Relevant Success Stories

mrp hotels' involvement has yielded success on an international scope



Efficiency Turnaround in First Year of Interim Management

Outperformance of historic bottom line results through newly introduced yield management and cost cut efforts

Property: 200 Keys, Luxury City Hotel in Central Europe, unbranded. Status Quo: The client is an international company that has extensive know-how in the real estate industry, however, limited resources to be involved in daily operations. Following an extensive commercial audit performed by mrp hotels, the client closed the deal with the former property owner. After handover, the hotel's performance was unsatisfactory with both guest and staff satisfaction below expectations. To secure a positive cash flow during the planning phase of a potential refurb, mrp hotels was assigned as interim manager.

Hotel Property



200 Keys unbranded Luxury City Hotel in Central Europe Seasonal Operation

Unsatisfactory Performance

Decline of service quality

Little internal communication

Low staff efficiency

Confusing pricing strategy

High use of TOs

F&B potential not used

Inaccurate USALI Reporting

Solution

Quality drive initiative

Intro of meeting culture

Promotions & empowerment

Reduction of room types

Cancelling TO contracts

Rebranding of F&B outlets

Switch to USALI Reporting

ROOM NIGHTS

+10 k

vs. 2019

OCCUPANCY

+26.2 pp

vs. 2019

RevPAR

+86.6€

vs. 2019

In 2022, the hotel achieved its highest ever TRevPAR performance outperforming historic peak values from 2007 (no indexation)

F&B PROFIT MARGIN

9% **→** 27%

2019

OVERHEADS

25% **→** 17%

GOP

37% **→** 47%

First quarter in 2022 was still significantly affected by the Covid pandemic (Omicron)

mrp hotels Service Scope (Excerpt)

Pre-Takeover: Before taking over the property as interim manager, mrp hotels was involved in a 4-month-long due diligence and performance review process to provide the client with a detailed estimate of historic performance and bottom line potential.

Quick Fixes: In its first months of involvement, mrp hotels introduced sustainable quick fixes that targeted at the set up of reporting structures and a digitalisation of operational procedures.

04.05.2023

Asset Management | mrp hotels © 2023

Significant Strategic Decisions

mrp

Appointed

interim

manager

Strategic Adaptions: Following the high uncertainty of the Covid pandemic, strategic adjustments were flexibly made to allow a sustainable generation of high occupancy levels. Shift of strategy: from rate-driven to occupancy-driven.

F&B-Partnership: Introducing an internationally renowned partner to develop a unique F&B experience, hence, making efficient use of existing hotel space. FF&E investment costs were shared with the partner.

Programming for future development / operator: mrp hotels supported negotiations of agreement (in commercial matters)

Accomplishments

The efficiency turnaround led to a full year EBITDA increase of roughly 4.5 mil. € in terms of valuation (compared to 2019 values – Covid related).

→ At a yield expectation of 3%, this represents a substantial increase in valuation of around 150 mil. €.

 $(4.5 \text{ mil} / 3\% = 150 \text{ mil.} \in).$



Value add through change of use concept and positioning

The Bell Curve demonstrates the above-average (potential) valuation that was generated through the hotels efforts that were supported by mrp hotels.

Pro-Active Management

Stabilisation & Restructuring Concept | Development and Implementation of Continuation Concept

Property: 100 rooms 4* Superior wellness hotel, Tyrol, Austria Status Quo: Family-run 4* superior wellness hotel with an urgent need for investment, declining turnover figures and a high-cost structure was stabilised within a period of 3 years through various operational measures and successfully led through the debt restructuring. The total debt cut achieved amounted to 4.4 mil. €. Both the decreasing total debt burden and the stabilised and more efficient operations contributed to new confidence on the part of the lender and enabled the entrepreneurial family to overcome the investment backlog through concrete new investments in 2020 in a first investment step.

2016

mrp

2017 _____

2018 _____

2020

Appointed performance

Aging hotel product

STATUS QUO

Decreasing turnover figures (turnover 8 mil. € (former +10 mil. €)

Increased cost structure

Investment backlog

No accurate controlling and forecasting

Insufficient use of modern revenue management and marketing tools

High total credit burden; no new investments possible

"Downward spiral"

IMMEDIATE MEASURES

Increase and stabilisation of hotel occupancy in the first half year after being mandated.

Compared to Aug - Nov 2016 +10%

Increase and stabilisation of gross operating profit Compared to Aug - Nov 2016 +160 k€

Stabilisation and reduction of various cost items

Staff costs: reduction of 10 to 15% compared to 2016 (-

Housekeeping: reduction of laundry costs by approx. 155 k€ per year

Spa: Achieve a positive bottom line

F&B: introduction of various operational facilitations

Creation of a modern booking and administration infrastructure

New website, booking engine, email marketing, business on the books report, dynamic pricing

Introduction of internal control

Regular inventories in the spa and F&B area Control of ordering, reporting

SECURING LONG-TERM SUCCESS

Management

Reallocation of responsibilities within the company family; establishment of new management team

Revenue Management

New reservation system and direct networking with the PMS system (iHotelier) Live Gang new Guest Management System (CRM)

Initial Investments (Guest Touch Points)

Soft renovation of the entrance area and bar area

Lender

Regaining lenders' trust and continuous communication

End of 2018: Successful debt restructuring and debt cut of 4.4 mil. €

STABILISATION & RECONSTRUCTION

2019:

Implementation of further operational measures:

Creation of a uniform marketing concept that includes all print and online materials - Commissioning of an agency

Increased e-commerce activity Target turnover direct bookings total homepage of 1 mil. € (15% of total bookings)

Increase in total in-house sales

Establishment of cash pool and preparation and planning of conversion phase I in 2020.

2020:

Approval of renovation financing

Renovation of 40 room units in the main building and various other renovation measures.

Re-opening Sept. 2020

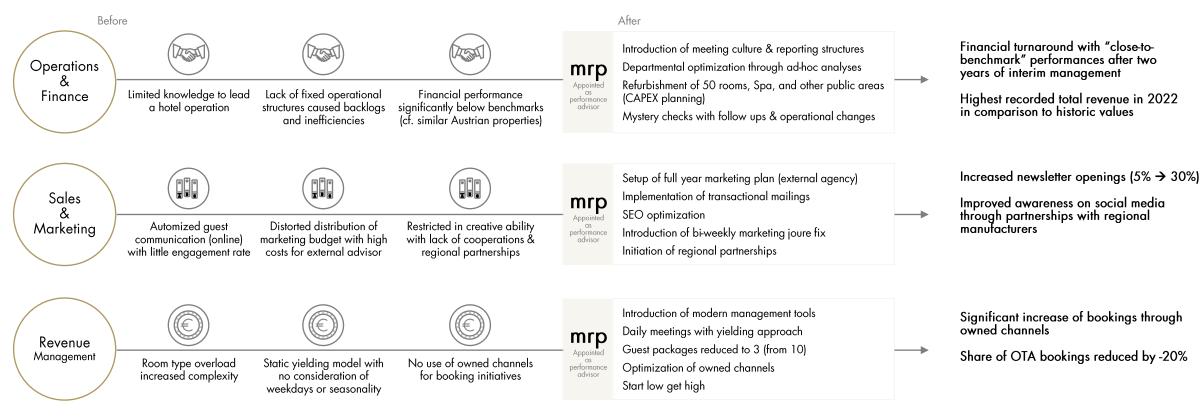
Turnover potential estimate after renovation ~11 mil. €



Management Support & Operational Turnaround

Increasing Owner Confidence | Successful management support stabilising operations and owner profits

Property: 150 rooms 4* Superior wellness hotel, Austria Status Quo: The hotel has been family-owned for more than a decade with an external operator contracted on the basis of a management agreement. Performance levels have been unsatisfactory with KPIs below the regional CompSet. The client has contacted mrp hotels for several one-off assignments concerning financial and operational matters. On the basis of mrp hotels temporary assignments, the owner gained confidence to take over hotel operations with on-going strategic management support by mrp hotels.



Success: xxx



Support during the Budgeting Process

Room Type Analysis | Additional Rate / Revenue Potential was uncovered following room type adjustments

Property: 125 keys, Luxury City Hotel in Central Europe, branded. Status Quo: The hotel is an established city hotel in the luxury category and is operated by a renowned international brand. Both the operating brand and the hotel owner have a high level of expertise in the hotel industry. As part of the asset management appointment, mrp hotels is involved in the yearly budgeting process. During the budgeting process of 2018, a room type analysis was conducted to point out possible issues with the current revenue management related setup of the hotel → uncover additional revenue potential.



Room Type overload Huge rate gaps Unclear distinctions Inaccuracies in namina

Room Type	# of Rooms	Booked OCC	Actual OCC	Booked ADR	Actual ADR	Revenue Potential	Diff to Actual Rev
Standard 1	25	160%	75%	300	310	2.053.125	-2.326.875
Standard 2	5	110%	66%	250	260	301.125	-200.750
Studio 1	15	70%	70%	380	320	1.456.350	0
Deluxe 1	20	85%	85%	380	340	2.357.900	0
Deluxe 2	10	50%	70%	390	305	996.450	284.700
Deluxe 3	20	40%	85%	420	360	2.606.100	1.379.700
Suite 1	15	70%	77%	500	450	2.107.875	191.625
Suite 2	10	25%	75%	900	520	2.463.750	1.642.500
Suite 3	4	25%	70%	1.100	1.000	1.124.200	722.700
Suite 4	1	15%	40%	3.500	2.000	511.000	319.375

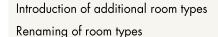
Revenue Potential = Booked ADR * Actual Occupancy Actual Revenue = Booked ADR * Booked Occupancy Data was sourced from the hotel to depict the booking volume and the respective ADR and compare it with actual data.

On the basis of overbooking lower categories and providing guests with upgrades, the actual rate for higher categories is lower than the booked ADR.

Two room types, Deluxe 3 & Suite 2, showed the most significant difference between booked and actual values.

→ Upside potential remains (deluxe rooms and suites are sold at low prices)

Key issue: the gap between certain room types, such as the rate jump from Suite 1 to Suite 2, deterred guests from booking highrate suites → no options in the price range of (NET) 500-900 €.



Smaller rate gaps between room types

Reduced rates for high-rate suites

mrp hotels Service Scope (Excerpt) Accomplishments

Budgeting Process: The process begins with a submission of next year's P&L values and is closed with the hotel owner's written approval of the budget. In between, the operating brand presents the budget to owner and consultant before several feedback loops that see certain adaptations and changes being made to the budget.

Purpose: mrp hotels frequently uses the budgeting process to challenge basic assumptions of the past year. On the basis of unusual deviations between selling prices and ADR (NET), mrp hotels directed its focus on room types to uncover additional revenue potential.

Communication: Findings were forwarded directly to the hotel management with the task to adopt changes based on mrp hotels' findings and recommendations.

Significant Strategic Decisions

Additional Room Types to decrease the gap between categories.

Renaming of Room Types to align with competitive price ranges for deluxe rooms & suites.

Rate reduction of high-rate suites to achieve a competitive offering (value for money in geographic proximity).

Accomplishments

Revision of Budget increased budgeted ADR by 13 € → Considering a 125 rooms hotel at a full year occupancy of 75%, an additional 13 € in ADR (125 * 13 * 365 * 75%) yields extra 450 k€ in BGT → Reasonable revision (not pushed by force) as Actuals even outperformed budgeted values.

Change of Room Types took place following mrp hotels recommendations.

Outperformance of budgeted values following the change of room types. Actual FY ADR outperformed the revised budget by $13 \in \rightarrow$ Actual Occupancy increased to 79%, hence, the extra rooms revenue amounts to 475 k \in .

Success

The actual performance in 2018 then exceeded budgeted values by:

2018 ADR Increase cf. BGT

+18€

vs. FY budget

2018 ADR Rooms Rev Increase +800,000 €

vs. FY budget

Highlight of Mandates

Asset & Performance Management (Excerpt)

Park Hyatt Vienna



Hampton by Hilton Warsaw



Andaz Munich Schwabinger Tor



Hilton Vienna Park



Place Vienna, Austria

Services

Operator Search, Contract Negotiations, Asset / Performance Management

Client SIGNA Holding

143 Rooms

Warsaw, Poland

Asset / Performance Management

S+B Group

300

Munich, Germany

Asset / Performance Management

Jost Hurler

277

Vienna, Austria

Asset / Performance Management

Parkview Vermietungs-und Verpachtungs GmbH

655



Highlight of Mandates

Asset & Performance Management (Excerpt)

Andaz Vienna



Bauer Palazzo



Blue Marlin Deluxe Spa & Resort



Hampton by Hilton Warsaw



Place Vienna, Austria

Services Asset / Performance Management

SIGNA Real Estate Management GmbH Client

303 Rooms

Venice, Italy

Due Diligence Owner Representation Interim Management

Signa Holding

191

Alanya, Turkey

Management Assistance

Hacinurioglu Tur. Tic. A.S.

164

Warsaw, Poland

Feasibility Study Asset / Performance Management

Wspolna Hotel Management Sp. z o.o.

300



Highlight of Mandates

Asset & Performance Management (Excerpt)

Grand Hyatt Berlin



Intercontinental Wien



Kempinski St. Moritz



Spa Resort Styria



Place Berlin, Deutschland

Services Asset / Performance Management

Client Al Faisal Holding

Rooms 342

d Wien, Österreich

Asset / Performance Management Eigentümervertretung, Vertragsverhandlung, Development Support

WertInvest

458

St. Moritz, Schweiz

Asset/ Performance Management Eigentümervertretung

Immofinanz AG

184

Bad Waltersdorf, Austria

Revenue Consulting & Support

Grand Spa Wellness Betriebs GmbH

139





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Interactive communication with mrp hotels

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Cooperative partnerships





