



REAL ESTATE, LEISURE AND TOURISM

Advisory Services for the Hotel and Resort Industry

ADVISORY



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With new destinations becoming easily accessible, consolidation between market players and branding being increasingly important, the hotel and resort industry has been going through some major changes in the last years. Parallel to new lifestyle concepts emerging worldwide, on average key performance indicators such as hotel occupancies and room rates have gradually improved in most markets. Supported by increasing numbers of international business and leisure travelers, the outlook for the sector in the EMA region looks promising.

Several international hotel groups have off sold their assets, while both private equity houses and real estate funds have taken the opportunity to tap into the hotel and resort industry. As a result, real estate as an asset class has become more accepted and there is a significant amount of capital looking for investment opportunities in well conceived integrated hotel and resort projects. The need for preparing detailed market appraisals, understanding target markets preferences and conceptualizing original projects has become a crucial aspect of the predevelopment process.

Consumer trends at resorts are constantly evolving: people live longer than previous generations; they are becoming environmentally, health and fitness conscious and are searching for an escape from work related stress. Identifying and understanding these and other preferences represents an opportunity for resort developers to attract a wider range of potential investors.

Who we are

KPMG International is the coordinating entity of a global network of professional services firms, providing audit, tax and advisory services. The aim of KPMG member firms is to turn knowledge into value for the benefit of their clients. With nearly 94,000 people worldwide, member firms provide their services from 717 cities in 148 countries.

The KPMG Real Estate, Leisure and Tourism Practice in Budapest was set up in 1999 with the aim to advise clients on a diversity of issues relating to the real estate, hospitality, leisure and tourism industries. Our global coverage, the network and international experience of our team, combined with the ability to draw upon local know-how within the KPMG network, give us unparalleled credibility in advising in the real estate, leisure and tourism field. The Budapest based regional practice now has more than 20 professionals of 11 nationalities dedicated to providing advisory services across Europe, Middle East and Africa.

KPMG clients range from international hotel companies to independent hoteliers; from individual hotel investors to international private equity houses investing in hotels and resorts; from financial institutions to real estate developers.

What can we do for you?

KPMG's involvement in the hotel and resort industry includes the following services:

- **Market and financial feasibility studies** – strategic market assessment and comprehensive financial analysis to assess potential investment returns for different projects in different target markets.
- **Project conceptualisation and investment planning** – development of realistic and implementable concepts with short, medium and long term investment planning.
- **Project Management and Business plans** – strategic direction for the realisation and delivery of project concepts, from financing to staffing and marketing and sales.
- **Hotel and resort development strategies** – that focus on the complexities of integrating golf and real estate whilst delivering solutions to enable property premiums.
- **Business performance improvement** – assessing existing facilities and providing solutions for cost savings whilst simultaneously enhancing market opportunities.
- **Valuation services** – preparation of asset and business valuations for financing assessment
- **Transaction services** – vendor or buyer due diligence, assisting in the sales of hotels and resorts.
- **Management and lease contract negotiations** – operator selection and negotiating hotel operating agreements on behalf of clients

Global coverage

Our team has worked internationally and together with the assistance of local KPMG offices, our team is able to provide global experience combined with local knowledge and expertise. Our international client base comprises of a number of banks, private equity funds and real estate developers with a specific interest in the hotel and resort sector.

A few examples of our recent credentials in the hotel and resort sector include:

Market and financial feasibility study – Croatia

KPMG assisted with the conceptualization and the market and financial feasibility study for an integrated resort on the Istrian peninsula. The development includes more than 450 residential units, a 250-room luxury spa and wellness hotel, an 18-hole Nicklaus designed golf course and a 350-berth marina. KPMG was also commissioned to assist in the selection of the hotel operator and the golf course architect in addition to the preparation of a business plan and financing application requested by an international bank. The engagement further included a detailed benchmark of other resorts in the Mediterranean region, potential sales channels as well as identified target markets.

Hotel and resort valuations

The KPMG Real Estate, Leisure and Tourism Group in CEE was commissioned to prepare business and asset valuations for bank financing purposes for more than 50 hotels in key European cities such as Amsterdam, Budapest, Luxembourg, Prague, Istanbul, Berlin, etc.

KPMG prepared business and asset valuations of two property portfolios of tourism resorts at the Mediterranean coast in Croatia consisting of more than 30 hotels, apartment settlements and camp sites. The prospective investors required the valuations for refinancing purposes.

Market and site assessment for leisure and real estate development – Russia

A Russian client purchased 6000 hectares of land approximately 100km south west of Moscow. KPMG was engaged to assess the market opportunities for developing the land including hotels, theme parks, residential and spa to identify a concept for the site.

Feasibility study for a wellness hotel and golf course – Italy

KPMG was requested by a Italian investor to perform a feasibility study for the development of a resort, in the Eastern coast of Sicily, including a golf course and a wellness/conference hotel.

Market and financial feasibility study for a hotel mixed-use waterfront development – Hungary

On behalf of Trigranit Development Rt., a large developer in Central and Eastern Europe, KPMG was appointed to prepare a market and financial feasibility study for a mixed use waterfront development in the south of Budapest.

The development includes four hotels, a 5,000-capacity convention center, an exhibition center, an American style casino, two condominium developments, office space, a music theater, six cinemas, and several restaurants.

Market and financial feasibility study for hotel and casino facility – Czech Republic

KPMG was retained by a private casino and leisure facility operator to prepare a market and financial feasibility study of a themed midscale hotel to be incorporated into a mixed-use development with a casino facility and other leisure/recreational components in a settlement situated on the border region between Czech Republic and Austria.

Market study for luxury serviced residences in Bratislava – Slovakia

On behalf of J&T, one of Slovakia's largest real estate developers, KPMG was engaged to prepare a market study for branded serviced residences which form part of a large mixed use development at the Danube river bank in Bratislava.

Development Concepts at the Lake Balaton – Hungary

A major developer in Central and Eastern Europe broadened its portfolio in the tourism industry by the acquisition of more than 20 campsites around the Lake Balaton totaling more than 170 hectares of lakeshore. The developer requested KPMG to assist with a three fold advisory process: improving the business performance of the acquired companies; creating a comprehensive development strategy of the acquired portfolio; and determining an indicative investment value for the proposed development concepts ranging from high quality campgrounds and leisure villages, to hotels, resorts and a large scale amusement and theme park, as well as residential developments.

Market and financial feasibility study for a design hotel in Dresden – Germany

A German developer commissioned KPMG to prepare a market and financial feasibility study for the conversion of an old factory building into a design hotel in the city of Dresden. The engagement included the assessment of the building's suitability as a hotel as well as the conceptualization as a design hotel.

Pre-acquisition due diligence of two 5-star hotels

On behalf of one of the largest international investment banks KPMG was commissioned to help in the preparation of the commercial due diligence for the InterContinental hotels in Vienna and Budapest.

Contact

For further information on KPMG services please contact the Real Estate, Leisure and Tourism practice

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Operator search for an upscale hotel – Romania

KPMG was retained by a Romanian developer to find an operator for an upscale landmark hotel in one of Romania's largest cities. Our involvement included the preparation of a market and financial feasibility study, information memorandum and operator search.

Project management assistance – Cyprus

KPMG was commissioned by a large real estate investment group to assist in the project management of a new golf and lifestyle real estate development in Cyprus. The project included the preparation of a market and financial feasibility study, assistance in the selection of master planner and golf course architect and assistance in the project management for submitting necessary applications to local authorities.

Tendering process management – Czech Republic

The Salm Palace, a part of the historic Prague Castle, is one of the landmarks of the Czech capital. KPMG has been mandated by the Prague Castle Administration to manage the tender process for the renovation of the Palace into a boutique luxury hotel. We prepared the necessary tender documentation, contacted investors and organized the selection procedure for the awarding of the tender.

Site and market assessment – Morocco

Upon request of a large investment group from the Middle East, KPMG assessed the site and the market potential for the development of an integrated ski, golf and real estate development in the Atlas Mountains of Morocco.

Strategic Development Plan – Dubai

A Dubai based real estate investor looked to create an international golf, leisure and tourism property development corporation, mainly focused on flagship and iconic developments, which could make an impact on the global leisure and tourism market. KPMG was engaged to assist in the creation of a strategic development plan.



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