



INDONESIA HOTEL MARKET SENTIMENT SURVEY

July 2009

INTRODUCTION

The Horwath HTL Global Hotel Market Sentiment Survey has been designed to provide the global hotel industry a quick assessment of the future market outlook. The survey focuses on the outlook for occupancy, average room rates and total revenue.

In this mid year survey, hoteliers have also been asked to make comments on their expectations for the coming semester in comparison to the second half of last year, as well as comment on the impact the crisis has had on room night demand.

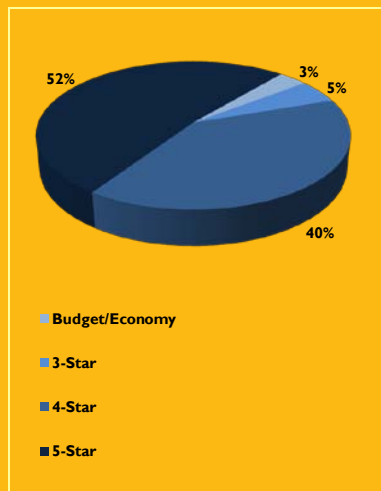
This report summarizes the outcome of the survey, gathered from responses in Indonesia. Of the 2,593 respondents, 40 percent of them came from Europe followed by Asia (27 percent), North America (11 percent), South America and Africa shared 8 percent of responses, Australia Pacific (6 percent) while Indonesia contributed a 2.4 percent responses.

At the current point in time, with the financial crisis still affecting all corners of the world, it is not surprising to find most markets across the world having the same negative assessment of the outlook for 2009. However, we hope that the following analysis provides some useful insight as to the expectations for different hotel markets across the world.

This being the second survey this year by Horwath HTL, we have been able to analyze previous sentiment scores in order to give a more in depth analysis.

SHARE OF RESPONDENTS

BY STAR CLASSIFICATION



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**SENTIMENT RANKINGS
SCORE OVERVIEW**

Score By Region		
	Jul	Feb
1. South America	3	9.7
2. Africa	-22	-20.7
3. Asia	-41	-41.2
4. North America	-46	-41.0
5. Australia Pacific	-48	-34.1
6. Europe	-55	-36.0

Top 5 Countries Score		
	Jul	Feb
1. Indonesia	19	-4.3
2. Brazil	18	N/A
3. India	-1	-40.1
4. Macedonia	-4	-8.6
5. Serbia	-16	17.2

"A sentiment score of positive 19, indicating Indonesian hoteliers are expecting a performance increase in 2009."

RANKING SCORE KEY

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

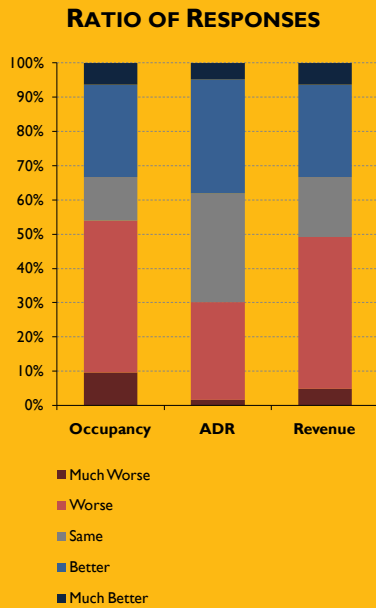
SENTIMENT RANKINGS

As a way to measure and compare results across the 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 utilized 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, whereas a positive 150 signifies a very optimistic outlook. The purpose of creating a sentiment index or score is also to better track changes in market sentiment in future surveys to be conducted by Horwath HTL.

The sentiments of hoteliers across all countries have been clearly affected by the global economic crisis, visible from the results. General market sentiment was rather pessimistic with a global average score of negative 40, down further from the negative 34 calculated in February. This shows that the current crisis still has a strong impact on the global hotel market outlook. As opposed to the beginning of the year, no regions have shown any positive sentiment for the second half of 2009. South America has retained a positive sentiment score of 3; once again, the only region that scored positively.

Africa and Asia have not seen any dramatic changes in their sentiment for the second half of the year, still conveying a pessimistic view, with scores of negative 22, and 41 respectively. Australia Pacific and Europe have shown significant decreases in their sentiment scores, both regions have lost two places in the ranking to take 5th and 6th places respectively. Europe encompassed some of the most pessimistic countries in the survey with the Czech Republic (-93), Ireland (-88), and Slovakia (-84) showing the lowest sentiment scores. Hoteliers in North America, still expect a relatively bleak outlook for the rest of 2009 as the region registered a sentiment score of (-46; 5) points, lower than in February. Slovakia (-84), Ireland (-88), Czech Republic (-93), Hong Kong (-94), and Singapore (-80) rounded up the bottom five countries. Japan, which had the lowest sentiment score last year (-74), scored a similar (-72) to place them 9th in the top 10 countries with the lowest sentiment scores.

FIRST HALF MARKET PERFORMANCE



"54 percent of hoteliers in Indonesia replied that performance in the first half of the year was worse or much worse than what had been expected."

The first survey question dealt with the contributors' actual performance in the first half of the year compared to their expectations at the beginning of the year.

In response to expectations on market-wide occupancy performance, 54 percent of hoteliers replied that performance in the first half of the year was worse or much worse than what had been expected, 13 percent replied that occupancy performance was the same and 33 percent replied better or much better. As a comparison, 56 percent of hoteliers expected a decrease in occupancy in our February survey.

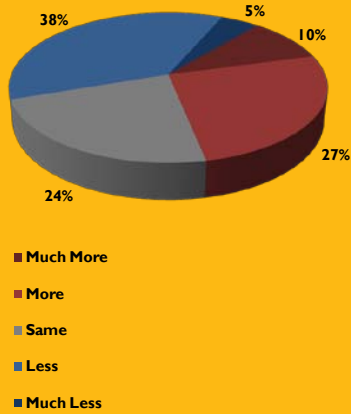
31 percent of the respondents showed that ADR performance was worse or much worse than expected, 32 percent showed the same and 38 percent actually performed better or much better. Our February survey shows that 50 percent of the respondents also shared better or much better ADR performance.

In terms of revenue performance, the majority, 49 percent replied that performance was worse or much worse, 17 percent performed the same and 33 percent performed better or much better than expected. The trend is similar to the February survey where 42 percent of the respondents were expecting a worse or much worse performance.

INDONESIA MARKET-WIDE PERFORMANCE SCORE

	Jul	Feb
Occupancy	-17.9	-24.0
ADR	8.3	22.9
Revenue	-10.7	1.1

RATIO OF RESPONSES



"Indonesia scored a positive 6 sentiment score."

IMPACT OF FINANCIAL CRISIS SCORE

Indonesia	6
1. South America	-17
2. Asia	-18
3. Australia Pacific	-24
4. Europe	-29
5. Africa	-36
6. North America	-41

THE IMPACT OF THE FINANCIAL CRISIS

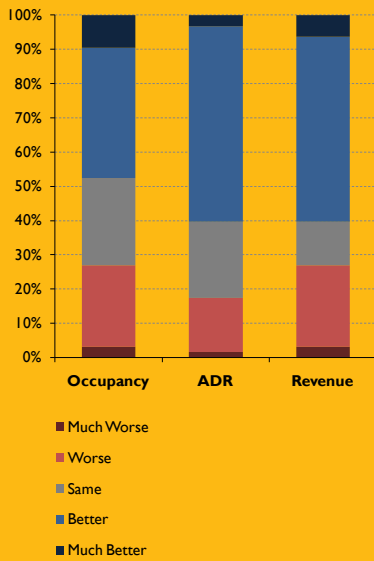
The second question asked respondents if the current economic crisis has impacted demand to the extent which was expected.

When hoteliers were asked if the crisis had impacted their demand as expected, 33 percent responded that demand had been affected more or much more than expected, 24 percent replied that demand had been affected the same amount as had been expected and 43 percent of respondents claimed that the crisis has impacted demand less or much less than had been expected.

Comparing to the hotel performance ranking by region, it is noted that Indonesia has a more positive sentiment score, even when compared to Asia which fall on the second place with negative 18 sentiment score.

SECOND HALF MARKET OUTLOOK

RATIO OF RESPONSES



"60 percent of hoteliers in Indonesia are expecting higher revenues in the second half 2009 compared with second half 2008."

HOTEL PERFORMANCE SCORE

Occupancy	20.2
ADR	33.3
Revenue	27.4

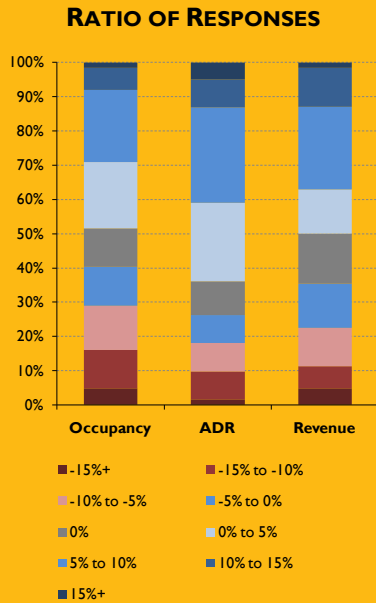
Hoteliers were asked their expectation for the second half of the year compared to the second half of last year, in relation to hotel occupancy, average room rate and hotel revenues.

27 percent of respondents stated that they expected all performance measures to perform worse or much worse, 25 percent stated it will perform the same, while the majority, 48 percent, replied that occupancy will perform better or much better in the second half of the year in comparison to the second half of last year.

ADR recorded only an 18 percent of worse or much worse than expected performance, while 22 percent expected the same, and an outstanding 60 percent of respondents are expecting a better or much better performance.

In terms of revenue, 27 percent of respondents expecting a worse or much worse performance, 13 percent expecting the same, and again 60 percent, the majority, are expecting a better or much better revenue performance, sharing the similar trend to the ADR performance.

HOTEL PERFORMANCE EXPECTATION



"48 percent of Indonesian hoteliers expect to see a demand increase, 64 percent expected an ADR increase and 50 percent expected revenue growth in the second half of 2009"

The last survey question asked was for hoteliers to give their expectation of how their respective hotels will fare in the second half of 2009 with respect to the second half of 2008, in percentage terms.

The global sentiment outlook was yet again rather bleak from hoteliers, with a global sentiment average score of negative 49. Over 60 percent of hoteliers expect to see a drop in performance growth of at least 5 percent, and on average 15 percent of hoteliers around the globe expect to see hotel performance contract by 15 percent or more.

Although a negative 1.2 sentiment score was recorded, a majority of 21 percent of respondents are expecting a 5 to 10 percent increase followed by those who expected a 0 to 5 percent increase.

With a 25.2 sentiment score for ADR performance, 28 percent of the respondents expected a 5 to 10 percent increase followed by 23 percent expecting a 0 to 5 percent increase.

The majority, 24 percent, respondents expected a 5 to 10 percent increase of revenue while the majority, 50 percent, expected the revenue to increase. Hoteliers in Indonesia scored a positive 10.3 sentiment score for the upcoming second half of 2009.

HOTEL PERFORMANCE SCORE	
Occupancy	-1.2
ADR	25.2
Revenue	10.3

CONCLUSIONS

It has to be noted that the survey has been taken before the Indonesia presidential election and before the atrocious Mega Kuningan double bombings of the JW Marriott and the Ritz-Carlton Jakarta, and, therefore, more focusing the survey to the impact of the global financial crisis.

Although the current financial crisis is seen to have affected the demand all over the world including Indonesia, with a slightly better ADR performance than expected in the first half of 2009, hoteliers in Indonesia generally expect better performance in terms of demand, ADR and revenue for the upcoming second semester of 2009.

Other Market Sentiment Reports

BY REGION

ASEAN Benelux Europe Northeast Asia South East Europe

BY COUNTRY

Australia Austria Belgium Bulgaria Canada China
 Croatia Czech Republic France Germany Hungary India
 Indonesia Italy Japan Macedonia Montenegro Mexico
 Netherlands Norway Romania Serbia Singapore Slovenia
 South Africa Spain

BY CITY/ DESTINATION

Beijing Hong Kong Shanghai Shenzhen

Horwath HTL - Office Locations

ASIA PACIFIC

Auckland, New Zealand
Auckland@HorwathHTL.com

Beijing, China
Beijing@HorwathHTL.com

Hong Kong, SAR
HongKong@HorwathHTL.com

Honolulu, USA
Hawaii@HorwathHTL.com

Jakarta, Indonesia
Jakarta@HorwathHTL.com

Kuala Lumpur, Malaysia
KL@HorwathHTL.com

Mumbai, India
vthacker@HorwathHTL.com

Shanghai, China
Shanghai@HorwathHTL.com

Singapore, Singapore
Singapore@HorwathHTL.com

Sydney, Australia
Sydney@HorwathHTL.com

Tokyo, Japan
Tokyo@HorwathHTL.com

EUROPE

Amsterdam, Netherlands
hoogendoorn@horwath.nl

Andorra la Vella, Andorra
JParis@HorwathHTL.es

Barcelona, Spain
PPitarch@HorwathHTL.es

Belfast, UK
michael.williamson@asmhorwath.com

Budapest, Hungary
budapestoffice@horwathconsulting.net

Dublin, Ireland
post@horbc.ie

Frankfurt, Germany
knospe@HorwathHTL.de

Kiev, Ukraine
HRodriguez@horwath.com.ua

London, UK
VMarti@HorwathHTL.es

Madrid, Spain
vmarti@horwathconsulting.com

Moscow, Russia
Moscow@horwathconsulting.net

Paris, France
pdoizelet@HorwathHTL.fr

Rabat, Morocco
glanfray@HorwathHTL.fr

Rome, Italy
aiadecola@horwathhtl.it

Salzburg, Austria
kploberger@horwathhtl.at

Tunis, Tunisia
glanfray@horwathhtl.fr

Zagreb, Croatia
sanja.cizmar@horwath.hr

NORTH/CENTRAL AMERICA

Atlanta, USA
mbeadle@horwathhl.com

Dallas, USA
rbesse@horwathhl.com

Denver, USA
jmontgomery@horwathhl.com

Los Angeles, USA
ynathraj@horwathhl.com

Mexico City, Mexico
bbasave@horwath.com.mx

Montreal, Canada
horwath@horwath-lariviere.com

Palm Beach, USA
staylor@horwathhl.com

San Francisco, USA
jhiser@HorwathHTL.com

Santo Domingo, Dominican Republic
sotero@codetel.net.do

Toronto, Canada
horwath@hhgi.com

SOUTH AMERICA

Buenos Aires, Argentina
ochudnobsky@HorwathHTL.com

AFRICA

Cape Town, South Africa
Capetown@HorwathHTL.co.za

MIDDLE EAST

Beirut, Lebanon
kamelac@horwathac.com