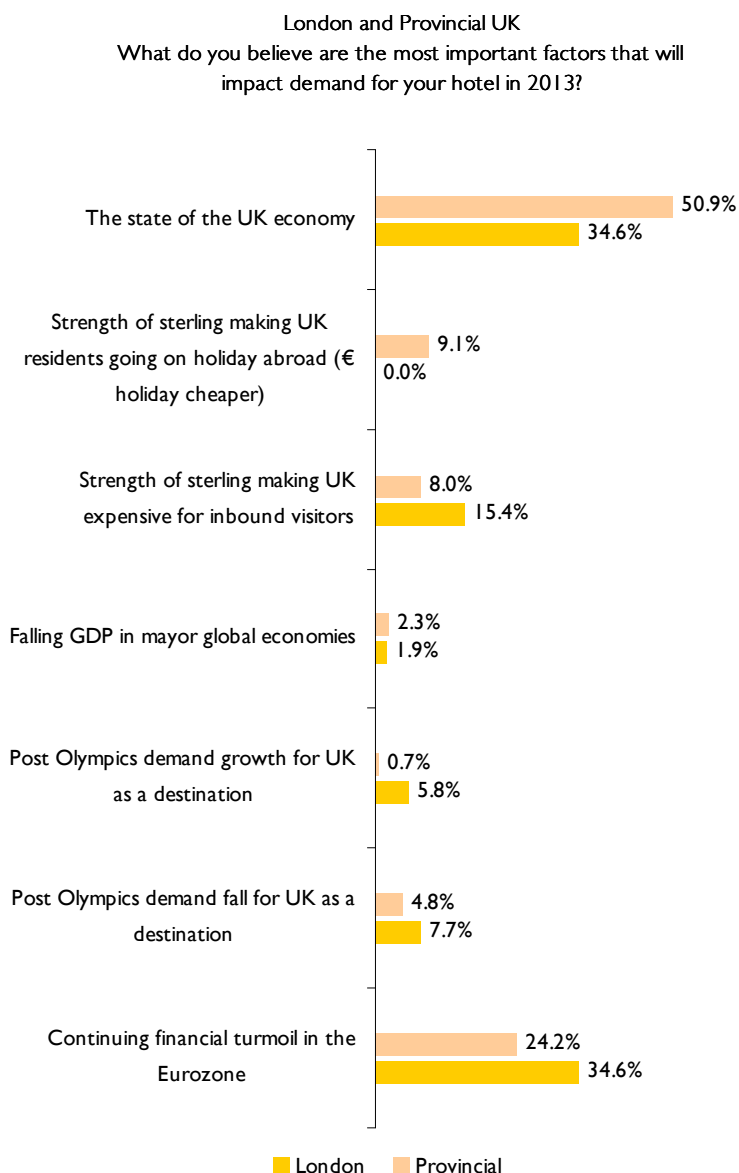


Positive performance expected by UK GMs for the next two years

According to the latest Hotel Confidence Monitor – UK Regions by **HotStats**, the state of the UK economy and the continuing financial turmoil in the Eurozone will be the most critical factors impacting hotel demand in 2013.

These two factors were prevalent concerns for 50.9% of general managers surveyed in London and 34.6% of provincial hoteliers. Other major concerns for hoteliers in the UK included the strength of sterling making domestic tourism levels and inbound visitors, and for 7.7% of London a post-Olympics slump was a real concern.

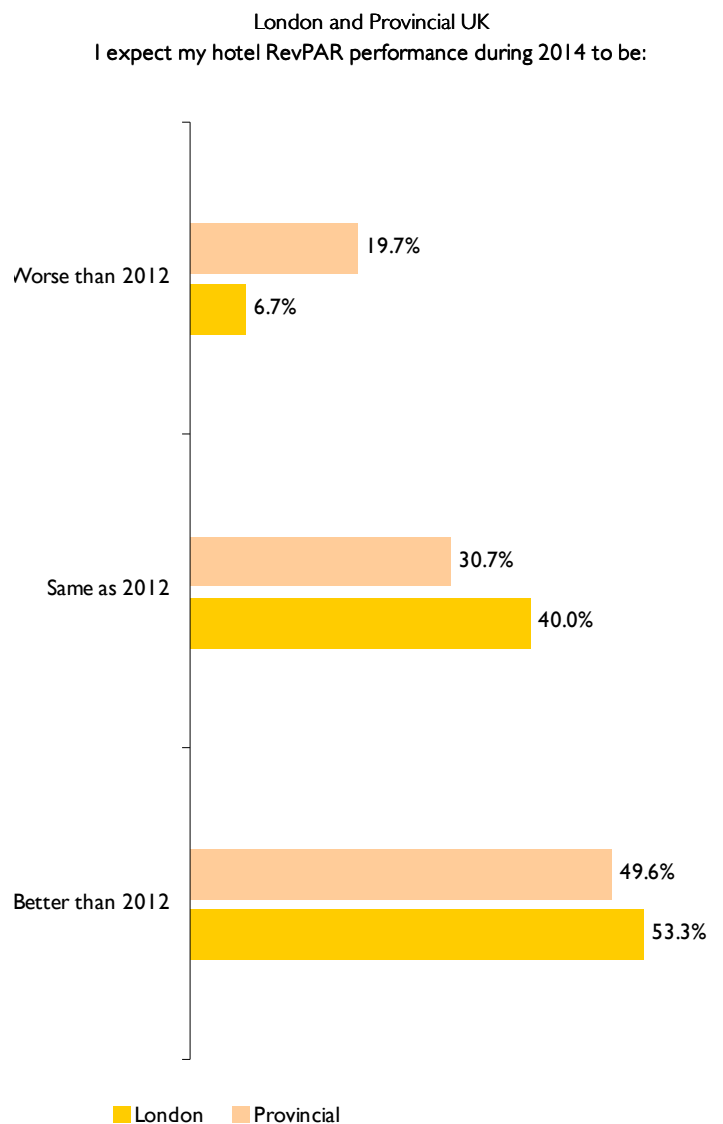
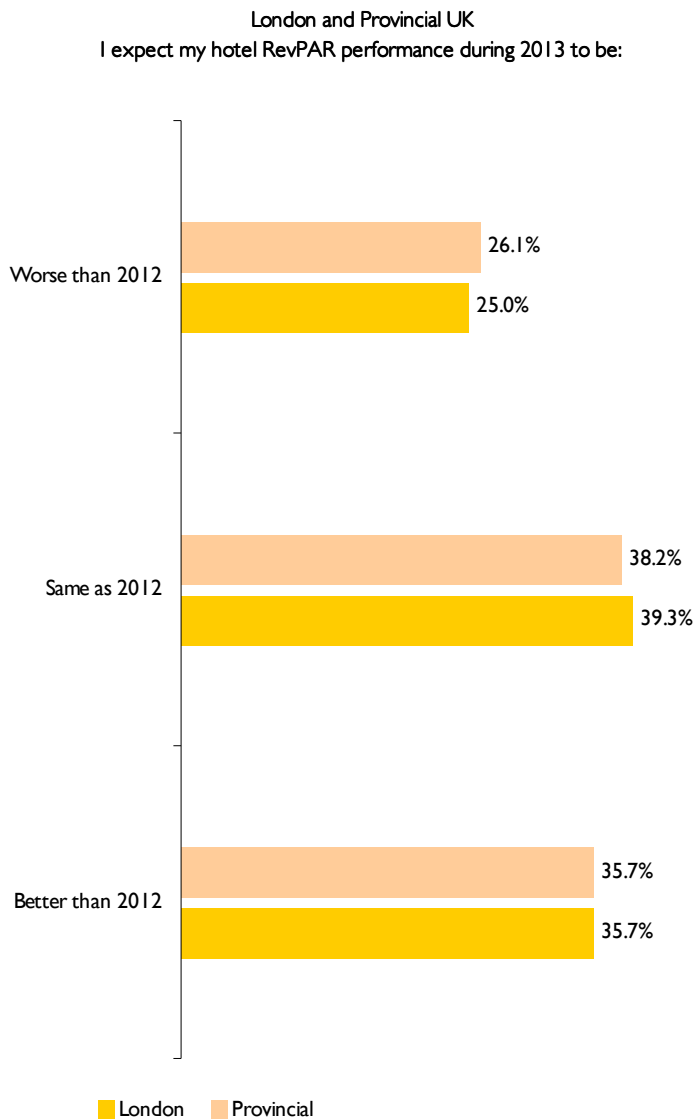


“Aside from the post-Olympic slump, going into 2013 the major influences on performance for UK hoteliers are expected to remain the same as in recent years, with the state of our economy and the lack of a resolution in the European crisis being the primary concerns.

Additionally, the recovery in the strength of the sterling poses a real threat to leisure demand levels at hotels throughout the UK, a sector which has been the saviour of demand for many Provincial markets throughout the recession” said Mark Dickens, managing director of HotStats.

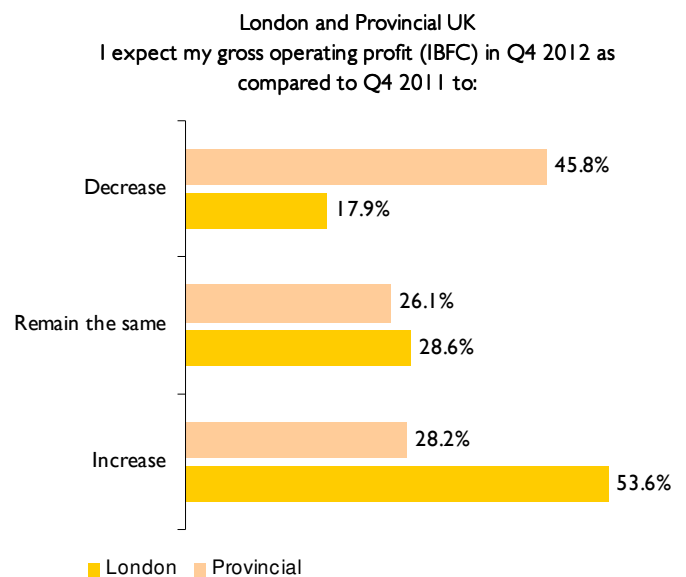
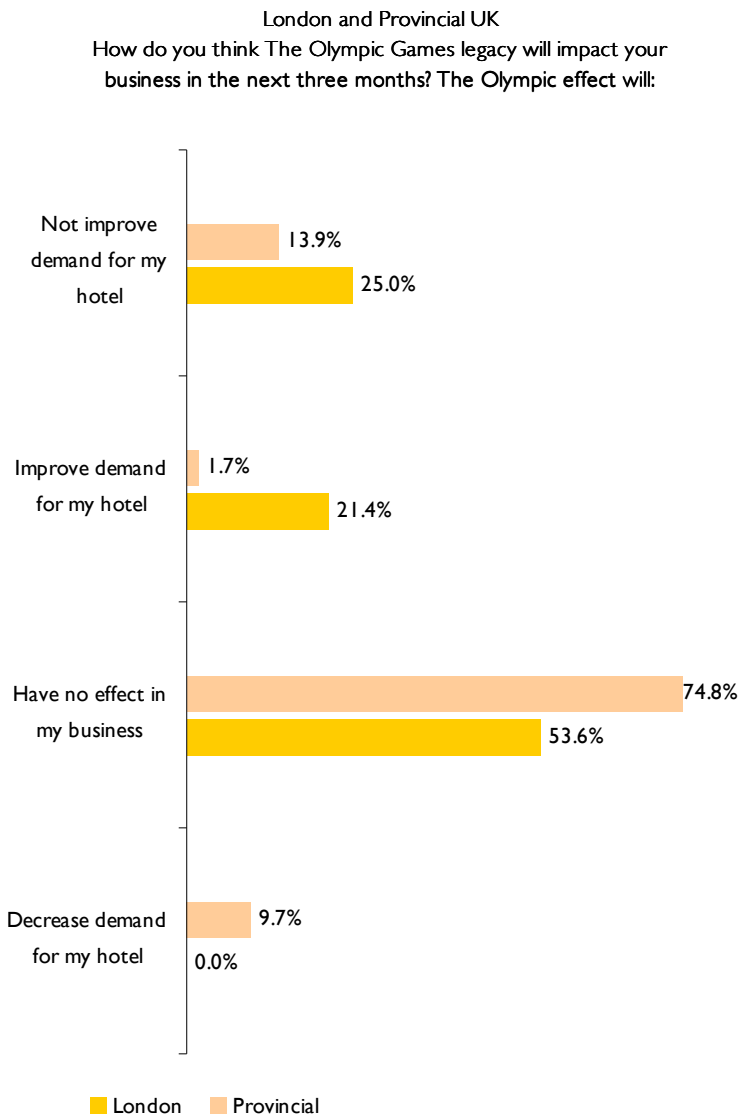
However, 75% of London and 73.9% of Provincial general managers think that their hotel's RevPAR performance during 2013 will be the same as or better than 2012.

The expectations for 2014 appear to be more positive with more than 90% of the general managers in London expecting an improvement in RevPAR on 2012 performance; with 80.3% of Provincial hoteliers expecting a growth in 2014 against their performance in 2012.

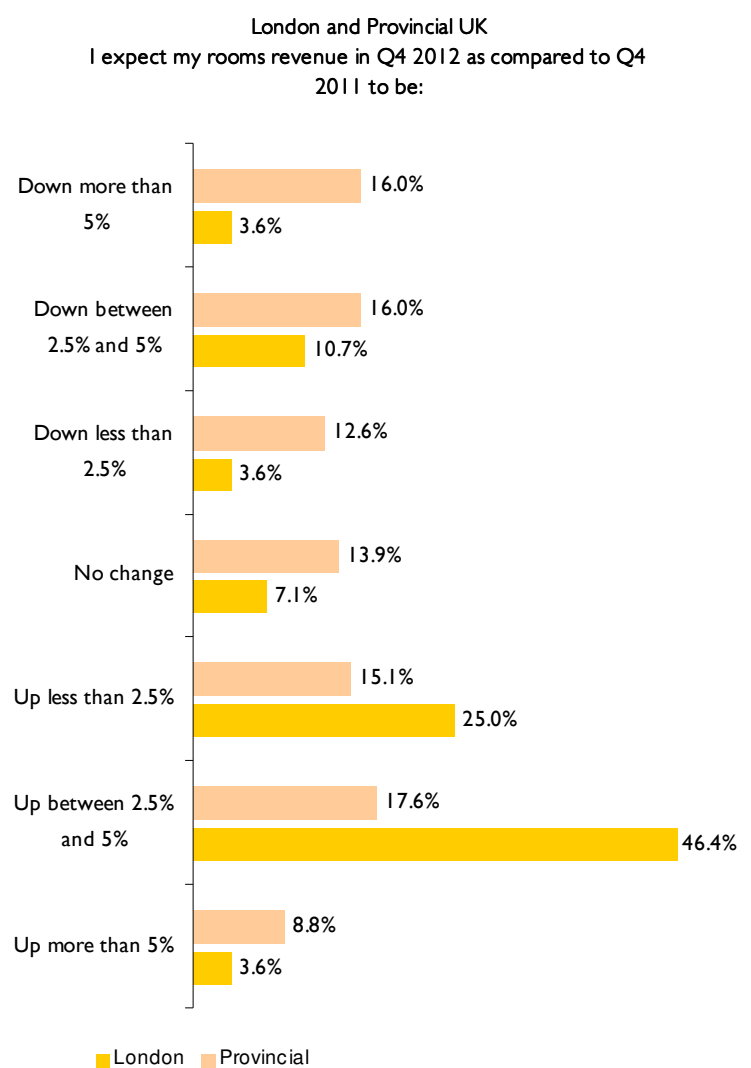
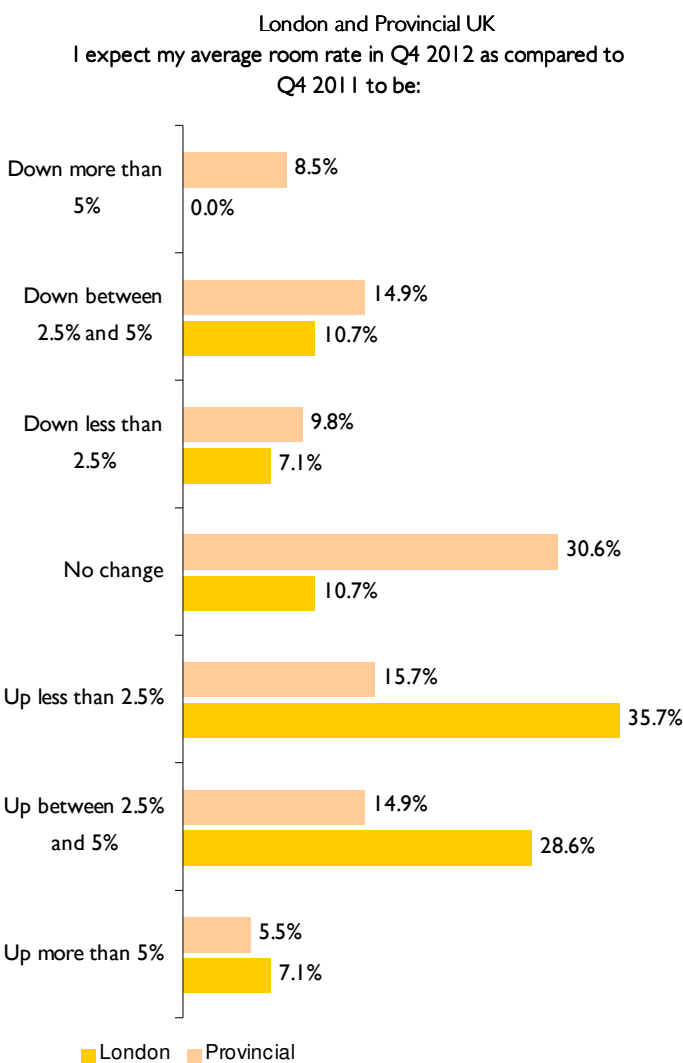


Despite a positive sentiment over the next three months, the legacy impact of the Olympic Games is unsurprisingly expected to be more of a long term gain, echoed by 74.8% of Provincial hoteliers and 53.6% of London hoteliers expecting no impact on business from the Games in the next three months.

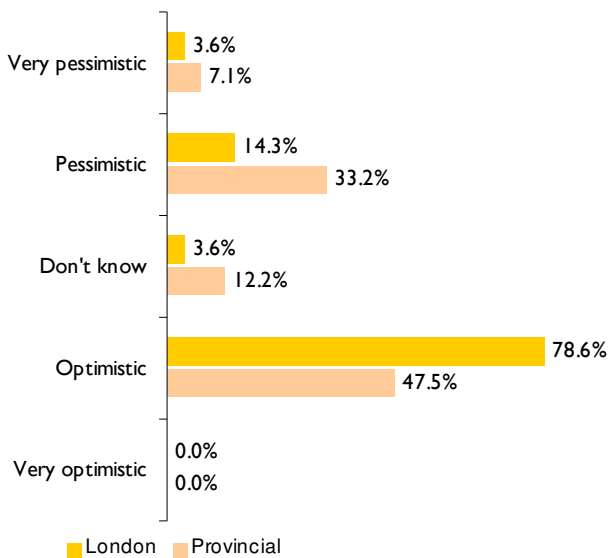
This is affecting this quarter's gross operating profit (IBFC) expectations, which have decreased compared with Q3 2012 in all regions. For the next three months GOP growth expectations across the UK are mixed, with 53.6% of London general managers expecting an increase and 45.8% of Provincial hoteliers expecting a decrease in Q4 2012 against Q4 2011.



London RevPAR expectations for Q4 2012 are positive with 75% of general managers expecting an increase, a trend reflected in the latest August **HotStats** UK Chain Hotels Market Review. In the Provinces RevPAR expectations are also positive with 55.4% of general managers expecting an increase or no change for the next three months.

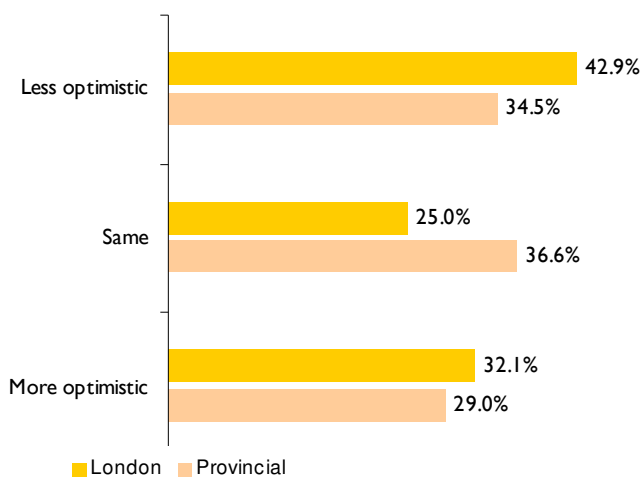


London and Provincial UK
Looking at the next three months, how would you rate your confidence?

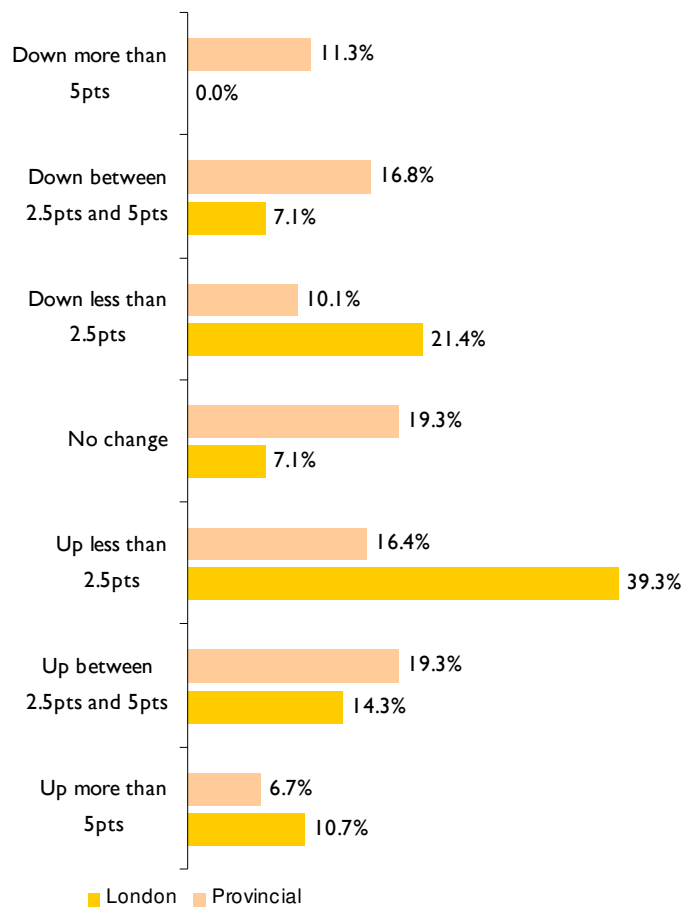


Overall, the UK general manager's optimism for the next three months is positive, with 78.6% of London and 47.5% of Provincial general managers being more confidence looking at the last quarter of 2012.

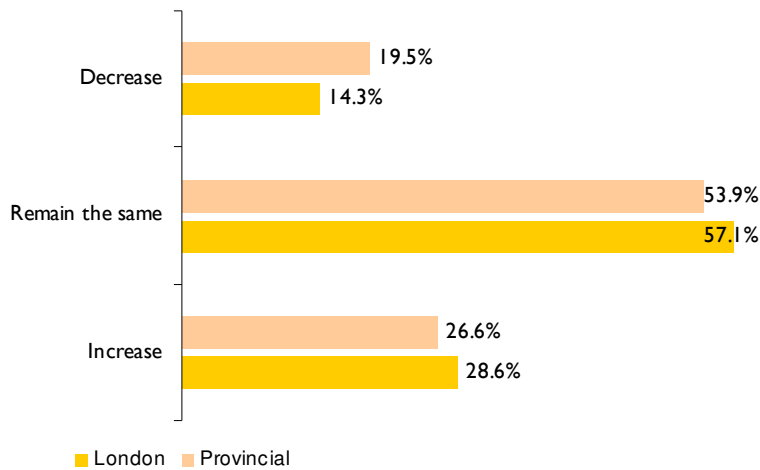
London and Provincial UK
Would you say you are more or less optimistic than you were three months ago?



London and Provincial UK
I expect my occupancy in Q4 2012 as compared to Q4 2011 to be:



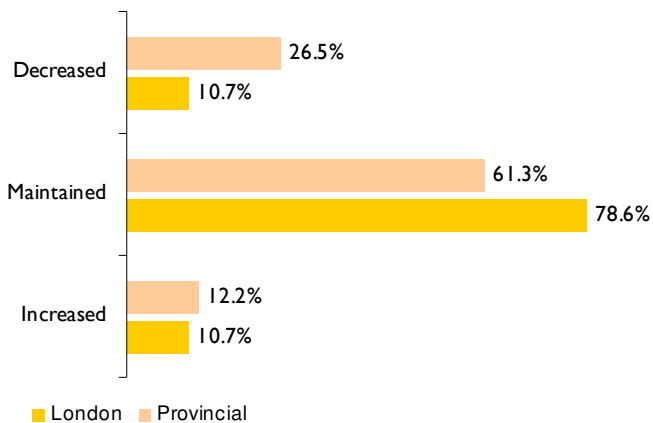
London and Provincial UK
I expect my sales and marketing expenditure in Q4 2012 as compared to Q4 2011 to:



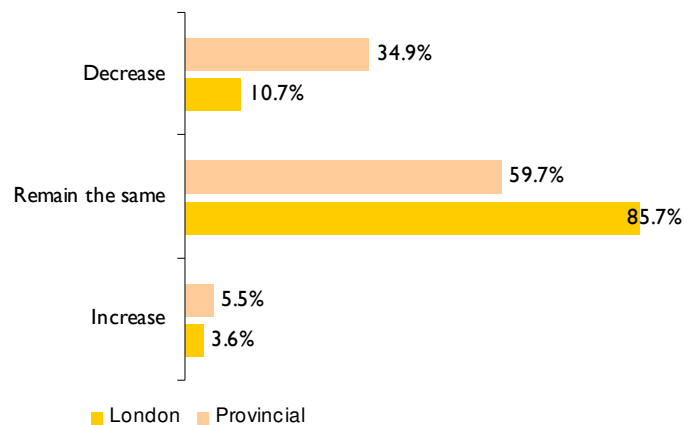
In addition, the majority of London (71.4%) and Provincial (73.4%) general managers intend to maintain or increase their Q4 2012 sales and marketing budget as compared to Q4 2011.

Of the 266 general managers who completed the **HotStats** hotel Confidence Monitor, 85.7% of London hoteliers expect to maintain their staffing levels during the next three months, compared to 59.7% in the Provinces.

London and Provincial UK
Have you increased, maintained or decreased staffing levels in the last three months (Q3 2012):



London and Provincial UK
What do you expect to do regarding staffing levels in the next three months (Q4 2012):



Responses by region -

		London	Midlands	North	South East	South West	Scotland	Wales	Northern Ireland	Total Provincial									
		Q4	* Q4	* Q4	* Q4	* Q4	* Q4	* Q4	* Q4	* Q4									
Confidence	Optimistic	78.6%	▲	34.9%	▲	56.5%	▲	57.1%	▲	45.7%	▲	43.9%	▼	27.3%	▼	100.0%	▲	47.5%	▲
	Don't know	3.6%	▼	16.3%	▼	10.9%	▼	12.2%	▼	17.4%	▼	7.3%	▼	0.0%	▼	0.0%	▲	12.2%	▼
	Pessimistic	17.9%	▼	48.8%	▲	32.6%	▼	30.6%	▼	37.0%	▲	48.8%	▲	72.7%	▲	0.0%	▼	40.3%	▼
RevPar	Increase	75.0%	▲	37.2%	▲	41.3%	▲	53.1%	▲	39.1%	▲	34.1%	▲	36.4%	▲	100.0%	▲	41.6%	▲
	Remain the same	7.1%	▼	20.9%	▲	8.7%	▼	10.2%	▼	19.6%	▲	14.6%	▲	0.0%	▼	0.0%	▲	13.9%	▼
	Decrease	17.9%	▼	41.9%	▼	50.0%	▲	36.7%	▼	41.3%	▼	51.2%	▼	63.6%	▼	0.0%	▲	44.5%	▼
GOP	Increase	53.6%	▼	18.6%	▼	28.3%	▲	34.7%	▲	30.4%	▲	24.4%	▲	36.4%	▲	50.0%	▲	28.2%	▲
	Remain the same	28.6%	▲	30.2%	▲	23.9%	▲	28.6%	▲	28.3%	▼	22.0%	▼	9.1%	▼	50.0%	▲	26.1%	▲
	Decrease	17.9%	▼	51.2%	▼	47.8%	▼	36.7%	▼	41.3%	▼	53.7%	▼	54.5%	▼	0.0%	▲	45.8%	▼

* Variance Q4 2012 vs Q3 2012
 ▲ Increase
 ▼ Decrease

Editors Notes:

The **HotStats** Hotel Confidence Monitor - UK Regions was conducted by email, via an online survey, in September 2012. A total of 266 UK chain hotel general managers responded to the survey. No single geographical region or hotel brand was disproportionately represented. Please refer to the following information for a full summary of the results and contact details.

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