



REAL ESTATE, LEISURE AND TOURISM

Advisory Services for the Real Estate, Leisure and Tourism Industry

ADVISORY

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Real Estate, Leisure and Tourism: a growing industry

Tourism remains a resilient and stable economic sector and is recognized globally as one of the leading economic drivers of the new millennium. The number of international arrivals has grown 30 fold from 25 million in 1950. According to predictions by the World Tourism Organization, this number will increase to 1.6 billion by 2020.

Recent estimates indicate that the tourism industry contributes over 10 percent of worldwide GDP and has emerged as the largest global creator of jobs.

Tourism will continue to play a vital role for the future development of the economies throughout Europe, Middle East and Africa, as the industry can be an engine for economic growth, investment promotion and job creation.

The global upswing of the tourism and leisure industry is creating an optimistic environment for lifestyle real estate investment throughout Europe, Middle East and Africa (EMA). There is a growing demand for second homes and property investment abroad, and as a result, developers in the EMA region have commenced numerous residential,

hotel, resort, as well as mixed-use real estate projects.

Travelling internationally is becoming less and less difficult due to the emergence of low cost carrier flights and fewer visa restrictions—the positive effects of this can be seen through the success of many developments in the region.

KPMG's Real Estate, Leisure and Tourism practice strives to assist both the private and public sectors in the further development of such industries in the EMA region.

KPMG's Real Estate, Leisure & Tourism network

KPMG is a global network of professional firms providing audit, tax and advisory services. We operate in 145 countries and have more than 123,000 professionals working in member firms around the world.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. KPMG International provides no client services.

Being a generalist in offering professional services is no longer sufficient. The market and our clients demand deep industry know-how. With this goal in mind, KPMG has structured itself into international industry groups that provide targeted knowledge gained in the client's own industry. Because our advisers are industry-focused, each project is approached from an

indepth understanding of the client's industry, leading to tailored strategies that meet the client's specific needs. In an industry as global and fast-moving as tourism, an international presence is essential to service your needs and keep you ahead of the game.

The KPMG Real Estate, Leisure and Tourism network is now represented on all five continents. In 1999, KPMG established a dedicated advisory team in Central and Eastern Europe (CEE), based in Budapest and which today counts more than 20 professionals of 11 nationalities. Our clients include some of the world's top enterprises who rely on KPMG member firms' consistent approach and methodologies, helping to ensure the same quality of professional services around the world.

Few industries are as competitive and as fast-paced as the tourism industry. The need for leadership, direction and advice has never been more apparent in CEE. The Real Estate, Leisure and Tourism group can provide approaches which meet and excel the needs of our clients.



Our clients

KPMG clients range from international hotel companies to real estate developers, from theme parks to restaurant chains, from municipalities to tourism ministries, from airlines to golf course owners, and from financial institutions to aid agencies. The knowledge and scope of experience that we offer is as wide as the countries and the markets in which we operate.

Our areas of experience include:

- Tourism development strategies
- Marketing strategies
- Market and financial feasibility studies
- Valuation services
- Project conceptualization and investment planning
- Business Performance Improvement (BPI)
- Transaction services
- Franchise and management contract negotiation
- Economic impact assessment

Sector know-how

Our broad range of skills, experience and knowledge reaches across both the public and private sectors:

- Hotels and resorts
- Golf courses and golfing estates
- Health, wellness, spa and fitness centers
- Sport and cultural events
- Airlines and airports
- Theme parks and visitor attractions
- Timeshare developments
- Casinos
- Restaurant chains
- Stadiums and arenas
- Tour operators and travel agencies
- Convention and exhibition centers



How we can help you approach your business needs

What is our market position in some of our key markets?

On behalf of the Hungarian National Tourist Office, we prepared image and perception studies of Hungary as a tourism destination in Italy, Austria, the Netherlands and Poland. These studies were performed in order to analyze the current market position and to determine the propensity of tourists from different countries to visit Hungary in the near future.

Our bankers want to see a financial feasibility study before approving financing.

KPMG was commissioned to perform a market and financial feasibility study of an integrated tourist development in Croatia including a signature 18-hole golf course, a 5-star hotel, a 350 berth yacht marina, residential housing estates as well as additional recreational and sports facilities. The scope of work also included assisting with the selection of the hotel management company, the resort master planner and the golf course architect.

Can you help us prepare a tourism product development strategy?

A major Dubai based developer commissioned KPMG to assist with the strategic business plan in setting the path for the further development of the company into a global sports and leisure enterprise. The purpose of the new business plan will serve to introduce the company's current achievements, future development and expansion plans, as well as means of implementation.

What sales and marketing strategy shall I pursue for my real estate development?

On behalf of a real estate developer, KPMG prepared a detailed sales and marketing strategy for an integrated resort in the Mediterranean. Our advisory services included a market based pricing strategy for the residential component as well as the selection of the most efficient marketing and distribution channels for this individual development.

Are there ways to improve our internal operations?

We reviewed the operations of a major spa and hospitality operator in the Czech Republic in order to suggest possible areas for profitability enhancement.

We are considering a large scale tourism portfolio development, revitalizing a whole region. Can you help?

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. Following a valuation of all sites, the developer requested KPMG to assist with a preparation of a comprehensive development strategy of the portfolio and determining an indicative investment value for the proposed development concepts which include several campgrounds, hotels, leisure facilities and mixed use developments.

We want to expand into CEE. Can you help us?

On behalf of an international chain of mid-range hotels, KPMG was commissioned to develop a market entrance strategy for Hungary, Poland and the Czech Republic. We provided the political and economic background profiles of these countries and analyzed the supply and demand for mid-range hotels before making recommendations about the timing and the strategy to penetrate these markets.

The idea seems good, but is it feasible?

KPMG prepared a business plan and a feasibility study to prove the viability of the development of a miniature park and a historic theme park in central Hungary.

We want to raise financing for our hotel acquisition and need your support.

On behalf of several investors in recent years the Real Estate, Leisure & Tourism Practice of KPMG in CEE has conducted more than 50 hotel valuations throughout Europe for debt financing purpose.

We would like to know your market better and assess the potential it has to offers us.

We undertook a study of the hotel market in Bucharest, Romania, in order to assess the prospects for a new international business hotel. We considered how the demand for accommodation was likely to grow over the next few years and estimated the impact new supply would have on this growth.



Call for Added Value

We are certain that our depth of understanding, commitment, and responsiveness will add value to your ideas and make a significant contribution to the strategies and performance of your organization.

We trust that this brochure has given you a sense of the type of work we undertake as well as our expertise. Please contact us if we can answer any further questions or provide more information regarding the Real Estate, Leisure and Tourism Practice.

If you are already a KPMG client, we hope we have piqued your interest not only in our competencies but also in the real estate, leisure and tourism sectors. If you are new to KPMG but are interested in these industries, we look forward to working with you.

KPMG's Real Estate, Leisure & Tourism Practice

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