarizes the results of responses from 17 hotels and hotel management companies in Austria.

SENTIMENT RANKINGS

Region	Score			
	Jul 12	March 13	Jan 14	Jul 14
Austria	20	13	9	41
Germany	20	32	28	-
Switzerland	-48	17	26	-16
Europe	-8	5	25	3
Global	1	5	25	9

“Austria recorded the highest sentiment score within the European and global average.”

RANKING SCORE KEY

Much Worse	-150.0
Worse	-75.0
Same	0
Better	75.0
Much Better	150.0

SENTIMENT RANKINGS

As a way to measure and compare the results across regions and countries, we have created an index to formulate an overall average sentiment score from all survey questions. Points are assigned to each corresponding response and compounded accordingly. The index utilizes a scale of negative 150 to positive 150 in which a score of negative 150 denotes a sentiment of absolute pessimism; a zero score indicates unchanged expectations from the previous year, and positive 150 signifies a very optimistic outlook. The index also allows us to track changes in market sentiment over time.

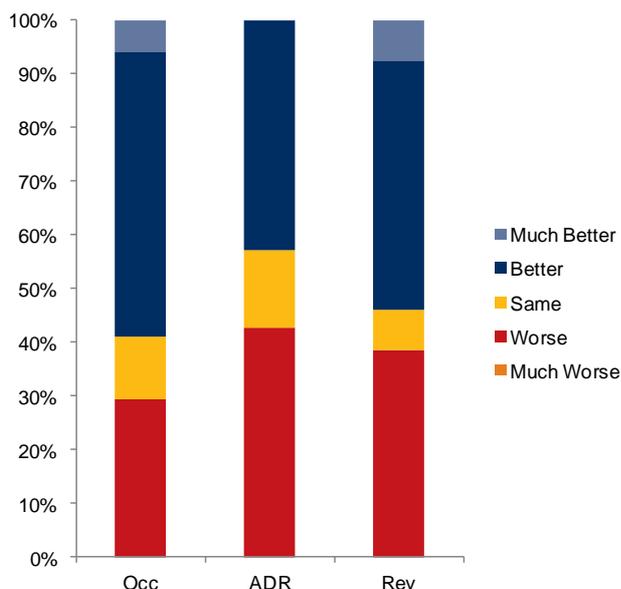
The sentiment of hoteliers across Europe, apart from Austria, has indicated that the improved optimism at the start of the year has once again been stymied due to the prevailing global economic uncertainty.

From having the worst sentiment score in comparison to the German-speaking countries in the beginning of the year, Austria’s average has now improved enormous. Austria recorded with a score of 41 the highest sentiment score within the European and global average.

In contrast to previous years hoteliers in Switzerland are very pessimistic. With a score of -16 they recorded the lowest sentiment score of this survey. The difference of -42 points indicates that the country’s mood has changed and hoteliers believing in a negative development in 2014.

Germany did not take part in this survey.

Europe’s sentiment score dropped from an optimistic 25 in January to a score of 3. The global sentiment score dropped from 25 to 9.



“The majority of hoteliers expressed positive sentiment in respect of total revenue performance with some 54 percent of hoteliers indicating total revenue was better or much better than expected.”

MARKET PERFORMANCE

	Average	Occ	ADR	Rev
Austria	14	26	-	17
Switzerland	-19	-20	-18	-18
Europe	2	3	2	2
Global AV.	4	4	4	5

FIRST HALF MARKET PERFORMANCE

Was the first half 2014 market performance better or worse than you expected at the start of the year?

Hoteliers were asked if performance levels in the first half of 2014 were better or worse than expected, in relation to hotel occupancy (Occ), average daily room rate (ADR) and hotel revenues.

Occupancy

In response to expectations on occupancy performance, some 59 percent of hoteliers replied that occupancy in the first half of 2014 was better or much better than expected; some 12 percent indicated that occupancy performance was in line with expectations; while 29 percent of hoteliers felt that occupancy performance was worse or much worse than expected.

Average Daily Rate

Expectations regarding Average Room Rate performance are very dissonant. 43 percent of respondents replied that the average room rate was better or much better than in the first half of 2014. Also the same share of hoteliers answered that ADR performance was worse or much worse than expected. While 14 percent indicated that ADR performed as predicted.

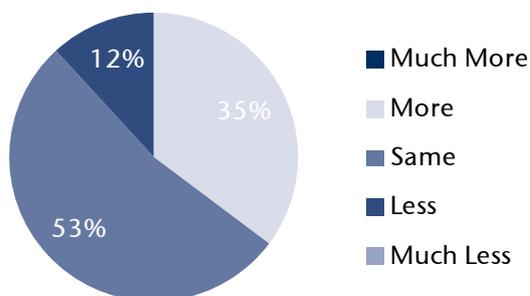
Revenues

The majority of hoteliers expressed positive sentiment in respect of total revenue performance with some 54 percent of hoteliers indicating total revenue was better or much better than expected. However, some 39 percent of hoteliers reported total revenue performance was worse or much worse than expected. The remaining 7.7 percent of hoteliers felt total revenue performance in the first half of 2014 was consistent with their expectations at the start of the year.

Switzerland recorded the lowest score at -19, significantly lower than other regions – a reflection not so much of actual performance levels, but perhaps more bullish expectations at the start of the year.

THE IMPACT OF THE FINANCIAL CRISIS

Have continued global economic uncertainties impacted hotel demand as much as you had expected?



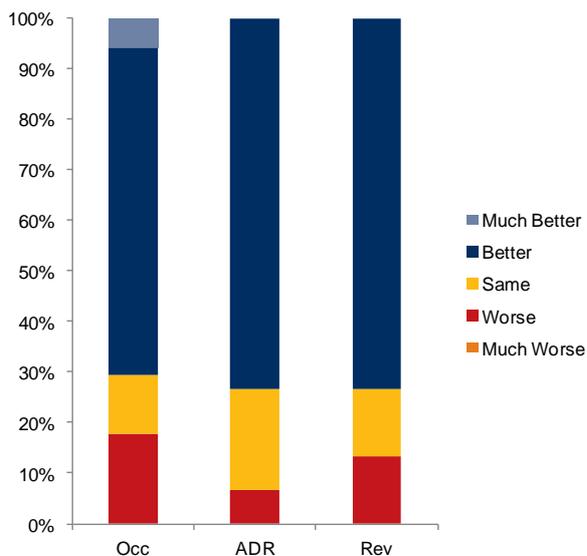
When asked if the continued global economic uncertainty had impacted hotel demand as much as they had expected, some 35 percent of hoteliers responded that demand was still affected more than expected. Approximately 53 percent of responding hoteliers indicated that the impact of the global economic uncertainties was in line with their expectations while some 12 percent of respondents felt the global economic uncertainty had impacted hotel demand less than expected.

Switzerland, Europe and the global average recorded negative scores to this question at -29, -6 and -6 respectively, a reflection of the stronger reliance on the global economy that these markets have.

“Switzerland, Europe and the global average recorded negative scores in regards to the continued impact of the global economic performance.”

IMPACT OF FINANCIAL CRISIS

	Score
Austria	-18
Switzerland	-29
Europe	-6
Global AV.	-6



“At least 65 percent of respondents stated that they expect performance in all three measures to perform better or much better.”

EXPECTATIONS OF THE SECOND HALF OF 2014

	Average	Occ	ADR	Rev
Austria	46	44	50	45
Switzerland	-19	-26	-11	-20
Europe	7	6	7	7
Global AV.	10	11	7	12

SECOND HALF MARKET OUTLOOK

What are your expectations for the second half 2014 market performance compared to second half 2013?

At least 65 percent of respondents stated that they expect performance in all three measures to perform better or much better in the second half of the year when compared to market performance in the second half of last year.

Occupancy

70.6 percent of hoteliers across Austria expect occupancy performance in the second half of 2014 to be better or much better in comparison to occupancy performance in the second half of 2013. 17 percent expect occupancy performance will be lower. And 12 percent of the respondents believe that occupancy will remain the same.

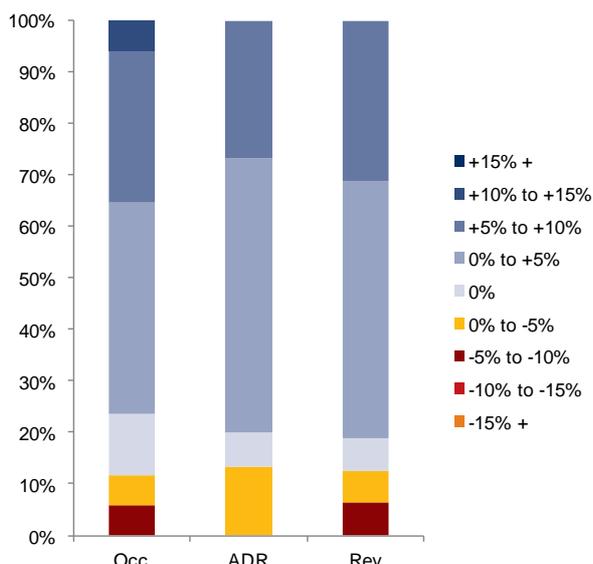
Average Daily Rate

Concerning ADR, 73 percent of hoteliers predict an improved performance compared to 2013. 20 percent of respondents feel that ADR is going to stay as it is. A small share of 7 percent of Austria’s hoteliers expects deteriorated ADR performance for the second half of 2014 when compared to the same period in 2013.

Total Revenue

A total of 73 percent of respondents have positive second half expectations regarding total revenue. The share of respondents expecting total revenue to decrease or remain constant in the second half of 2014 compared to the same period in 2013 is at 13 percent.

In conclusion Austria’s hoteliers have the most optimistic average sentiment score of 46 points in regard to the market performance for the second half of 2014 in contrast to Switzerland, Europe and the global average.



“80 percent of respondents expecting growth in total revenue.”

SECOND HALF HOTEL PERFORMANCE EXPECTATIONS

	Average	Occ	ADR	Rev
Austria	36	38	35	35
Switzerland	-12	-13	-6	-17
Europe	0	1	-1	-1
Global AV.	7	7	6	9

HOTEL PERFORMANCE EXPECTATIONS

For your hotel, what are your expectations for second half 2014 performance compared to second half 2013?

Hoteliers have a slightly better expectation for their own hotel’s performance, compared to the market in general.

More than three quarters of the Austria’s hoteliers has an expectation of growth, primarily up to 5 percent. Only about 10 percent are pessimistic and believe in deterioration when it comes to their hotels.

Occupancy

Overall, 77 percent of hoteliers expect occupancy performance at their hotel in the second half of 2014 will be better than occupancy performance in the same period last year. 35 percent of these hoteliers indicated that they expect occupancy to grow by more than 5 percent in the second half of the year. However, 12 percent of respondents expect occupancy at their hotel will decline up to -10 percent.

Average Daily Room Rate

80 percent of respondents predict an increase in ADR in the second half of 2014 when compared to ADR performance in the second half of 2013, with 27 percent of respondents expecting ADR performance to improve by more than 5 percent. However, 13 percent think ADR will decline up to -5 percent.

Total Revenue

The outlook hoteliers had for their respective property’s total revenue was the most optimistic of the three performance indicators, with 80 percent of respondents expecting growth in total revenue. Of these respondents, 31 percent expect growth in total revenue to be in excess of 5 percent in the second half of 2014 when compared to the same period in 2013. This compares to 12 percent of hoteliers that expect total revenues to decline.

Switzerland had negative sentiment scores for all three indicators and Europe expects negative development in ADR and Revenue. The global average remained positive.

Other Market Sentiment Reports

BY REGION

ASEAN
Benelux
Europe
Northeast Asia
South East Europe

BY COUNTRY

Australia
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Canada
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Czech Republic
Germany
Hungary
India
Indonesia
Italy
Japan
Mexico
Norway
Romania
Serbia
South Africa
Spain

BY CITY/DESTINATION

Beijing
Hong Kong
Shanghai
Shenzhen
Québec

Conclusion

Hoteliers in Austria have recorded significant improvement in their sentiment towards the market outlook for the second half of this year in comparison to the same period last year.

Performances of all three indicators in the first half of 2014 have met hotel operator expectations of the January Survey. Hoteliers are pleased with their expectations regarding occupancy levels and revenues.

Half of the respondents was slightly disappointed with average room rate performance.

With so much economic uncertainty across the globe, sentiments in Austria's hotel industry are weighed down. More than a third believes that demand was still affected more than expected.

Austria's hoteliers have the most optimistic average sentiment score of 46 points in regard to the market performance for the second half of 2014.

Regarding their own hotel's performance more than three quarters of Austria's hoteliers has an expectation of growth, primarily up to 5 percent.

The average sentiment score reaches 36. This score is far above the more pessimistic European and global average.

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