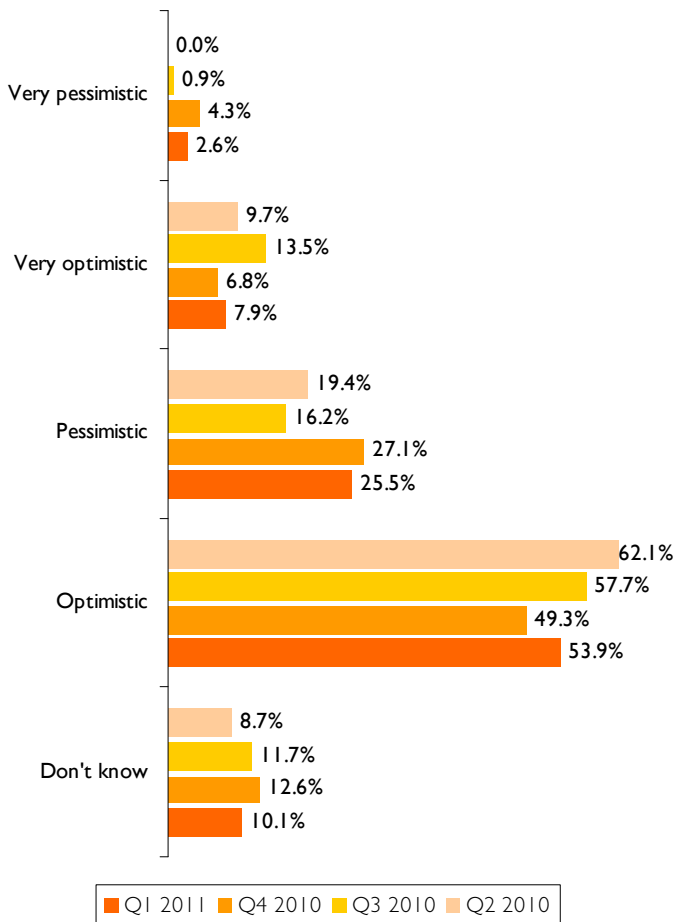




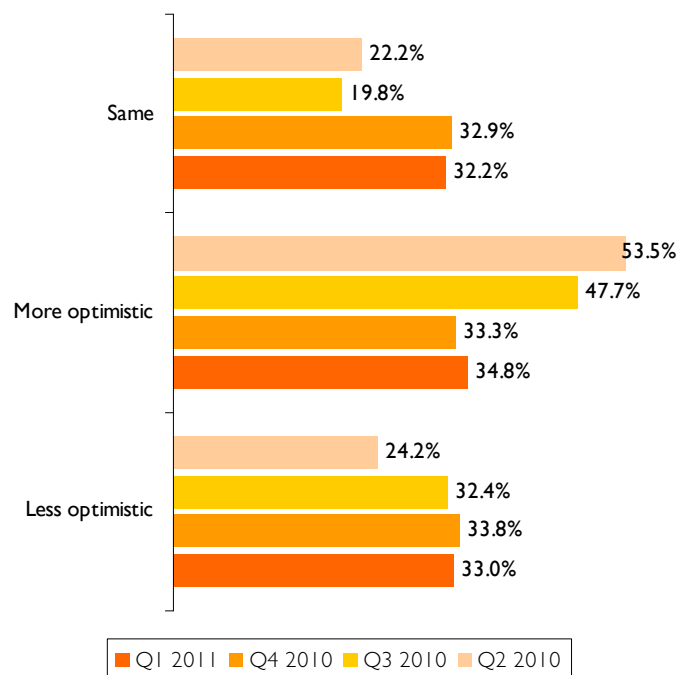
UK hoteliers remain confident despite VAT increase

According to the latest HotStats Hotel Confidence Monitor, a third of hoteliers are more optimistic in comparison to Q4 2010. Looking forward, 62% of respondents were optimistic or very optimistic about future trading performance in Q1 2011. Our Confidence Monitor results revealed that London general managers are projecting an improvement in occupancy, room rate and hotel profitability whilst Provincial general managers are more cautious in their expectations.

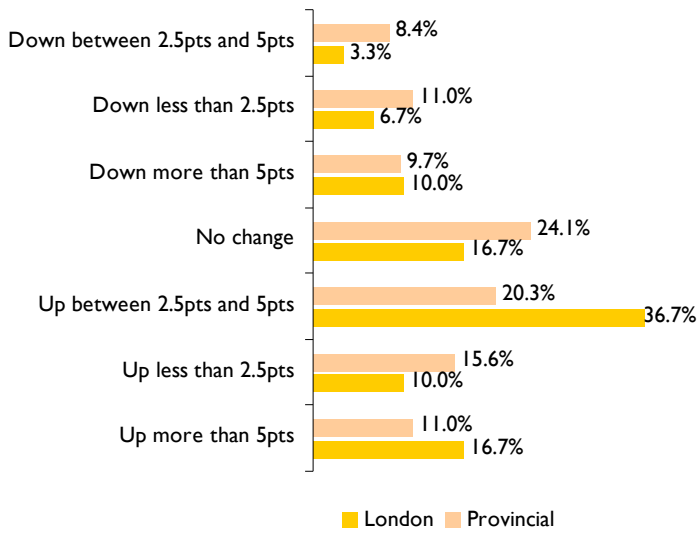
Looking at the next three months, how would you rate your confidence?



Would you say you are more or less optimistic than you were three months ago?



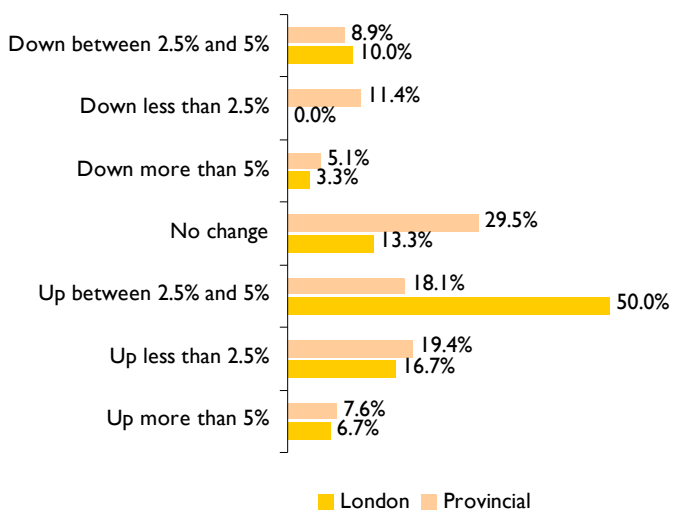
London and Provincial UK
I expect my occupancy in Q1 2011 as compared to Q1 2010 to be:



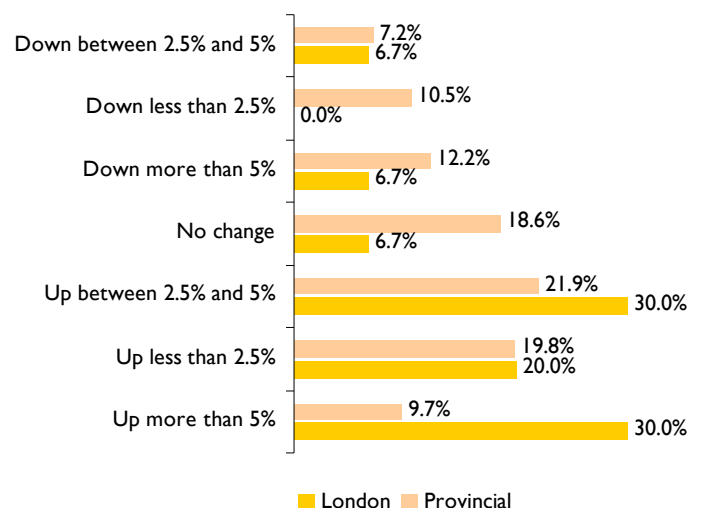
London occupancy expectations for Q1 2011 remained positive with 63% of London general managers expecting an increase compared to Q1 2010. Whilst in the Provinces, 47% of general managers are expecting an improved occupancy performance. Despite this, approximately a quarter of respondents are not anticipating a change in their room occupancy levels for the first three months of the year; with the remaining 28% forecasting a decline.

London average room rate and RevPAR expectations for Q1 2011 are extremely positive with 73% and 80% respectively of general managers expecting an increase, a trend reflected in the latest [December HotStats UK Chain Hotels Market Review](#). The outlook in the Provinces remains more subdued, with growth in room rate and RevPAR expected by 45% and 51% respectively of general managers.

London and Provincial UK
I expect my average room rate in Q1 2011 as compared to Q1 2010 to be:

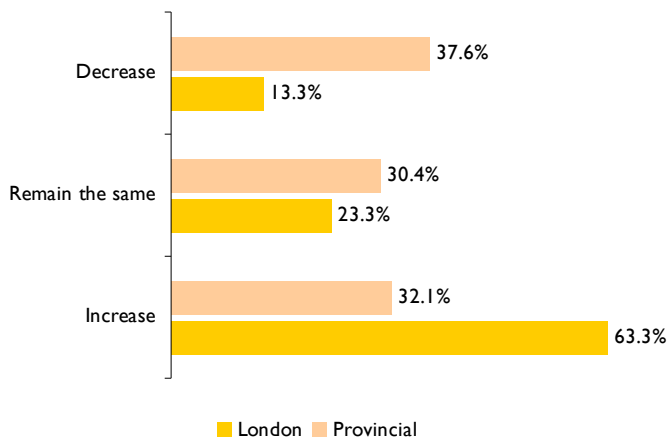


London and Provincial UK
I expect my total rooms revenue in Q1 2011 as compared to Q1 2010 to be:



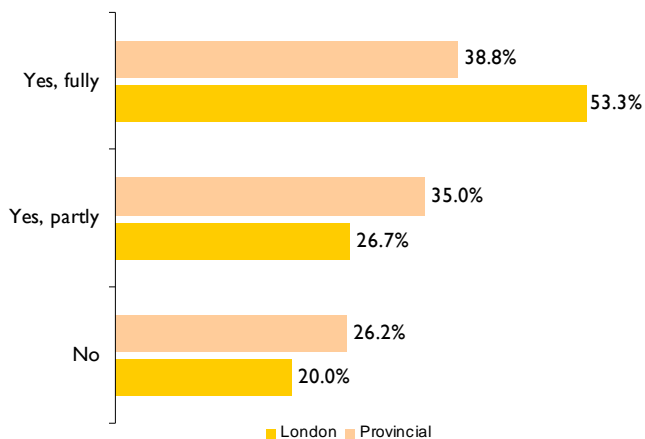
“Confidence levels and performance expectations are beginning to improve, albeit gradually, but we will see soon whether the VAT increase will have a negative impact on the UK hotel market.” said Mark Dickens, managing director HotStats.

London and Provincial UK
I expect my gross operating profit (IBFC) in Q1 2011
as compared to Q1 2010 to:



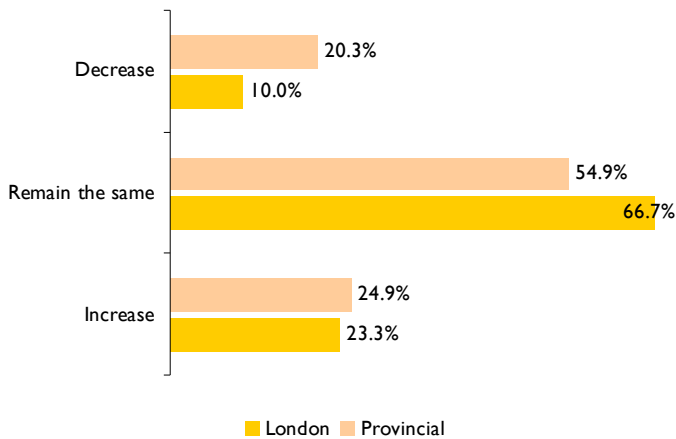
As a result, this quarter's gross operating profit (IBFC) expectations are higher in London than in the Provinces, with 63% of the London general managers expecting an increase. In contrast only 32% of Provincial general managers are expecting an increase whilst 38% of the provincial general managers are expecting a decrease.

London and Provincial UK
Will you be passing on the VAT increase to
customers?



The latest **HotStats** Hotel Confidence Monitor shows that 74% of respondents will be passing on the VAT increase to customers, of whom 53.3% of general managers in London are expecting to pass on the full increase and 26.7% intend to absorb a portion of the rate hike; provincial hoteliers intend 38.8% and 35% respectively.

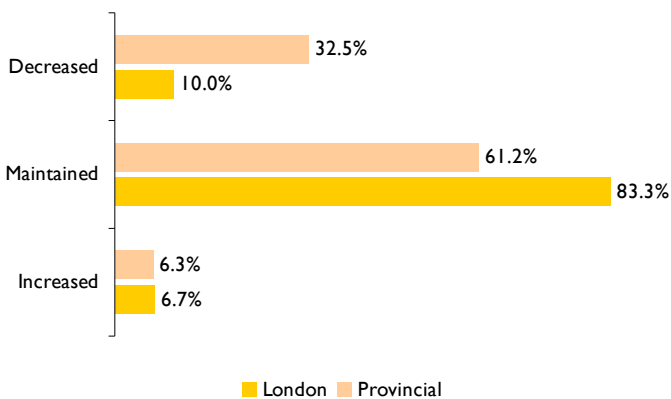
London and Provincial UK
I expect my sales and marketing expenditure in Q1 2011 as compared to Q1 2010 to:



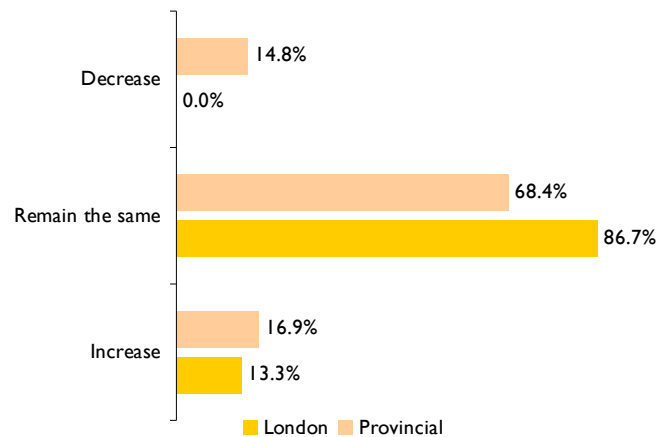
Regarding this quarter's sales and marketing expenditure, the majority of London and Provincial respondents intend to increase or maintain their Q1 budget in comparison to 2010.

Of the 267 general managers who completed the HotStats Hotel Confidence Monitor, 87% do not expect to reduce staffing levels during the next three months, a marked improvement from the last survey of 2010.

London and Provincial UK
Have you increased, maintained or decreased staffing levels in the last three months (Q4 2010):



London and Provincial UK
What do you expect to do regarding staffing levels in the next three months (Q1 2011):



Editors Notes:

The **HotStats** Hotel Confidence Monitor was conducted by email, via an online survey, between 31 January and 5 February 2011. A total of 267 UK chain hotel general managers responded to the survey. No single geographical region or hotel brand was disproportionately represented. Please refer to the following pages for a full summary of the results and contact details.

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