

Horwath Hotel Performance Confidence Indicator 4th Quarter 2007



Hotel, Tourism and Leisure

Inside this issue:

4th Quarter 2007

Confidence Indicator -
Star Grading 2

Confidence Indicator -
Hotel Size 2

Confidence Indicator -
Location 3

Contact Details

We are pleased to present the Horwath Hotel Performance Confidence Indicator for the 4th Quarter of 2007. 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 the 4th Quarter of 2007 in comparison to the same period in 2006. In total 201 hotel managers, 80% of whom were General Managers, participated in the analysis.

The results are segmented by star grading, hotel size and geographic location, which should provide for interesting benchmarking opportunities.

We would like to thank all the hotels which participated and look forward to the industry's continued support. We welcome any comments and suggestions that will make this indicator more relevant and helpful to the South African hotel sector.

Sincerely,

Michèle de Witt
Director

Summary of Results—4th Quarter 2007

The overall forecasts in the industry for the 4th Quarter of 2007 are promising, with some 64% of all hotel managers interviewed forecasting an increase in occupancy and some 68% forecasting an increase in Average Room Rate (ARR) over the same period last year.

However, following the strong growth in occupancy and Average Room Rate experienced in 2006, hotel managers are less confident than they were a year ago, when some 71% of all hotel managers interviewed forecast an increase in occupancy and some 82% of all hotel managers interviewed forecast an increase in Average Room Rate.

According to the latest data released by South African Tourism, overseas tourist arrivals in South Africa in July 2007 increased by some 9,5% from 161 831 in July 2006 to 178 912.

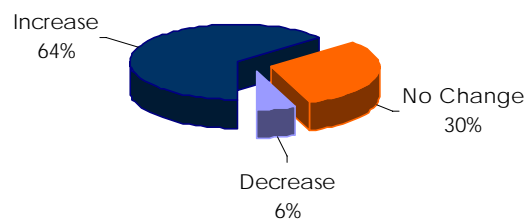
Most notably, growth in overseas arrivals from India increased by some 21,7%, albeit from a low base, to 5 345 and arrivals from China recorded a growth of some 21,3% from 3 040 to 3 863.

South Africa's main overseas markets all recorded continued growth in July 2007: the United Kingdom (+6,0% to 33 673), the United States of America (+8,8% to 31 672), Germany (+3,5% to 13 423), The Netherlands (+10,0% to 13 110), and France (+14,3% to 10 036).

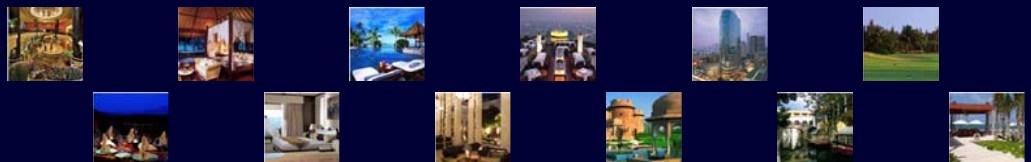
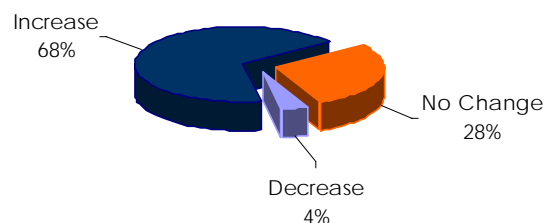
Arrivals from South Africa's main African markets increased by some 6,8% from 553 147 to 593 560 in July 2007. The key African source markets were Lesotho (+13,6% to 194 400), Mozambique (+14,7% to 94 244), Swaziland (-1,4%) and Zimbabwe (-5,3%) to 82 135 respectively, and Botswana (+0,7% to 68 914).

Overall Confidence—4th Quarter 2007

Occupancy



Average Room Rate



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Hotel, Tourism and Leisure

Confidence Indicator by Star Grading

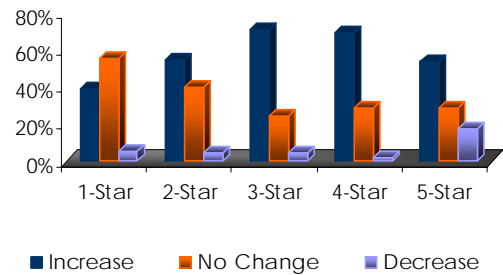
The overall confidence in an increase in occupancy remains positive with some 64% of all hotel managers forecasting an increase in occupancy in the fourth Quarter of 2007 compared to the same period last year.

The confidence in occupancy rate increases is highest amongst hotel managers of 3-star establishments (71% compared to 64% in the same period last year), and lowest amongst hotel managers of 1-star establishments (39% compared to 89% in the same period last year).

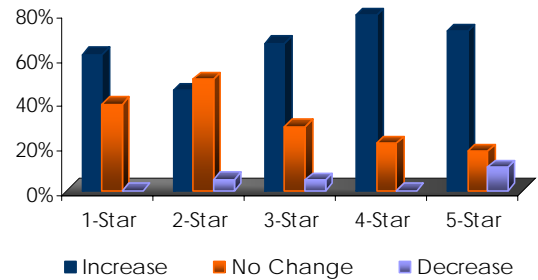
The overall confidence in an increase in Average Room Rate (ARR) remains positive with some 68% of all hotel managers interviewed expecting an increase in ARR in the upcoming quarter compared to the same period last year.

Hotel managers of 4-star establishments are the most confident in an increase in ARR (79%) whilst hotel managers of 2-star establishments are the least confident in an increase in ARR (45%) for the fourth Quarter of 2007 compared to the same period last year.

Occupancy (by Star Grading)

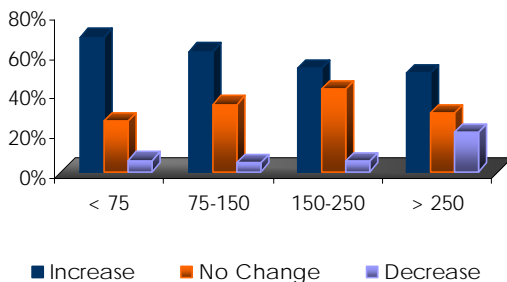


Average Room Rate (by Star Grading)



Confidence Indicator by Hotel Size

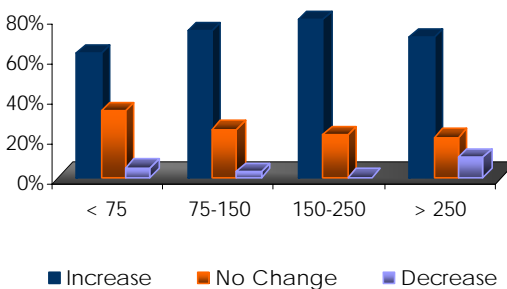
Occupancy (by Hotel Size/ Number of Rooms)



For the upcoming quarter, managers of hotels with less than 75 rooms are the most confident in terms of an increase in occupancy; 69% compared to 71% in the same period last year. Managers of mid-scale hotels (75 -150 rooms) remain positive in terms of forecast increase in occupancy; 61%.

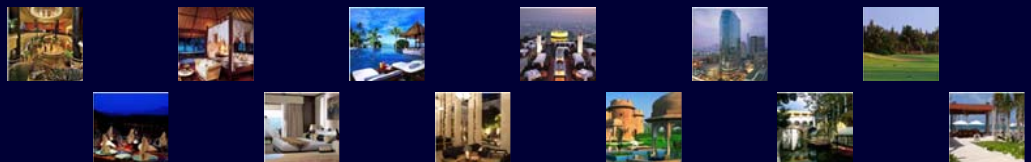
Confidence in an increase in occupancy for the upcoming quarter is lowest amongst hotel managers of establishments with more than 250 rooms; 50% compared to 56% for the same period last year.

Average Room Rate (by Hotel Size/ Number of Rooms)



In terms of Average Room Rate, hotel managers of establishments with 150-250 rooms remain the most confident for the upcoming quarter (79% compared to 94% for the fourth Quarter of 2006). 73% of hotel managers of establishments with 75 -150 rooms forecast an increase in ARR for the upcoming quarter compared to 91% in the same period last year.

Some 62% of managers of hotels with less than 75 rooms forecast an increase in ARR compared to 76% for the same period last year.



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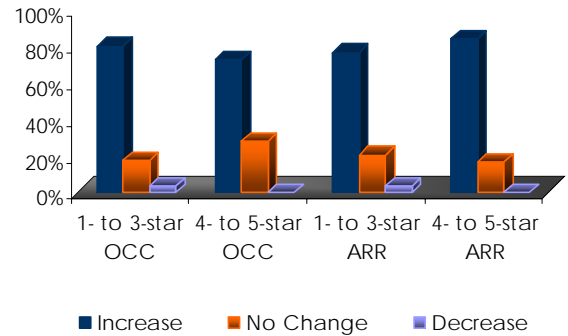


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Confidence Indicator - Gauteng

Confidence in an increase in occupancy is highest in the Gauteng industry. Some 77% of all hotel managers of Gauteng establishments forecast an increase in occupancy in the fourth Quarter of 2007 compared to 81% recorded in respect of the fourth Quarter of 2006.

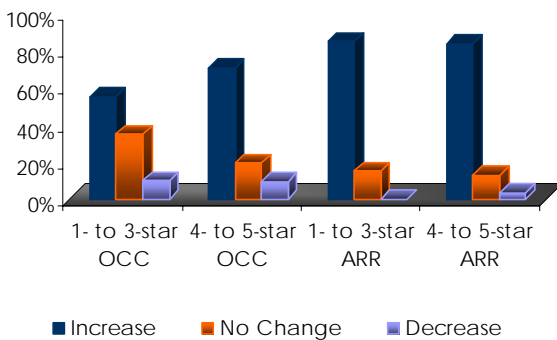
79% of hotel managers of 1- to 3-star properties forecast an increase in occupancy for the upcoming quarter compared to 93% recorded in the same period last year. 72% of hotel managers of 4- & 5-star properties forecast an increase in occupancy whilst 28% of hotel managers of 4- & 5-star properties forecast occupancy will remain the same in the fourth Quarter of 2007 when compared to the fourth Quarter of 2006.



The overall confidence in an increase in Average Room Rate remains high in Gauteng with 79% of hotel managers interviewed forecasting an increase in Average Room Rate. Confidence in an increase in ARR is highest among hotel managers of 4- & 5-star properties; 83% compared to 89% for the same period last year. Some 76% of hotel managers of 1- to 3-star properties forecast an increase in ARR for the upcoming quarter compared to some 93% for the same period last year.

Gauteng hotel managers attributes their confidence in an increase in occupancy and ARR to favorable economic conditions, increased demand from the corporate segment, year-end functions and the upcoming festive season.

Confidence Indicator - Western Cape

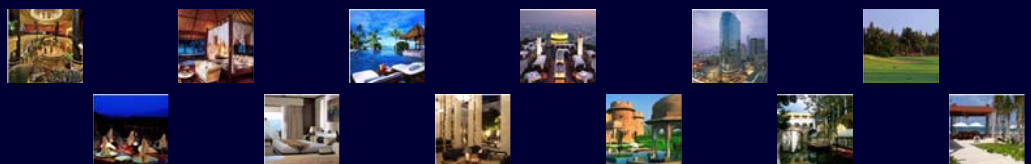


The overall confidence in an increase in occupancy for the fourth Quarter of 2007 in the Western Cape is 65% compared to 80% in the fourth Quarter of 2006.

Hotel managers of 4- & 5-star properties are most confident in an increase in occupancy; some 71% forecast an increase in occupancy for the upcoming quarter compared to 88% recorded in the same period last year. By comparison, some 55% of 1- to 3-star hotel managers forecast an increase in occupancy for the fourth Quarter of 2007 compared to 73% for the same period in 2006.

The overall confidence in an increase in Average Room Rate for the fourth Quarter of 2007 is highest in the Western Cape with some 84% of hotel managers forecasting an increase in ARR for the upcoming quarter compared to 87% in the fourth Quarter of 2006. Some 85% of hotel managers of 1- to 3-star properties forecast an increase in ARR in the fourth Quarter of 2007 compared to 86% for the same period last year. Some 84% of hotel managers of 4- & 5-star properties forecast an increase in ARR in the fourth Quarter of 2007 compared to 88% for the same period last year.

The hotel managers in the Western Cape attributes their confidence in an increase in occupancy and ARR to continued marketing efforts by individual properties, favorable economic conditions, and the upcoming high season.



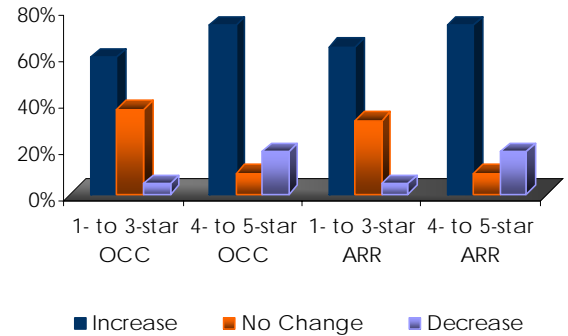
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Confidence Indicator - KwaZulu Natal

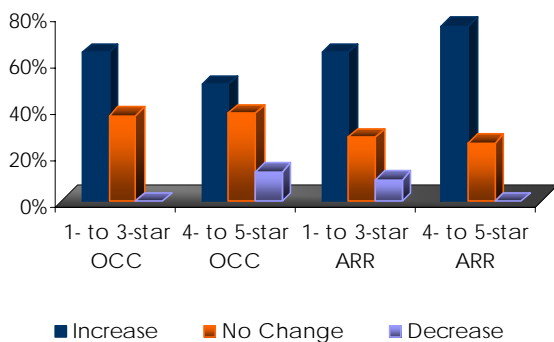
Overall confidence in an increase in occupancy for the fourth Quarter of 2007 in KwaZulu Natal is 64% compared to 59% for the same period last year. Some 59% of hotel managers of 1- to 3-star properties forecast an increase in occupancy for the upcoming quarter compared to 53% for the same period last year. 36% of hotel managers of 1- to 3-star properties forecast occupancy will remain unchanged when compared to the same period last year. 73% of hotel managers of 4- & 5-star properties forecast an increase in occupancy compared to 67% recorded in the same period last year.



The overall confidence in an increase in Average Room Rate for the upcoming quarter has declined in KwaZulu Natal when compared to the same period last year. Some 67% of hotel managers interviewed forecast an increase in ARR in the upcoming quarter compared to 85% in the same period last year. 73% of hotel managers of 4- & 5-star properties forecast an increase in ARR in the fourth Quarter of 2007, compared to 83% for the same period last year. Some 64% of hotel managers of 1- to 3-star properties forecast an increase in ARR for the upcoming quarter compared to 87% for the same period last year.

Hotel managers of accommodation establishments in KwaZulu Natal attributes their confidence in an increase in occupancy and ARR to an increase in the number of government conferences and the upcoming festive season.

Confidence Indicator - Mpumalanga



Overall confidence in an increase in occupancy for the fourth Quarter of 2007 is some 58% in Mpumalanga compared to 56% for the same period last year.

Some 64% of hotel managers of 1- to 3-star properties forecast an increase in occupancy, compared to 63% for the same period last year. 50% of hotel managers of 4- & 5-star properties forecast an increase in occupancy for the upcoming quarter consistent with the same period last year. 38% of hotel managers of 4- & 5-star properties forecast occupancy will remain unchanged when compared to the same period last year.

Overall some 68% of Mpumalanga hotel managers interviewed forecast an increase in Average Room Rate compared to 69% in Quarter 4, 2006. Some 64% of hotel managers of 1- to 3-star properties forecast an increase in ARR for the fourth Quarter of 2007, compared to 63% for the same period last year. Hotel managers of 4- & 5-star properties are more confident in an increase in ARR for the upcoming quarter; 75% of hotel managers of 4- & 5-star properties forecast an increase in ARR, consistent with the same period last year.

The Mpumalanga industry attributes their confidence in an increase in occupancy and ARR to the general increase in demand for the destination, year-end functions and the upcoming festive season.



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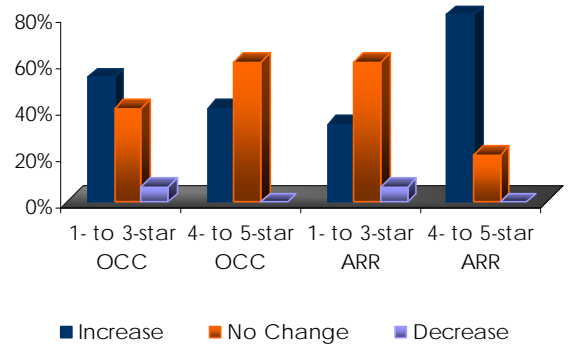


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Confidence Indicator - Eastern Cape

The overall confidence in an increase in occupancy in the fourth Quarter of 2007 is lowest in the Eastern Cape; 50%, reflecting a decline in confidence of some eighteen percentage points when compared to the fourth Quarter of 2006.

53% of hotel managers of 1- to 3-star properties forecast an increase in occupancy for the upcoming quarter compared to 65% for the same period last year. Some 40% of hotel managers of 1- to 3-star properties forecast occupancies will remain unchanged when compared to the same period last year. 40% of hotel managers of 4- & 5-star properties forecast an increase in occupancy compared to 80% recorded in the fourth Quarter of 2006. Some 60% of hotel managers of 4- & 5-star properties forecast occupancies will remain unchanged when compared to the same period last year.



The overall confidence in an increase in Average Room Rate in the Eastern Cape industry is some 45% for the upcoming quarter compared to 86% in the fourth Quarter of 2006. 33% of hotel managers of 1- to 3-star properties forecast an increase in ARR for the upcoming period, whilst some 60% of hotel managers of 1- to 3-star properties forecast ARR will remain unchanged when compared to the same period last year. 80% of hotel managers of 4- & 5-star properties are confident in an increase in ARR for the upcoming quarter compared to 100% recorded in the fourth Quarter of 2006.

The Eastern Cape industry attributes their confidence in an increase in occupancy and ARR to year-end functions and the upcoming festive season.

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