

## SPECIALIST HOTEL SERVICES

*Definition of a Mandala: "An organisation or design built around a focusing point where the whole is substantially greater than the sum of the component parts". Alternative Definition: "Your partner in Real Estate".*

Mandala have World class expertise in assisting owners in the development and management of hotel and hospitality assets. We particularly focus on the higher quality properties (4 and 5 star) and can add value in several unique ways.

Mandala's hotel team include those who have worked at the highest levels with some of the best hotels and hotel developers in the World. We have been represented the owners and independently managed some of the finest hotels in the World. Mandala's team have developed, consulted, assisted, managed and advised the owners of more than 8,000 rooms of 4 or 5 star quality.



*The New York Palace Hotel*  
<http://www.newyorkpalace.com/>

In particular, Mandala have performed an extended engagement as Asset Manager (Owners Representative) for four of the most famous luxury hotels in the World - the **Hotel Bel-Air** in Los Angeles, **New York Palace**, **Hotel Plaza-Athénée** in Paris and the **Empire Hotel** in Brunei. These properties were all members of the Leading Hotels of the World ([www.lhw.com](http://www.lhw.com)); the ultimate recognition of a luxury hotel. Details of these roles are provided below.



*Hotel Plaza-Athénée, Paris*  
<http://www.plaza-athenee-paris.com/>

## THE MANDALA APPROACH TO HOTEL DEVELOPMENT

Building a hotel is so much more than a real estate development project. The majority of the value of the final product comes from the operation of the hotel business rather than the per square foot price. Not only do developers of a hotel project have all the same issues relating to building any other type of project, there are additional issues relating to the future business side of the development that need to be addressed.

Put simply, any hotel developer must answer the following questions:

1. **Specifications:** who will set the specifications for the property and position the property to meet the market needs?
2. **Features:** what other features will be part of the property (eg retail area?)
3. **Design:** who will design the property?
4. **Construct:** who will construct the property?
5. **Project Management:** who will oversee the construction?
6. **Funding:** how will the project be funded?
7. **Management:** who will manage the hotel?
8. **Branding:** under what brand or franchise will the hotel run?
9. **Asset management:** who will represent the owner of the property?
10. **Exit:** how will I exit my investment?

Mandala assist developers of hotel projects with answering the above questions by combining deep experience with the World's best practices. Managing modern hotels is a relatively new experience for many Indian hotel promoters and many of the business models used for hotels in India have essentially remained unchanged for many decades. Many of the techniques used commonly overseas can enable owners of Indian hotels to receive substantially greater financial returns from their properties with lower risks also. Mandala can provide these techniques to lift profitability of hotels in India.

It is important to note that if the above questions are not adequately answered, obtaining external financing will be almost impossible as there is a surplus of available hotel projects in India over the number of investors and investors can afford to be very choosy about which projects they back.

## MANDALA'S HOTEL SERVICES

Mandala's main hotel services cover a number of areas:

- Market analysis, positioning, market placement
- Design of initial concept, design features and functionality
- Preparation of a business case and financial forecasting
- Construction management and quality control
- Fundraising
- Providing exit routes for owners either in part or whole
- Branding and distribution channels to market
- Operational management of the property
- Asset management

- Management of multiple properties including branding, positioning, extracting synergies etc
- Performance improvement and consulting

## INITIAL CONCEPT, DESIGN AND BUSINESS CASE

The key to the successful development of a hotel is to create the correct concept borne out of a thorough analysis of the market. Too many hotels in India are poorly conceived and are built based on the site size, what others are doing or tax incentives. We have seen many examples of the wrong hotel being proposed for the right site. Mandala take a different approach and focus on what size and quality of hotel is ideal for the site and what can be sold.

Mandala are experts at market and needs analysis and can determine what type of facility the market can support, tested against a variety of future scenarios. By creating a unique product that is tailored to its market (the product can be changed but the location of the land can not), long term profitability from the hotel is assured. Without this, the project will not receive external funding, will be over exposed to an inevitable downturn and will not make as much money for the promoters as is possible.



*The Empire Hotel and Country Club, Brunei*  
<http://www.theempirehotel.com/>

Mandala can further assist by introducing international architects and designers, such as those who designed the prestigious Empire Hotel in Brunei (left), described as the most luxurious development in the World. This development also included a country club with floodlit golf course.

Before fundraising and construction can commence, it is essential that a construction, development, operational and marketing plan is developed for the business. Mandala's approach ensures not only that the project receives external funding if required, but that the final product is worthwhile and profitable.



*Empire Hotel Golf Course*

## **BRANDING AND/OR OPERATIONAL MANAGEMENT**

One issue for a hotel promoter to consider is who will manage the hotel and under what brand? While getting international chains and management involved can be expensive, in certain circumstances, it may be cost effective to introduce international standard management and / or branding to access certain markets or attain certain standards. It is one matter to consider and understand rather than just assume that there is no choice.

This may involve bringing in an external brand to either manage the hotel or simply to provide independent or franchised branding. In addition, significant additional value can be generated for the owners if an independent brand is developed, depending on the type of property and the market. Mandala can introduce international brands, affiliations, management and expertise. We can also create or support a management team to manage the hotel independently under a recognised brand. This approach can save many crore per year in management costs.

## **FUNDRAISING**

Mandala can introduce many international financiers with whom we have previously worked who are interested in funding hotel developments in India. However, as noted, successful fundraising is dependent upon the quality of the initial work on the development. If Mandala are involved at an early stage this will significantly increase the prospects when it comes to the actual fundraising.

## **CONSTRUCTION MANAGEMENT AND QUALITY CONTROL**

Once construction commences, it is vital to control the process, since quality and cost control are essential in a hotel development. Ensuring that the interior finish is of the required quality is key as it will affect the overall viability of the project. Mandala can provide or introduce experts who can manage construction (architects and PMC) and ensure that the outcome matches the original vision.

## **ASSET MANAGEMENT**

Although outsourcing management to a brand or management company may be an appropriate strategy, it can also have significant drawbacks unless the hotel management is overseen properly. Brands and managers need to be incentivised to maximise the return to the owner of the hotel. Mandala are global experts in this process, known as asset management.

## PERFORMANCE IMPROVEMENT

We understand that retaining consultants can be a difficult decision and Mandala believes it is the job of the proposed consultant to demonstrate that they can add value that significantly exceeds their fees. Mandala's tailor its proposals for each client and ensure that specific results are identifiable in advance in the following areas:

- Higher Profitability
- Sustained Profitability
- New Opportunities
- Enhancing Value for Shareholders
- Enhanced Competitiveness.

We are so confident of our ability to add value that we receive most of our proposed fees in the form of success fees that ensure we only get paid if we deliver.

## CASE STUDY - FLAGSHIP PROJECTS

Mandala's team ran three of the World's premiere properties for a member of the Brunei Royal Family:

	New York Palace	Hotel Bel-Air	Plaza Athénée
Location	New York	Los Angeles	Paris
Quality	Five diamond	Four diamond	Five diamond
Rooms	890	92	187
Staff	1100+	260	350+
Role	President	President	Director (owner's representative)

All the above hotels are among the highest quality hotels in their markets and all achieve (frequently) highest REVPAR in their competitive set. Mandala's expertise was employed as follows:

- Set and led implementation of strategy for all areas of the hotels including competitive position, options, positioning, branding, public perception and relations, marketing, human resources and all operational areas.
- Commenced program to realise synergies between the hotels.
- Led response to 9/11 tragedy including re-engineering staffing levels and practices to deal with the swift and substantial reduction in demand.
- Maintained excellent union relations in some of the toughest unionised environments.



*Hotel Bel-Air, Los Angeles*  
<http://www.hotelbelair.com/>

- Enhanced quality programs and feedback from staff, guests and suppliers. Regaining recognition awards for improved quality.
- Developed new concept for analysis of optimal floor space usage based on EVA
- Re-engineered work practices to achieve substantial (\$5+million) annual savings.
- Renegotiated major supply contracts to achieve substantial (\$4+million) annual savings.
- Introduced supply sourcing programs to reduce purchasing costs by \$2 million (including reducing food costs to 16% in one property).
- Reduced staffing levels by more than 10% by analysing work practices and procedures (in addition to staff reductions from 9/11).
- All above programs were achieved while maintaining or enhancing quality of product.
- All hotels now make more profit on less turnover (revenue drop due to 9/11) – REVPAR yield increased for all properties during tenure.
- Redesigned marketing plans and staffing to ensure systemic approach to marketing and sales efforts to achieve substantial lift in sales performance with lower costs.
- Developed key relationships to promote business and enhance performance. For example, established key account management program, joint promotion / representation, reciprocity programs, GDS suppliers etc.
- Dealt with major litigation involving previous management.
- Oversaw major capex programs including two bars, new PMS systems and set 5 year plans.
- Built new team to replace prior sub-optimal management (renovated, hired and fired).
- Culture change / shifted focus of management and staff to business mind-set.
- Dealt with serious integrity issues and introduced utmost honesty culture.

**SUMMARY OF HOTELS CURRENTLY OR PREVIOUSLY MANAGED BY  
MEMBERS OF OUR TEAM**

<b>Name</b>	<b>Location</b>	<b>Quality</b>	<b>Size</b>	<b>Role</b>
New York Palace (LHW)	New York	Five Diamond	890 rooms	Asset Manager
Hotel Bel-Air (LHW)	Los Angeles	Four diamond	92 rooms	Asset Manager
Hotel Plaza Athenee (LHW)	Paris	Five diamond	187 rooms	Asset Manager
Empire Country Club (LHW)	Brunei	5 star	583 rooms plus facilities	Repositioning, operations
Confidential group (own brand)	London	4-5 star	2500 rooms / 18 properties	Restructuring, branding
Confidential Resort	Los Angeles	5 star	210 rooms plus facilities	Profit enhancement, repositioning, training
Diamond Hotel (Hilton)	Los Vegas	4 star	150 rooms	Asset Manager
Confidential	New York and US	5 star	320 rooms plus 300 under construction	Asset Manager
Pitt Town Hotel	Sydney	3 star	45 rooms	Asset Manager
Milton Park (Relais & Chateaux)	Sydney	5 star	58 rooms plus facilities, village and golf course	Asset Manager
Medecca Palace (Starwood)	Kuching	4 star	250 rooms	Asset Manager
More than 35 hotels around Sydney and NSW for National Australia Bank	Greater Sydney	3-4 star	Various properties ranging in size from 25 rooms to 150 rooms	Repositioning, profit enhancement, financial support
Sir Francis Drake (Best Western)	Newcastle	4 star	40 rooms plus conference rooms	Asset Manager
Huang Shun Group	Mainly Shanghai	3-5 star	1500 rooms / 10 properties	Strategic advice
Days Inn – Shanghai (to open 2006)	Shanghai	4 star	212 rooms	Asset Manager
Confidential serviced apartments	Singapore	4/5 star	130 apartments	Asset Manager

LHW = Leading Hotels of the World Branding

The above list excludes properties involving transaction (buy / sell / fundraising) mandates, viability reviews and assignments where we have been retained but work has not been completed.