

# THE QUOTABLES

LEADERS AND LENDERS, CHILLED OR FEVERISH?



*KRISTIN THORSTEINS – PORTMAN INVESTMENT - PARTNER*

**“COVID will put to test some of the new brands the Operators have come up with in recent years. I think some are going to disappear”**

*CEO – GLOBAL HOTEL COMPANY [100-200 HOTELS]*

**“Owners and Operators have to face the hard realities and walk in each other’s shoes, there is no silver bullet to our recovery”**

*TONY SOUTH – ONE OF REGIONS TOP DEAL GUYS FOR 30+ YEARS (IHG, THAL, HORWATH)*

**“Do we ever learn”?**

**(Cash Reserves/balance of source  
markets)**

*CRAIG SMITH – GROUP PRESIDENT ASIA-PACIFIC AT MARRIOTT INTERNATIONAL*

**“Safety and hygiene...The new amenity”**

*KEVIN BEAUVAIS – CEO GLOW HOTELS & RESORTS*

**“Size/flexibility matters! ...Adaptability will be key in moving forward during these ever-changing times.”**

*“LOAN ORIGINATION OFFICER – LARGE THAI BANK ~~ACTIVE IN HOSPITALITY~~”*

**“Lenders will be more stringent underwriting the loan with tight lending terms going forward. Loans for new clients for ground-up developments will probably be scarce for the next year”**

## ***BEN HIRASAWA – PARTNER BH2I***

A thorough understanding of the Covid-19 impacts on the businesses and motivations of a counterparty can enable savvy owners and operators to use traditionally used justifications for certain positions in a HMA negotiation by the other side to their own advantage to obtain more favorable document. Positions on certain contract terms that should be significantly re-examined and closely scrutinized extend far beyond force majeure and “extraordinary events” clauses.

Some of these provisions that are currently, and will continue to be, impacted include capital improvements and expenditures, FF&E expenditure (and the use of notional accounts), brand standards and compliance with any future changes to such standards, centralized services and fees and related transparency, the annual budgeting process, performance tests, insurance (especially non-contingent business interruption insurance), owner approval rights concerning all of the foregoing, dispute resolution, taxes, and (everyone’s favorite) indemnities.

Realizing the true impacts of COVID19 on both parties during the HMA negotiation ultimately can lead to significant savings of time and money throughout the entire project development cycle, which are of ever greater importance in the emerging post-COVID19 environment for all concerned.

**I am happy to expound**

***BEN HIRASAWA – PARTNER BH2I***

**"Understanding Covid-19 impacts can enable savvy owners and operators to use traditionally used justifications for certain positions (Capex, FF&E, Brand Standards, PTC, budgeting and approvals for all) in a HMA negotiation by the other side to their own advantage"**

*ALAN WATTS – PRESIDENT ASIA PACIFIC HILTON*

**“Covid-19 is the most devastating event to hit our industry in a generation...As we navigate our way back to demand, will this force a fragmented industry to work as one to lobby and accelerate cross border demand? Or will it be an individual test of management skill and asset stewardship to survive with some investors waiting in the wings to capitalize on others’ misfortune?”**

*OWNER - MULTIPLE MAJOR THAI HOTELS [USES THIRD PARTY MANAGEMENT]*

**[Recovery Plans] “One size is not likely to fit all. Operators should discuss these with owners and get their buy in now”**

*GAVIN FAULL – CHAIRMAN SWISS-BELHOTEL*

**“Governments must realize that we must manage and control not stop.”**

**“Success will only come from energy and belief in the industry”**

*PATRICK IMBARDELLI – CHAIRMAN VELOCITY VENTURES*

Lesson learned – “ Ask and Listen”

***LOAN ORIGINATION OFFICER – ACTIVE HOTEL LENDER***

**Amazing, in month one of major impact, borrower comes and asks for moratorium (P&I) for full year, should be some sharing of burden, especially with 2 months in rearview mirror. I will remember this.**

**PAUL LOGAN – FORMER HOTEL BIGSHOT AND CURRENTLY GRANDPAPA SHELTERING IN PLACE  
AVOIDING GLUTEN**

**“HeBaLe Index**

The health of the hotel industry has an inverse relationship to the carbohydrate loading of hotel advisors.

When the average weight of Hecker, Barnett and Levy sits below 85kg, all is good with the hotel world and you can still persuade a developer, investor and a HMC to build and run a hotel where it is least needed.

However, as hotel performance deteriorates and capital and debt become harder to find, the carbo loading of the trio increases and when an average weight of the three exceeds 90kg you know it's time to sell hotel stock.

At a 100kg average weight, it's a crisis and time to get out, if you've not already been pushed. “

“Please advise today’s HeBaLe Index. “