Identification of opportunity

Land for hotel development

Due diligence stage

- Market research
  - Existing competition
  - Geographical analysis
  - Customer analysis
  - Political and Economic environment
  - Revenue/profit projections
- Land
  - Ownership
  - 3rd party interests
  - Restrictions
- Development
  - Planning & traffic
  - Utilities & services
  - Development/Government licences
  - Civil defence/security
- Corporate
  - Corporate structure
  - Incorporation of new company
- Financial
  - Tax issues
  - Repatriation of profits
  - Development costs and financial modelling
  - Asset/project finance arrangements
- Operational
  - Employment
  - Labour unions
  - Licensing
  - Taxes
- Risk analysis
- Hotel operator expession of interest

Acquisition

Development stage

- Hotel operator RFP and selection
  - Agreement of commercial terms
  - Agreement and signature of hotel management and technical services suite of agreements
- Appointment of architect/designer
- Concept design
- Involvement of hotel operator in design, layout and back of house requirements
- Appointment of professional consultant team
- Schematic design
- Initial development budget

Construction stage

- Preparation and award of tender for construction contract
- Construction commencement
- Detailed design
- Procurement and completion

Pre-Opening stage

- Appointment of GM and senior hotel executives
- Pre-opening plan
- Pre-opening budget
- Operational licences
- Employment of staff and training
- Advertising and Marketing of hotel

Opening & Operation

- Issue of completion certificates
- Procurement of all operational licences
- Handover to operator for opening
- Snagging and defects liability period
- Operation

Existing building (non-operational)

Due diligence stage

- Market research
  - Existing competition
  - Geographical analysis
  - Customer analysis
  - Political and Economic environment
  - Revenue/profit projections
- Property
  - Ownership
  - 3rd party interests
  - Restrictions
- Development
  - Planning & traffic
  - Utilities & services
  - Development/Government licences
  - Civil defence/security
  - Potential /existing claims
- Construction/design of Property
  - Survey & defects
  - Environmental analysis
  - Valuation
  - Complete or incomplete
  - Warranties
  - Claims/risks
  - DLP
  - Design/layout
- Corporate
  - Corporate structure
  - Incorporation of new company
- Financial
  - Tax issues
  - Repatriation of profits
  - Development costs & financial modelling
  - Asset/project finance arrangements
- Operational
  - Existing hotel management agreement?
  - Employment
  - Labour unions
  - Licensing
  - Taxes
- Risk analysis
- Hotel operator expression of interest

Acquisition

Development stage

(as applicable depending on status of hotel operator appointment, design & construction)

- Hotel operator RFP and selection
  - Agreement of commercial terms
  - Agreement and signature of hotel management and technical services suite of agreements
- Appointment of architect/designer
- Concept design
- Involvement of hotel operator in design, layout and back of house requirements
- Appointment of professional consultant team
- Schematic design
- Initial development budget

Construction stage

(as applicable depending on status of design & construction)

- Preparation and award of tender for construction contract
- Construction commencement
- Detailed design
- Procurement and completion

Pre-Opening stage

- Appointment of GM and senior hotel executives
- Pre-opening plan
- Pre-opening budget
- Operational licences
- Employment of staff and training
- Advertising and Marketing of hotel

Opening & Operation

- Issue of completion certificates
- Procurement of all operational licences
- Handover to operator for opening
- Snagging and defects liability period
- Operation

Existing hotel (operational)

Due diligence stage

- Market research
  - Existing competition
  - Geographical analysis
  - Customer analysis
  - Political and Economic environment
  - Revenue/profit projections
- Property
  - Ownership
  - 3rd party interests
  - Restrictions
- Construction of Property
  - Survey & defects
  - Environmental analysis
  - Valuation
  - Warranties
  - Claims/risks
  - DLP
- Corporate
  - Corporate structure
  - Incorporation of new company
- Financial
  - Tax issues
  - Repatriation of profits
  - Asset/project finance arrangements
- Hotel Management & Operations
  - Review of management documentation and management fees
  - Hotel management agreement to terminate or continue?
  - Review of management team
  - Review of budgets and audited accounts
  - Trading history and forecasts
  - Inspection of rooms, facilities, BOH
  - Quality of decoration – renovation required?
  - FF&E and SOE inventories
  - Inspection of plant and infrastructure
  - Information technology and communication systems
  - Financial systems
  - Employment issues
  - Labour unions
  - Licensing
  - Taxes
  - Supplier and services agreements
  - Insurance
  - Defaults/Claims/litigation

Acquisition

Renovation/Re-branding

- Hotel operator RFP and selection where hotel management agreement terminates
  - Agreement of commercial terms
  - Agreement and signature of hotel management and technical services suite of agreements
- Appointment of architect/designer
- Design
- Involvement of hotel operator in design requirements and renovation programme
- Appointment of professional consultant team
- Agree budget
- Agree partial/total closure and operation conditions during renovation

Re-Opening & Operation

- Issue of completion certificates
- Procurement of all operational licences
- Handover to operator for re-opening
- Snagging and defects liability period
- Operation

Operation

- Assignment of hotel management agreements to new owner
- Transfer of operational licences as necessary
- Transfer of employment agreements for hotel staff
- Continued operation

Chart to go with Hotel Development 101 Article_766358_1