



Horwath HTL™

Hotel, Tourism and Leisure

The global leader in
hospitality consulting

**Horwath HTL
Hotel Performance
Confidence Indicator
Volume 01 2012**

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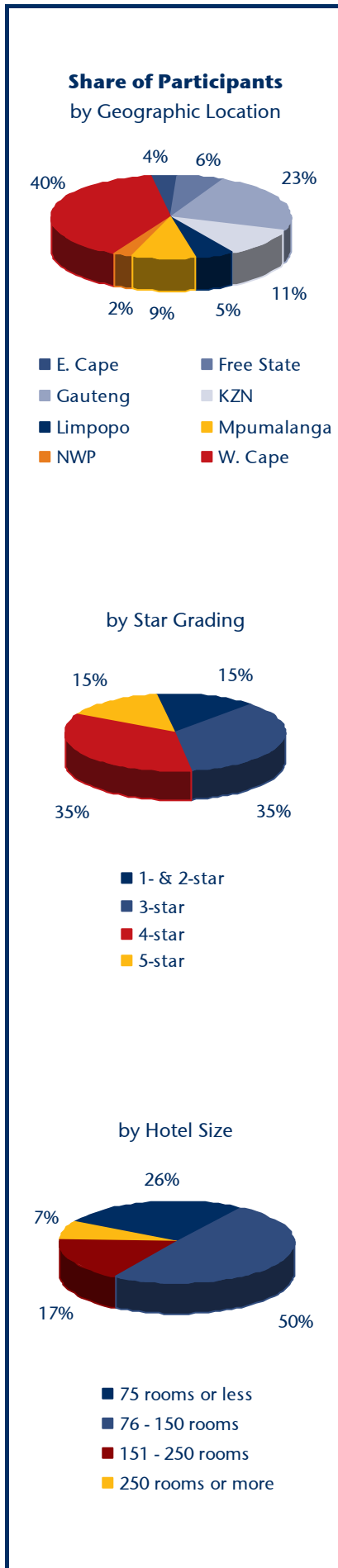
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We are pleased to present the Horwath HTL Hotel Performance Confidence Indicator for the first quarter of 2012 as well as the 2012 calendar year. The indicator aims to reflect confidence in the performance of the South African hotel industry on a quarterly basis.

For the purposes of this analysis, hotel managers throughout South Africa were asked to forecast their hotel’s performance in terms of likely market demand in 2012 when compared to 2011. In addition, hotel managers were asked to express their expectations in terms of likely performance of the major market demand segments in 2012.

In total 81 hotel managers, 78 percent of whom were General Managers, participated in the analysis. This report summarizes the outcome of the survey. The results are segmented by star grading, hotel size and geographic location, which should provide for interesting benchmarking opportunities.

Of the 81 respondents, some 40 percent of them represented hotel establishments located in the Western Cape followed by representatives of hotel establishments located in Gauteng (23 percent), KwaZulu Natal (11 percent), Mpumalanga (9 percent), the Free State (6 percent), Limpopo (5 percent), the Eastern Cape (4 percent), and North West Province (2 percent). No responses were received from the Northern Cape industry.

The majority of respondents represented hotel establishments of a 3- and 4-star standard (approximately 35 percent respectively), whilst respondents representing hotel establishments of a 1- & 2-star standard and a 5-star standard accounted for approximately 15 percent of responses received respectively.

In terms of hotel size, half of the respondents represented mid-scale establishments with between 76 & 150 rooms. Approximately 26 percent of responses were received from hotel managers representing establishments with less than 75 rooms whilst respondents representing establishments with 151 to 250 rooms accounted for approximately 17 percent of the responses received. Large-scale establishments with more than 250 rooms accounted for approximately 7 percent of the responses.

We would like to thank all the hotel managers who provided us with their feedback and look forward to the industry’s continued support. We welcome any comments and suggestions that will make this publication more relevant and helpful to the South African hotel sector.

Sincerely,
 Michelè de Witt
 Director

SUMMARY OF RESULTS (QUARTER 1, 2012):

According to the Hotel Review report published by STR Global, the South African hotel industry registered an aggregate occupancy rate of approximately 54,9 percent in the first quarter of 2011 marginally lower than the estimated occupancy rate registered in respect of the first quarter in 2010. Average room rate in the first quarter of 2011 was approximately R875, also marginally lower than the estimated R886 average room rate registered in respect of the same period in 2010.

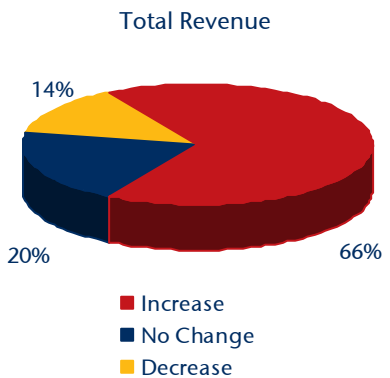
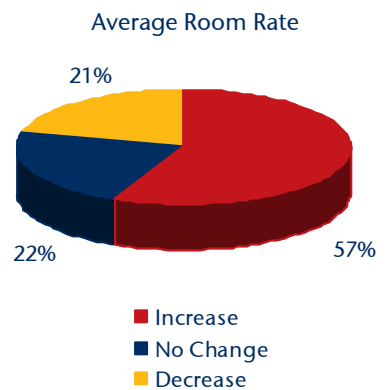
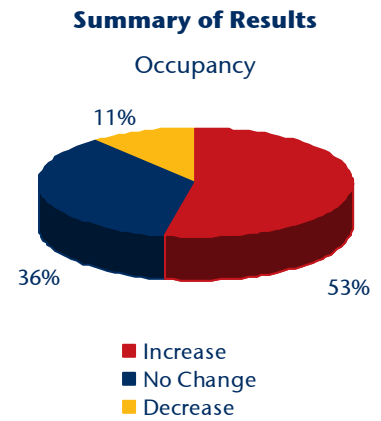
According to responding hotel managers, the outlook for the first quarter of 2012, when compared to performance registered in the first quarter of 2011, is positive with the majority of respondents expecting increases in occupancy, average room rate, and total revenue.

Approximately 53 percent of respondents anticipate an increase in occupancy in the first three months of 2012 when compared to occupancy levels registered in the same three month period last year. A further 36 percent of respondents anticipate occupancy levels will remain similar to that experienced in the first quarter of 2011 whilst approximately 11 percent of respondents anticipate occupancy will decrease in the first quarter of 2012 when compared to occupancy registered in the first quarter of 2011.

Hotel managers appear slightly more confident in an increase in average room rate in the first quarter of 2012. Approximately 57 percent of respondents anticipate average room rate in the first quarter will increase when compared to average room rate achieved in the same period last year. Although approximately 21 percent of respondents anticipate average room rate in the first quarter of 2012 will decrease when compared to the average room rate registered in respect of the first quarter of 2011, approximately 22 percent of respondents expect there to be no change in the aggregate average room rate achieved in the coming three month period when compared to the aggregate average room rate achieved in the same three month period last year.

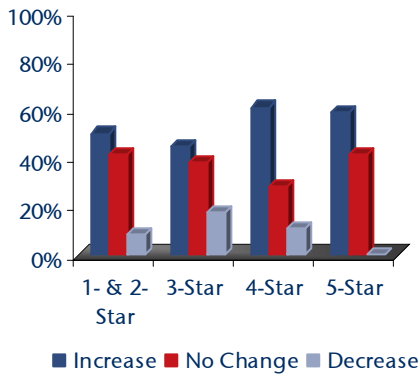
In terms of total revenue expectations, two thirds of the responding hotel managers expect to record an increase in total revenue in the first quarter of 2012 when compared to total revenue registered in respect of the first quarter last year. Approximately 20 percent of respondents anticipate no change in total revenue in the coming three month period; however, approximately 14 percent of respondents disagree, indicating they expect total revenue in the first quarter of 2012 will decrease when compared to total revenue registered in respect of the first quarter of 2011.

Despite the low levels of confidence conveyed by some of the respondents, it is encouraging that more than half of all respondents anticipate improved performance in all three indicators in the first quarter of 2012 ~ a marked upswing in confidence when compared to feedback received a year ago.



CONFIDENCE INDICATOR BY STAR GRADING:

By Star Grading
Occupancy



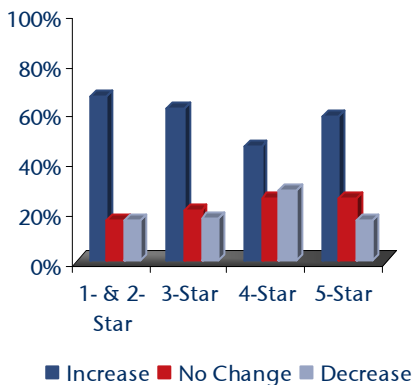
Hotel managers representing the 3-star segment are the least confident in an increase in occupancy levels in the first quarter of 2012 when compared to occupancy registered in the same period last year with only 48 percent of these hotel managers expecting occupancy to increase.

With 61 percent of respondents anticipating an increase in occupancy in the first quarter of 2012 when compared to the same period last year, hotel managers representing the 4-star segment are the most confident in recording improved occupancy in the coming three month period.

Although 42 percent of hotel managers representing the 5-star segment anticipate no change in occupancy in the first quarter, the remaining 58 percent of these hotel managers are expecting occupancy in the first quarter of 2012 to register an increase when compared to occupancy recorded in the same period last year.

In the 1- & 2-star segment, half of these hotel managers anticipate an increase in occupancy in the first three months of 2012, whereas a further 42 percent of these hotel managers anticipate occupancy in the first quarter of 2012 will remain unchanged when compared to occupancy registered in respect of the first quarter of 2011.

Average Room Rate

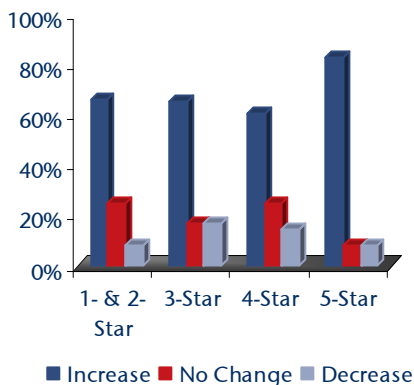


Interestingly, despite being the most confident in an increase in occupancy in the first quarter of 2012, hotel managers representing the 4-star segment are the least confident in terms of improved average room rate. In fact, only 46 percent of these hotel managers anticipate an increase in average room rate in the first three months of 2012 when compared to the same period last year whilst a further 29 percent of these hotel managers anticipate average room rate in the first quarter will decrease when compared to average room rate recorded in the same period last year.

Despite relatively low confidence in increased occupancy in the first quarter of 2012, hotel managers representing the 1- & 2-star segment and the 3-star segment were more confident regarding an increase in average room rate with 67 percent and 62 percent of these hotel managers respectively asserting that average room rate in the first quarter of 2012 would increase when compared to average room rate registered in the first quarter of 2011.

Approximately 58 percent of hotel managers representing the 5-star segment anticipate average room rate in the first three months of 2012 will increase when compared to the average room rate registered in respect of the first three months of 2011.

Total Revenue



More than 60 percent of hotel managers representing the 1- through 4-star segments anticipate an increase in total revenue in the first quarter of 2012 when compared to total revenue registered in the first quarter of 2011.

With only 61 percent of hotel managers representing the 4-star segment expecting an increase in total revenue, these hotel managers are the least confident in an increase in total revenue.

Hotel managers representing the 5-star segment are the most confident in an increase in total revenue in the first quarter of 2012. Approximately 83 percent of these hotel managers expect total revenue in the first quarter of 2012 to increase when compared to total revenue registered in respect of the same period in 2011.

CONFIDENCE INDICATOR BY HOTEL SIZE:

Hotel managers of mid-scale establishments (76-150 rooms) and establishments with between 151 and 250 rooms are the most confident in an increase in occupancy in the first quarter of 2012 when compared to occupancy registered in the first quarter of 2011. Approximately 63 percent of hotel managers representing mid-scale establishments and approximately 50 percent of hotel managers representing establishments with between 151 and 250 rooms anticipate an increase in occupancy.

Although the majority (48 percent) of hotel managers representing smaller establishments with less than 75 rooms anticipate occupancy will remain the same as occupancy registered in respect of the first quarter of 2011, a further 43 percent of these hotel managers anticipate occupancy levels in the first quarter of 2012 will increase when compared to the same period last year.

Hotel managers of large scale establishments (250+ rooms) are the least confident in an increase in occupancy. In fact half of these hotel managers anticipate occupancy will remain consistent with occupancy levels registered in respect of the first quarter of 2011, whereas only 33 percent of these hotel managers anticipate an increase.

In terms of average room rate expectations, hotel managers of small and mid-scale establishments are the most confident in an increase in average room rate in the first quarter of 2012 when compared to average room rate registered in respect of the first quarter of 2011. Approximately 62 percent of hotel managers of small establishments and approximately 63 percent of hotel managers of mid-scale establishments expect average room rate in the first three months of 2012 to increase.

Although the majority (43 percent) of hotel managers representing establishments with between 151 and 250 rooms anticipate an increase in average room rate in the first quarter of 2012, a further 36 percent of these hotel managers anticipate average room rate in the first quarter will remain unchanged when compared to average room rate registered in respect of the first quarter of 2011.

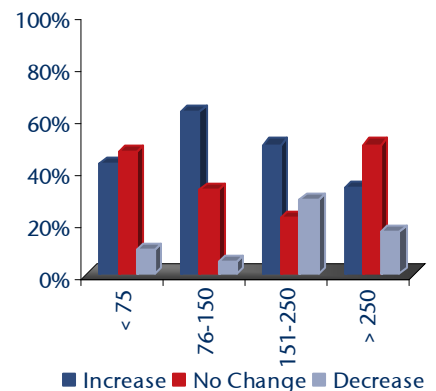
Hotel managers of large scale establishments are the least confident in terms of average room rate performance in the first quarter of 2012. Approximately half of these hotel managers expect average room rate in the first quarter of 2012 to decrease when compared to the same period last year.

Yet half of the responding hotel managers of large scale establishments expect an increase in total revenue in the first quarter of 2012 when compared to the same period last year.

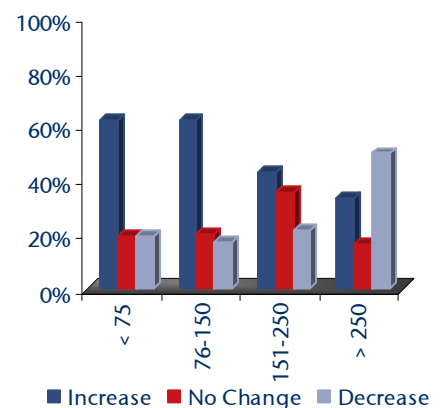
With 73 percent of respondents indicating they expect an increase in total revenue in the first quarter of 2012, hotel managers of mid-scale establishments are the most confident followed by hotel managers of small establishments where approximately 67 percent of these hotel managers expect total revenue in the first quarter of 2012 will surpass total revenue registered in the first quarter of 2011.

Of the hotel managers representing establishments with between 151 and 250 rooms, approximately 57 percent expect an increase whereas approximately 29 percent expect a decrease in total revenue in the first quarter of 2012 when compared to total revenue registered in the first quarter of 2011.

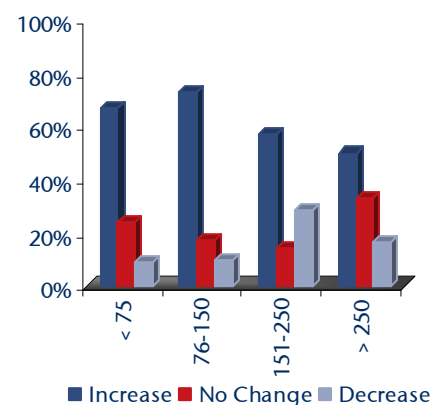
By Hotel Size
Occupancy



Average Room Rate



Total Revenue



CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

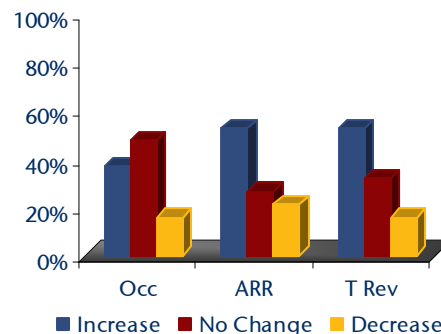
GAUTENG:

The majority of hotel managers from the Gauteng industry expect occupancy in the first quarter of 2012 to remain unchanged when compared to occupancy registered in the first quarter of 2011; average room rate to increase when compared to performance registered in this indicator in the same period last year; and an increase in the third indicator (total revenue).

Whilst approximately 47 percent of these hotel managers anticipate occupancy will remain consistent with that registered in the first quarter of 2011, approximately 37 percent of these hotel managers predict occupancy in the first three months of 2012 will increase when compared to occupancy achieved in the same three month period last year.

With reference to average room rate, approximately 53 percent of these hotel managers expect an increase in average room rate in the first quarter of 2012 when compared to average room rate registered in the same period last year. A further 26 percent these hotel managers expect average room rate will remain unchanged, whilst the remaining 21 percent of these hotel managers expect average room rate in the first quarter of 2012 will decrease when compared to average room rate achieved in the first quarter of 2011.

However, fewer hotel managers expect a decrease in total revenue in the first quarter of 2012 when compared to total revenue registered in respect of the first quarter of 2011; approximately 16 percent. Approximately 32 percent of these hotel managers expect total revenue to remain unchanged whilst approximately 53 percent of these hotel managers anticipate an increase in total revenue in the first quarter of 2012 when compared to total revenue achieved in the first quarter of 2011.



CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

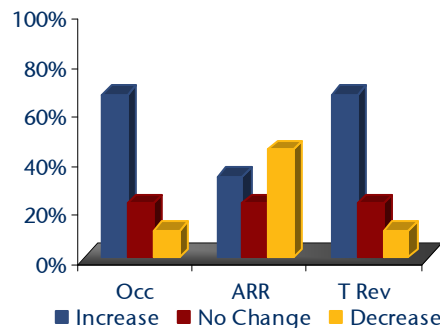
KWAZULU NATAL:

Hotel managers representing the KwaZulu Natal industry are particularly confident in an increase in occupancy in the first quarter of 2012 when compared to occupancy registered in respect of the first quarter of 2011; however these hotel managers are not too confident in an increase in average room rate in the first quarter. Nevertheless, the majority of these hotel managers are confident in an increase in total revenue.

Two thirds of hotel managers representing the KwaZulu Natal industry expressed confidence in an increase in occupancy over the first three months of 2012 when compared to the same period in 2011. Approximately 22 percent of these hotel managers are of the opinion that occupancy will remain consistent with occupancy levels registered in respect of the same three month period last year, whilst a further 11 percent of these hotel managers expect occupancy to decrease.

Although the majority of these hotel managers expect average room rate in the first quarter of 2012 to decrease when compared to average room rate achieved in the first quarter of 2011, one third of these hotel managers expect average room rate in the first three months of the year will increase when compared to the same period last year. Approximately 22 percent of these hotel managers predict average room rate will remain unchanged.

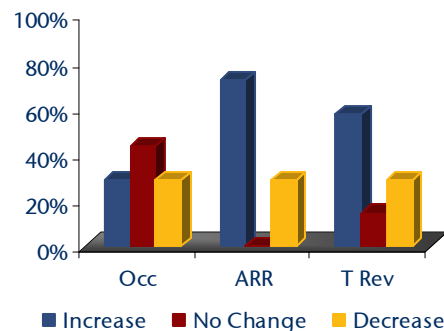
Despite relatively weak confidence in an improved average room rate, the majority (approximately 67 percent) of hotel managers representing the KwaZulu Natal industry expect an increase in total revenue in the first three months of this year when compared to total revenue achieved in the first three months of last year. A further 22 percent of these hotel managers expect total revenue in the first quarter of 2012 will remain consistent with total revenue achieved in the first quarter of 2011 whilst approximately 11 percent of these hotel managers predict total revenue in the first quarter will decrease when compared to total revenue achieved in the first quarter of last year.



CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

MPUMALANGA:

Hotel managers representing the Mpumalanga industry are particularly confident in an increase in average room rate in the first quarter of 2012 when compared to average room rate registered in respect of the same three month period in 2011. However, the majority of these hotel managers do not foresee an improvement in occupancy levels in the first quarter. Nevertheless, the majority of these hotel managers affirm that total revenue in the first quarter of 2012 will increase when compared to total revenue registered in the first quarter of 2011.



Whilst approximately 29 percent of these hotel managers are of the opinion occupancy will increase in the first quarter of 2012 when compared to occupancy performance registered in respect of the first quarter of 2011, an equal proportion of these hotel managers are of the opinion occupancy levels in the first quarter of 2012 will decrease when compared to the same period in 2011. Approximately 43 percent of these hotel managers predict occupancy will remain unchanged in the first three months of 2012 when compared to occupancy levels registered in the same three month period last year.

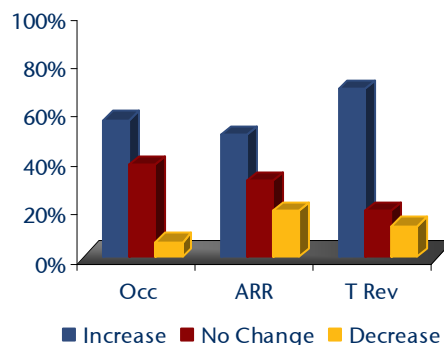
Despite an overwhelming majority (approximately 71 percent) of these hotel managers being confident in an increase in average room rate in the first quarter of 2012 when compared to average room rate performance in the first quarter of 2011, the remaining hotel managers expect average room rate in the first quarter of 2012 will decrease.

Consequently, little more than half (approximately 57 percent) of these hotel managers are confident in an increase in total revenue in the first quarter of 2012 when compared to total revenue registered in the first quarter of 2011. Approximately 14 percent of these hotel managers expect total revenue to remain unchanged whilst approximately 29 percent of these hotel managers expect total revenue in the first three months of 2012 will decrease when compared to total revenue registered in respect of the first three months of 2011.

CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

WESTERN CAPE:

Hotel managers in the Western Cape expressed moderate confidence in an increase in all three performance indicators in the first three months of 2012 when compared to performance achieved in the first three months of 2011.



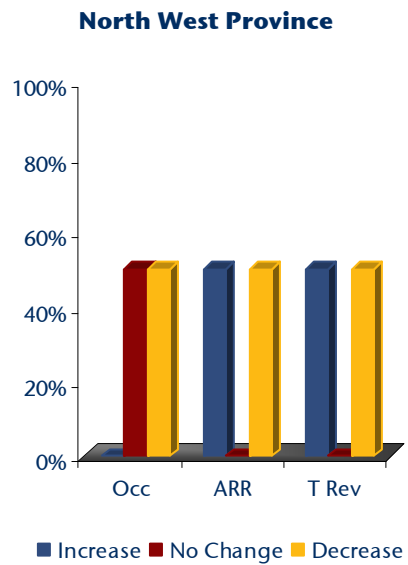
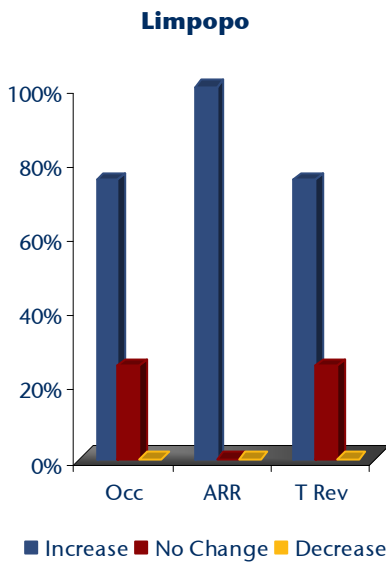
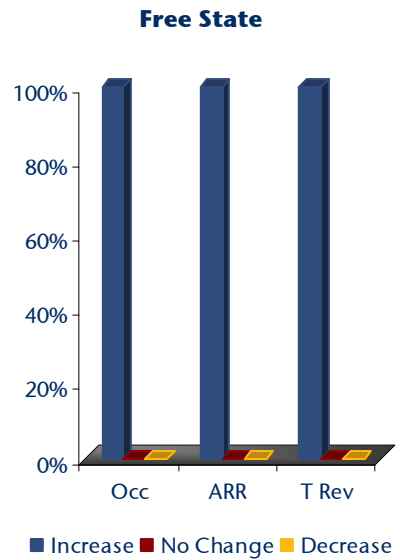
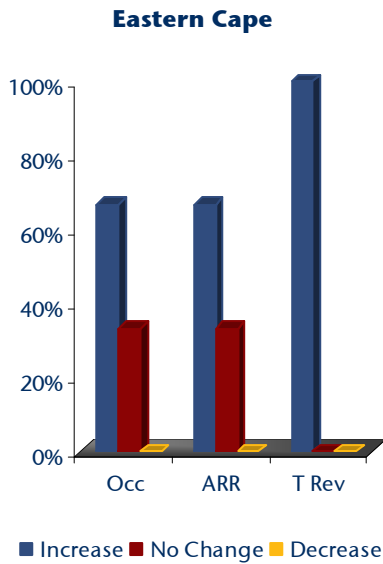
Although little more than half (approximately 56 percent) of these hotel managers are confident in an increase in occupancy in the first three months of 2012, approximately 38 percent of these hotel managers predict occupancy will remain unchanged when compared to occupancy levels registered in the first three months of last year. Only 6 percent of these hotel managers anticipate a decrease in occupancy in the first quarter of 2012 when compared to the same period in 2011.

Confidence in an increase in average room rate is lower. Despite fifty percent of hotel managers being confident in an increase in average room rate in the first quarter of 2012, a further 31 percent of these hotel managers expect average room rate in the first quarter will remain unchanged when compared to average room rate registered in respect of the first quarter of 2011. Approximately 19 percent of these hotel managers expect average room rate to decrease in the first quarter of 2012.

Of the three performance indicators, Western Cape hotel managers are the most confident in an increase in total revenue in the first three months of 2012 when compared to the same three month period in 2011. Approximately 69 percent of these hotel managers are confident in an increase in total revenue. Whilst approximately 19 percent of these hotel managers expect total revenue in the first quarter will remain consistent with total revenue registered in respect of the same period last year, approximately 13 percent of these hotel managers expect total revenue in the first quarter will decrease when compared to total revenue performance in the same period last year.

**CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:
EASTERN CAPE/ FREE STATE/ LIMPOPO/ NORTH WEST PROVINCE:**

The number of responses received from the Eastern Cape, Free State, Limpopo, and North West Province did not allow for meaningful analysis. The graphic representation of these responses is depicted below for illustrative purposes only.



SUMMARY OF RESULTS (FULL YEAR 2012):

Feedback received from responding hotel managers throughout South Africa indicates that hotel managers are expecting hotel performance in 2012 to be better than hotel performance registered in respect of 2011. Furthermore, hotel managers are more confident in an increase in all three performance indicators in respect of the full calendar year than they are of an increase in each performance indicator in the first three months of 2012.

Overall, approximately 63 percent of hotel managers are confident in an increase in occupancy; approximately 63 percent of hotel managers are confident in an increase in average room rate; and approximately 74 percent of hotel managers are confident in an increase in total revenue in respect of the full calendar year 2012 when compared to the performance registered in respect of each indicator in 2011.

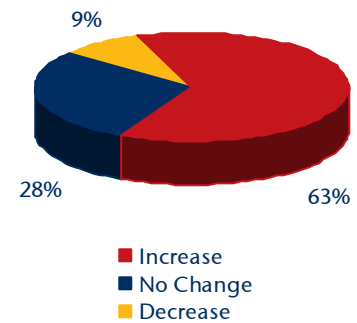
In terms of likely room night demand, approximately 28 percent of the responding hotel managers disagree and expect occupancy levels for 2012 will remain consistent with occupancy levels recorded in 2011. Only 9 percent of hotel managers indicated that they expect occupancy in 2012 to decrease when compared to occupancy recorded in 2011.

Similarly in respect of average room rate ~ approximately 26 percent of responding hotel managers expect to achieve a similar average room rate in 2012 as they did in 2011. However, approximately 11 percent of hotel managers anticipate average room rate in respect of the full year will decrease when compared to average room rate registered in respect of the 2011 calendar year.

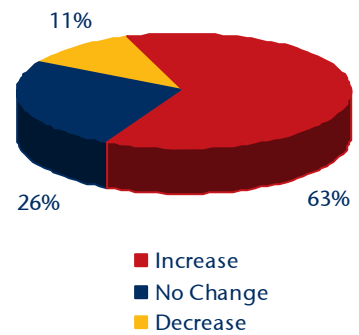
Almost three quarters of hotel managers confident in an increase in total revenue in 2012, yet approximately 10 percent of responding hotel managers indicated they expect total revenue this year to decrease when compared to total revenue registered in respect of last year. Approximately 16 percent of hotel managers anticipate total revenue in 2012 will remain consistent with total revenue recorded in respect of 2011.

Summary of Results

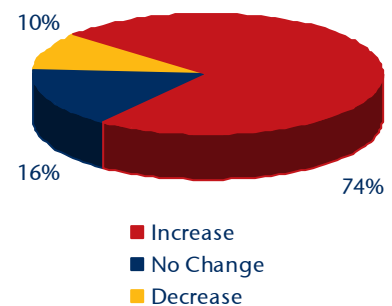
Occupancy



Average Room Rate

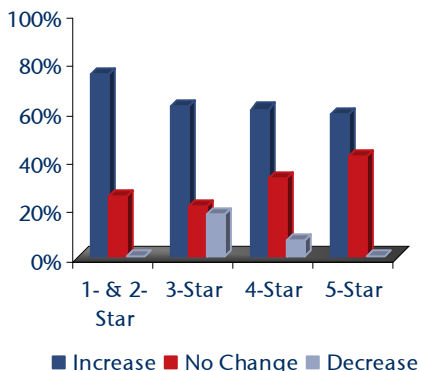


Total Revenue



CONFIDENCE INDICATOR BY STAR GRADING:

By Star Grading
Occupancy

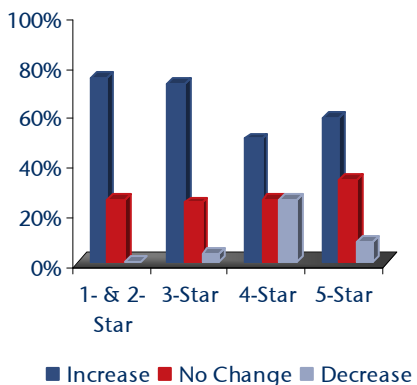


Hotel managers of establishments of a 1-, 2- and 3-star standard are more confident in an increase in occupancy and average room rate in respect of the coming twelve month period when compared to the same twelve month period last year than their colleagues representing the 4- and 5-star segments. However, hotel managers of 4- and 5-star establishments are marginally more confident in an increase in total revenue this year than their colleagues representing establishments of a 1- to 3-star standard.

Hotel managers representing the 1- and 2-star segments are the most confident in an increase in occupancy this year with three-quarters of these hotel managers expecting to record an increase in occupancy. None of these hotel managers anticipate a decrease in occupancy in 2012.

By comparison, hotel managers representing the 5-star segment are the least confident in an increase in occupancy in 2012; nevertheless, none of these hotel managers anticipate a decrease in occupancy in 2012. Approximately 58 percent of these hotel managers anticipate better occupancy performance this year when compared to last year.

Average Room Rate

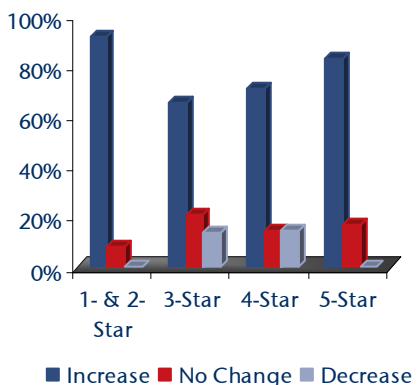


Although approximately 62 percent of hotel managers representing the 3-star segment and approximately 61 percent of hotel managers representing the 4-star segment are confident in an increase in occupancy in 2012, approximately 17 percent and 7 percent respectively are of the opinion that occupancy in 2012 will decrease when compared to occupancy registered in respect of 2011.

In terms of likely average room rate performance in 2012, approximately 75 percent of hotel managers representing the 1- and 2-star segments and approximately 72 percent of hotel managers representing the 3-star segment are confident in an increase in average room rate in 2012 when compared to average room rate registered in respect of 2011. Only 3 percent of hotel managers representing the 3-star segment anticipate average room rate will decrease.

In the 4-star segment, half of these hotel managers are confident in an increase in average room rate whilst a quarter of these hotel managers expect average room rate to decrease in 2012 when compared to average room rate registered in respect of 2011.

Total Revenue



Hotel managers representing the 5-star segment are slightly more confident regarding average room rate performance in 2012; approximately 58 percent of these hotel managers anticipate average room rate will increase whereas only 8 percent of these hotel managers anticipate average room rate in 2012 will decrease when compared to the average room rate registered in respect of 2011.

Approximately 92 percent of hotel managers representing the 1- and 2-star segments are confident in an increase in total revenue in 2012 whereas in the 3-star segment confidence is lower with approximately 66 percent of these hotel managers expecting an increase in total revenue this year.

Hotel managers of 5-star establishments are more confident in an increase in total revenue this year (83 percent) than their colleagues representing the 4-star segment (approximately 71 percent).

CONFIDENCE INDICATOR BY HOTEL SIZE:

Hotel managers representing small and mid-scale establishments are, overall, more confident in an increase in occupancy, average room rate, and total revenue during the course of 2012 than their colleagues representing larger establishments.

Hotel managers representing establishments with less than 75 rooms are the most confident in an increase in occupancy in 2012 when compared to occupancy registered in respect of 2011 (approximately 76 percent) followed by hotel managers representing mid-scale establishments (approximately 63 percent), and hotel managers representing establishments with between 151 and 250 rooms (approximately 57 percent).

Hotel managers of large scale establishments comprising 250 rooms or more are the least confident in an increase in occupancy in 2012. The majority of these hotel managers (approximately 50 percent) anticipate occupancy in 2012 will remain unchanged when compared with occupancy registered in 2011.

In terms of likely average room rate performance, with approximately 73 percent of hotel managers representing mid-scale establishments and approximately 71 percent of hotel managers representing smaller establishments with less than 75 rooms expecting an increase in average room rate in 2012 when compared to average room rate registered in respect of 2011, this group of hotel managers are the most confident.

By comparison, the majority of hotel managers representing establishments with between 151 and 250 rooms anticipate average room rate will remain unchanged in 2012 when compared to average room rate achieved last year whilst hotel managers representing large scale establishments are equally divided (one third increase; one third no change; one third decrease) in their average room rate expectations.

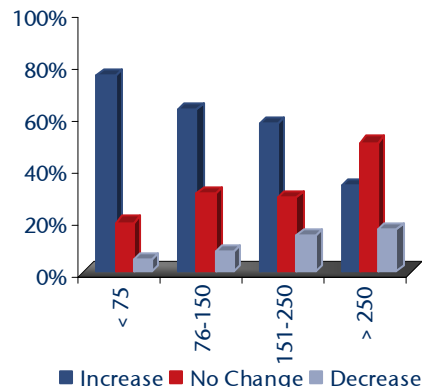
Despite low confidence in improved occupancy and average room rate performance in 2012, the majority of hotel managers representing large scale establishments (approximately 50 percent) are confident in an increase in total revenue in 2012 when compared to total revenue performance registered in 2011. Nevertheless, this group of hotel managers remain the least confident.

Hotel managers representing establishments with between 151 and 250 rooms are slightly more confident in an increase in total revenue with approximately 58 percent of these hotel managers expecting total revenue in 2012 to increase when compared to total revenue registered in 2011.

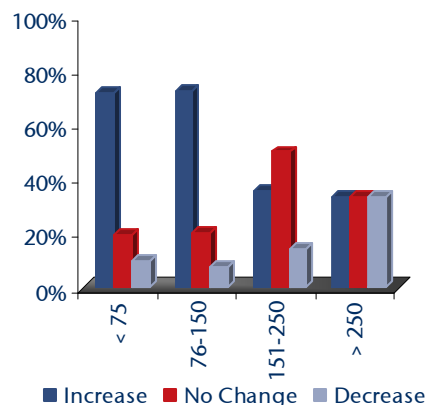
With approximately 81 percent of hotel managers representing smaller establishments with less than 75 rooms and approximately 80 percent of hotel managers representing mid-scale establishments confident in an increase in total revenue in 2012 when compared to total revenue achieved in 2011, these hotel managers are the most confident in this performance indicator.

By Hotel Size

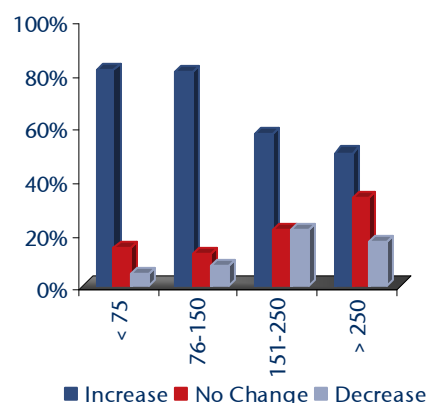
Occupancy



Average Room Rate



Total Revenue



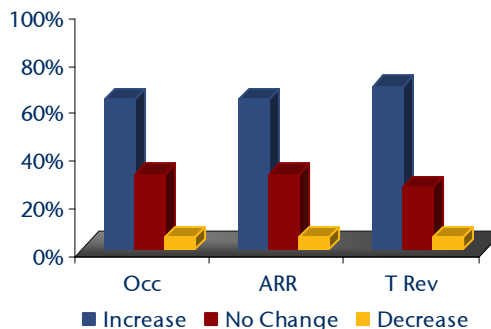
CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

GAUTENG:

Hotel managers representing the Gauteng industry are considerably more confident regarding the likely performance of the Gauteng industry in 2012, when compared to 2011, than a year ago. The majority of these hotel managers are expecting an increase in all three indicators whereas a year ago the majority of these hotel managers were anticipating performance in all three indicators to remain similar to performance levels achieved in 2010.

Approximately 63 percent of these hotel managers are confident in an increase in both occupancy and average room rate in 2012 when compared to occupancy and average room rate registered in respect of 2011. A further 32 percent of these hotel managers anticipate both occupancy and average room rate in 2012 will remain consistent with occupancy and average room rate performance registered last year.

Although approximately 5 percent of these hotel managers anticipate a decrease in the performance of all three indicators in 2012, approximately 68 percent of these hotel managers are confident in an increase in total revenue this year when compared to total revenue registered in respect of last year.



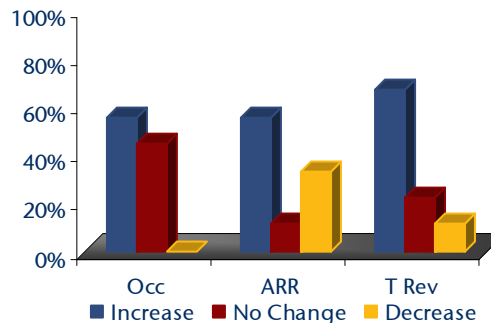
CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

KWAZULU NATAL:

A year ago more than three quarters of hotel managers representing the KwaZulu Natal industry were confident in an increase in both occupancy and average room rate. A year later slightly more than half of these hotel managers anticipate an increase in both these performance indicators.

Approximately 44 percent of hotel managers anticipate occupancy in 2012 will remain unchanged when compared to occupancy registered in respect of 2011. Approximately 33 percent of these hotel managers predict average room rate will decrease in 2012 when compared to average room rate registered last year.

In terms of likely performance in respect of total revenue, two thirds of hotel managers from the KwaZulu Natal industry are confident in an increase in total revenue in 2012 when compared to total revenue registered in respect of 2011. A further 22 percent of these hotel managers expect total revenue in 2012 to remain unchanged when compared to total revenue in 2011.



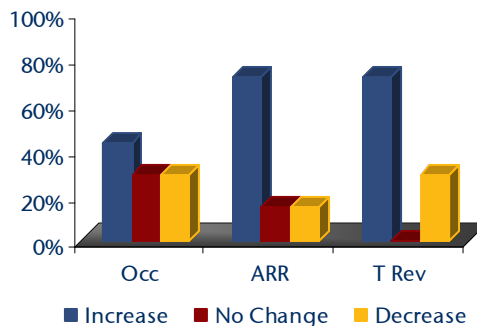
CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

MPUMALANGA:

Although the majority of hotel managers representing the Mpumalanga industry are confident in an increase in occupancy in 2012 when compared to occupancy registered in respect of 2011, less than half of these hotel managers (approximately 42 percent) concur with this sentiment. Approximately 29 percent of these hotel managers expect occupancy to remain unchanged in 2012.

However, the majority of these hotel managers (approximately 72 percent) are confident in an increase in average room rate in 2012 when compared to average room rate achieved in 2011. However, approximately 14 percent of these hotel managers expect average room rate in 2012 will remain unchanged when compared to average room rate registered in respect of the full year 2011.

Whilst approximately 71 percent of hotel managers representing the Mpumalanga industry are confident total revenue will increase in 2012 when compared to total revenue registered in respect of 2011, the remaining approximately 29 percent of these hotel managers are of the opinion that total revenue will decrease in 2012.



CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:

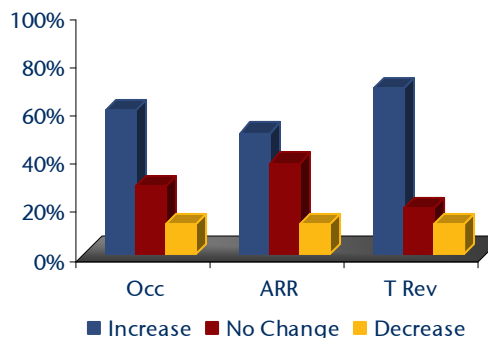
WESTERN CAPE:

Hotel managers representing the Western Cape industry are marginally more confident in the likely performance of all three indicators than they were a year ago.

Almost 60 percent of these hotel managers are confident in an increase in occupancy over the coming year when compared to occupancy registered in respect of last year. Yet only half of these hotel managers are confident in an increase in average room rate in 2012.

Approximately 13 percent of these hotel managers expect a decrease in both occupancy and average room rate this year when compared to the performance of these two indicators last year.

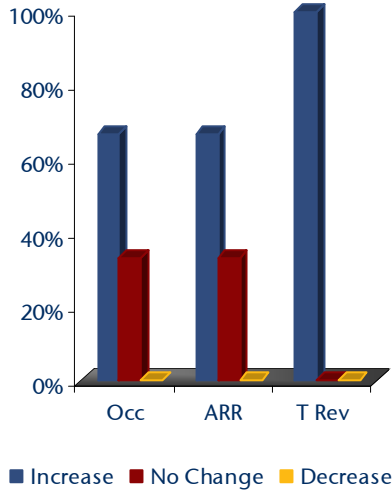
In terms of total revenue expectations, approximately 70 percent of hotel managers representing the Western Cape industry are confident in an increase in total revenue in respect of 2012 when compared to total revenue registered in respect of 2011. A further 19 percent of these hotel managers anticipate total revenue in 2012 will remain unchanged.



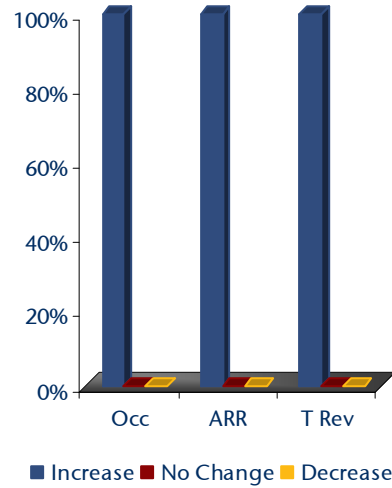
**CONFIDENCE INDICATOR BY GEOGRAPHIC LOCATION:
EASTERN CAPE/ FREE STATE/ LIMPOPO/ NORTH WEST PROVINCE:**

The number of responses received from the Eastern Cape, Free State, Limpopo, and North West Province did not allow for meaningful analysis. The graphic representation of these responses is depicted below for illustrative purposes only.

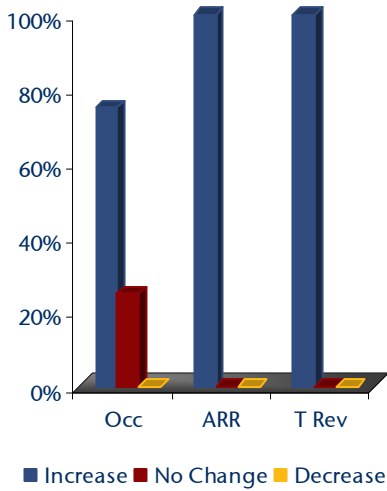
Eastern Cape



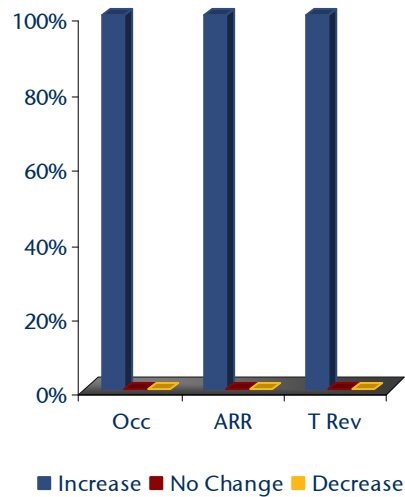
Free State



Limpopo



North West Province



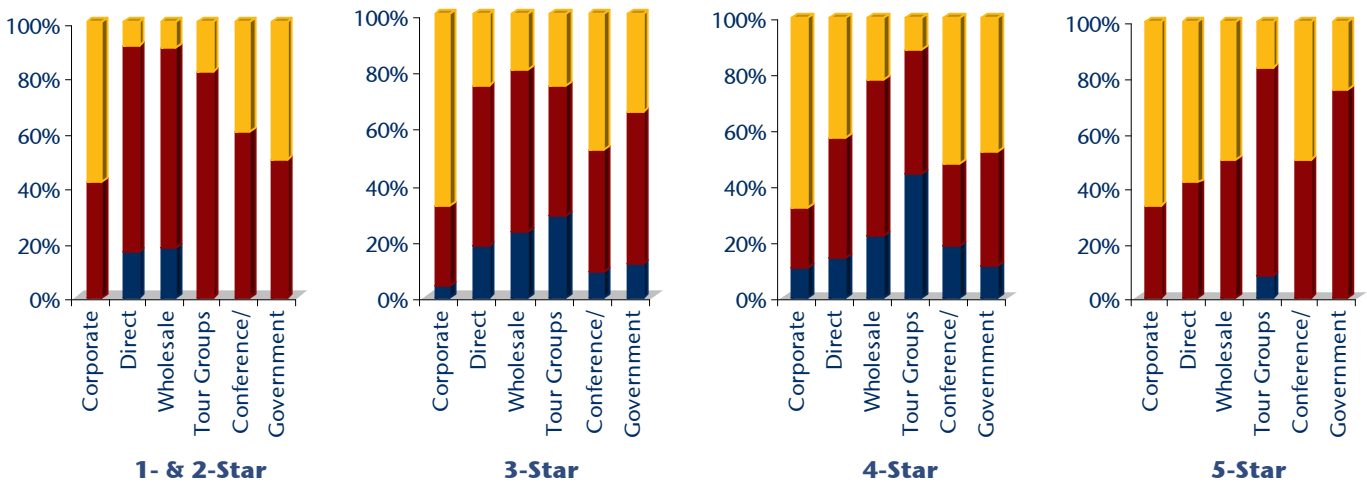
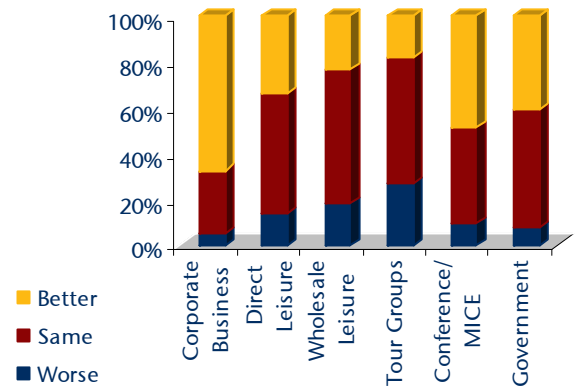
MARKET SEGMENT EXPECTATIONS:

Overall, the corporate business and conference/ MICE market segments were identified by the majority of hotel managers as the two market demand segments most likely to perform better in 2012 when compared to the relevant market demand segments' performance in 2011. The majority of respondents anticipate the direct leisure, wholesale leisure, tour groups, and government market segments will perform in a similar manner as they did in 2011. More than one quarter of respondents are of the opinion that the tour group market segment will perform worse in 2012 than in 2011.

Whilst hotel managers representing establishments of a 1-, 2-, and 3-star standard anticipate marginally better performance by the corporate business and government market demand segments in 2012, the majority of these hotel managers agree that performance by all other market demand segments is likely to remain consistent with each market segment's performance registered in respect of 2011.

The potential for improved performance by the direct leisure segment was shared by hotel managers representing establishments of a 4- and 5-star standard. Hotel managers representing the 4-star segment also expect the government market demand segment to perform better in 2012 when compared to the segment's performance in 2011.

Feedback from hotel managers representing the 5-star segment regarding the likely performance of the wholesale leisure market segment was inconclusive with half of these hotel managers expecting similar performance by the wholesale leisure market demand segment in 2012 when compared to the market demand segment's performance in 2011 and the other half of these hotel managers anticipating the market demand segment will perform better in 2012 than it did last year.

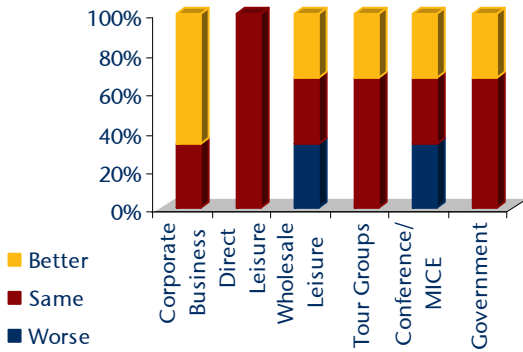


In terms of hotel size, hotel managers of smaller establishments with less than 75 rooms and hotel managers of large scale establishments with more than 205 rooms expect improved performance from the corporate business, direct leisure, and conference/ MICE market demand segments whereas their colleagues of mid-scale establishments expect the corporate business, conference/ MICE, and government market demand segments to perform better in 2012 than the market demand segments performed in 2011.

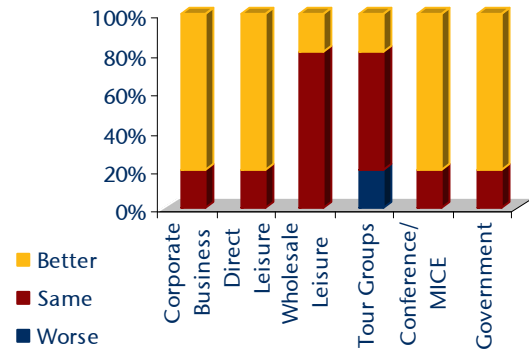
Hotel managers of establishments with between 151 and 250 rooms assessment of likely market demand segment performance in 2012 indicates that only the corporate business and conference/ MICE market demand segments are likely to perform better in 2012 than in 2011 with all other market demand segments likely to yield similar demand as experienced in 2011.

The graphs that follow illustrate the feedback received from hotel managers across South Africa, segmented by geographic location with the exception of the Northern Cape, in terms of performance expectations per market segment in respect of the 2012 calendar year when compared to performance registered by each market demand segment in 2011. Due to the sample size available in respect of the Eastern Cape, Free State, Limpopo, and North West Province, these graphs are presented for illustrative purposes only.

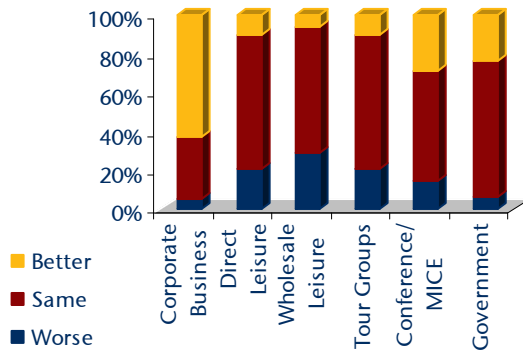
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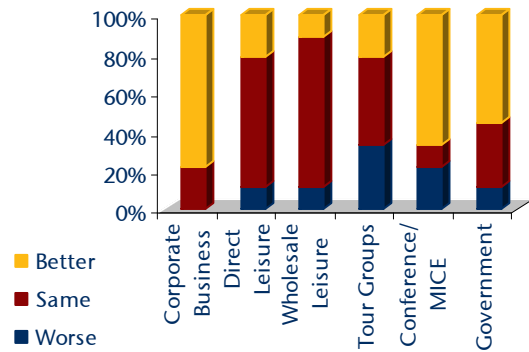
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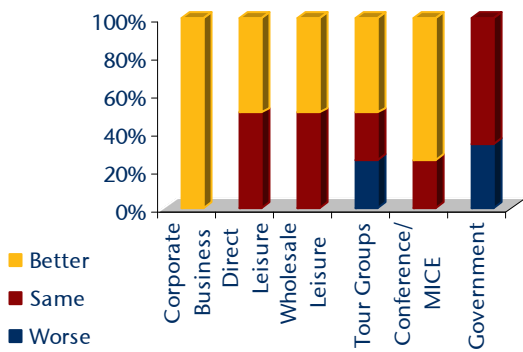
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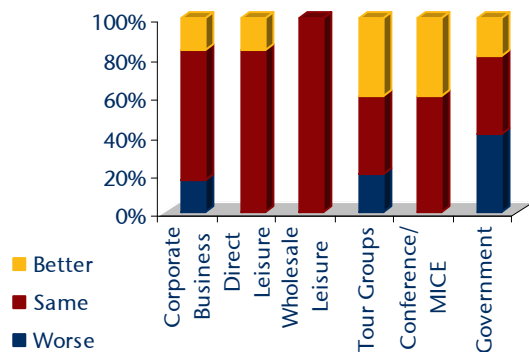
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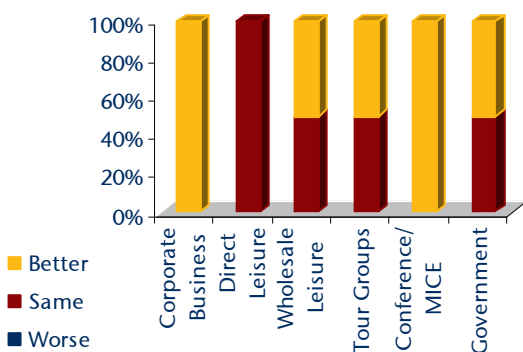
Limpopo:



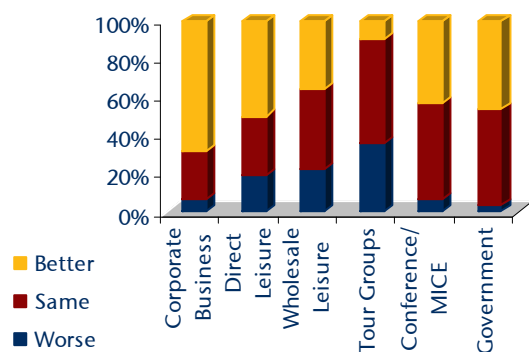
Mpumalanga:



North West Province:



Western Cape:



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Rich History:	Founded in 1915 in New York City, Horwath HTL is the oldest and largest hotel and tourism consultancy practice in the world.
Global Network:	Horwath HTL is a member of the Crowe Horwath International Network, ranked among the top 10 global accounting networks with more than 640 offices in more than 108 countries around the world.
Focus:	Specializes exclusively in the hotel and tourism related sectors.
Highly Independent:	Horwath HTL has a strong independent team of industry professionals.
Experience:	Almost a century of hospitality experience.
International Recognition and Credibility:	Horwath HTL’s professional opinions are well recognized and respected among international hotel companies, investors, developers, and financial institutions.
Industry Originator:	Played a major role in the creation of the Uniform System of Accounts for Hotels (the industry standard).

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