



OTHER ARTICLES IN THIS ISSUE:

Qataris swoop on Berlin duo

Qatari investor Al Faisal Holding has purchased two Berlin hotels, in the latest example of Qatari capital coming into European hotel real estate.

The deal saw Al Faisal buy the Grand Hyatt and Maritim hotels in the German city, through its hospitality subsidiary Al Rayyan Tourism & Investment (ARTIC), for an undisclosed sum.

[read more](#)
London wobbles

London's hotel market is threatened with a post-Olympic hangover, as room supply through the next two years is likely to damage occupancy and repair in the short term.

That's the verdict of Jones Lang LaSalle Hotels in their latest London hotel development focus. London's previous ability to absorb more supply, while maintaining occupancy at around 80% will be...

[read more](#)
Choice on portfolio hunt

Choice Hotels is looking forward to grabbing more conversion opportunities, to grow its brands both in the US and in Europe.

Having delivered a record year, there are no bumps visible in the road ahead, said president Steve Joyce.

[read more](#)
Rate trends upwards

Hoteliers in Latin America are benefitting from a continuing shortage of quality hotels to meet booming demand, according to a survey by travel group Hogg Robinson.

Rates in cities including Rio de Janeiro and Buenos Aires rose rapidly during 2012, though many international travellers failed to feel the price rises of up to 19%, thanks to favourable exchange rate movements.

[read more](#)
Fresh start for IHG in Hamburg?

The start of February saw the closure of the InterContinental Hamburg, after the hotel fell victim to a falling out between the property's landlord and its bank.

The closure is one of the more extreme outcomes for hotels where lease deals were struck at the last peak of the market.

[read more](#)
Travelodge wakes up

Travelodge has announced an investment of GBP223m in its brand this year, as the company attempts to put the trauma of its restructuring behind it.

Details of a substantial refurbishment programme, and

ISSUE 4: 16TH FEBRUARY 2013

Rezidor clears out the cobwebs

Rezidor is planning further steps to exit unprofitable leases in Europe, as it prepares a refresh of its Park Inn brand across the continent.

The fallout from lease exit deals agreed during the last few months was evident in Rezidor's 2012 results, which saw the company declare a loss.

But alongside the EUR9.4m of termination costs were further write-downs, related to further lease exits that appear to be in the pipeline. And there was more red ink, with write-downs of deferred tax assets relating to hotel contracts in the UK.

The termination costs related to the conversion of two lease agreements to franchise agreements in Sweden, and the exit from seven leases in France, announced previously. Together these should add around 0.5% to the ebitda margin going forward.

Write-downs are analysed on a quarterly basis, relating to specific contracts, and can be written up as well as down, noted chief financial officer Knut Kleiven. "Why did they come to so much in this quarter? It's not to say that the outlook has turned worse, but we have probably taken a little bit more conservative assessment of the situation."

"This helps us to create a platform for further exits of loss making contracts," added Kleiven. Pressed about what such properties might be, he responded: "We cannot be very specific on that, we will only announce those when we have closed a deal with someone. What I can say is that I would be very disappointed if, at the end of the year, we haven't at least announced something in that direction."

Among those "conservative" items was a provision for future losses on one contract in Germany: "We had the same thing earlier in the year, for the same contract", said Kleiven. There was also a write-down of assets where the cash flow expectation on leases looks as though it may fall short – notably on hotels in Benelux and the UK. "This is something we do, to prepare ourselves for exits from unprofitable hotels."

"Would we expect more of this to come? Well, we should expect that this should be less of an issue going forward."

There was also news of progress with Rezidor's Park Inn brand. "Park Inn in the past has underperformed, we have put a lot of effort on that brand, and see now the traction. We also see the recognition of the brand increasing, said chief executive Wolfgang Neumann.

"Park Inn continues to be the most improved brand in the mid market sector," according to independent research. "We can capture additional market share. This is particularly important in the UK but also in Germany. There the progress is above our expectations, and we're now getting to track where we would expect these hotels to do in the market." Neumann admitted that a modest amount of rate was being sacrificed, to ensure growth in market share.

Kleiven explained the details behind a soft makeover of the brand, which is being rolled out with Amsterdam the first renewed property. "We are relaunching Park Inn under the next gen concept, targeting Park Inn more towards the expectation of generation X and generation Y, focusing particularly in key countries as mid-market is a domestic play and you need to drive critical mass in key countries forward."

The write-downs obscured a positive year of performance, said Neumann. "Despite a continued fragile global macroeconomic climate, Rezidor's like for like repair continued to show a positive development with a healthy growth of 4% in the fourth quarter of 2012. For the full year, repair grew by 5%, fuelled by a strong growth in Eastern Europe and the Middle East and Africa."

Repair had seen consistent growth in all quarters "That is certainly better than we expected at the outset of the year." The Nordics saw an improvement in the last quarter of the year.

"The repair improvement together with the continued weakening of the euro, resulted in a revenue increase of 7% in Q4 2012 including a strong growth of 18% in fee revenue from our managed and franchised business. Cash flow from operations, adjusted for the termination costs, improved by MEUR 12."

Our commitment to profitable asset-light growth continues. All of the 4,000 room openings and 7,100 room signings in 2012 were either managed or franchised contracts.

HA Perspective: New CEO Wolfgang Neumann has wasted no time in stamping his mark on this business. There was some surprise with his appointment as CDO Puneet Chhatwal had been tipped for the role given that he had been the right hand man of previous CEO Kurt Ritter.

But Ritter left a big legacy and a completely fresh face was necessary to set a course that would not be seen as Ritter in absentia.

Neumann has taken the opportunity of his honeymoon period to declare all the bad news, writing down the difficult leases to leave a business focused on fee income and a few profitable leases.

His challenge is going to be maintaining the extraordinary momentum the business had in emerging markets growth, particularly in Russia and Africa. One area that might deliver results is Park Inn.

The rebranding of Radisson SAS to Radisson Blu was so successful that it was adopted by the mothership Carlson in the US. If a similar feat can be achieved with Park Inn, Neumann will be well on his way to creating his own legacy.

MOST RECENT ISSUES

HA Perspective:
Issue 4: 16th
February 2013

HA Perspective:
Issue 3: 12th
February 2013

HA Perspective:
Issue 2: 28th
January 2013

HA Perspective:
Issue 1: 19th
January 2013

HA Perspective:
Issue 25: 11th
December 2012

Renu.Snehi@rezidor.com

- [My account](#)
- [Log out](#)

Our hotels and leisure team supports all aspects of buying, managing and selling the diverse range of real estate in this industry, helping our clients to develop their business in the UK and globally.

new openings, have been revealed as the company plans to push its brand out into the market with renewed confidence.

[read more](#)

Easier visas mean East beats West

Emerging nations are trumping Westerners when it comes to facilitating tourist access. And the difference in approach to issuing visas can make a substantial impact on visitor numbers, warns the UN World Tourism Organisation.

Across the G20 countries alone, a more proactive attitude towards easing visa restrictions could generate up to USD206bn in tourism receipts by 2015, and...

[read more](#)

COMMENTS

ADD COMMENT

Your name: Renu.Snehi@rezi...

Comment: *

- Web page addresses and e-mail addresses turn into links automatically.
- Lines and paragraphs break automatically.
- Image links with 'rel="lightbox"' in the <a> tag will appear in a Lightbox when clicked on.

[More information about formatting options](#)

