

AXSIA ORGANIZATION

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The Hotel Industry has been “hit hard”



The difficult times are expected to continue well past the relaxation of current travel restrictions and lock-down regulations.

Government financial support is assisting hotel owners bridge some immediate costs. However, the support is not able or sufficient to protect Hotel Owners and Financiers from the anticipated hardship envisaged over the next several years.

The Hotel Management Agreement (HMA) relationship between Operators/Brands and Owners gives all control of the Hotel asset and business to the Operator, while the business risk remains with the Owner. The HMA relationship is peculiar to the Hotel Industry and is misunderstood by many.

If the industry is to survive through the current lock-down and what will be a protracted recovery period, Financiers and Bankers will need to ensure that their customers, Hotel Owners, have adequate resources to support them and have a well developed recovery strategy.

Owners will need to ensure that the Operators give General Managers the right support and guidance to reposition the Hotel back into a competitive market.

It is in everyones interest that all parties work together to deliver on these strategies and return values to pre COVID-19 levels.



A MESSAGE FROM OUR CHAIRMAN

Axsia Organization is a professional advisory firm specialising in the hotel, tourism and leisure sector. Led by myself and David Simpson our Managing Director, we bring deep industry experience combined with my commercial background in banking, finance and mergers and acquisitions.

In addition we have a team of highly experienced Directors and Consultants with strong hotel operating and management skills that have managed through SARS and 9/11, combined with market analytics, project development and corporate experience.

We have local offices in Melbourne and Sydney as well as regional offices in Singapore and Auckland.

Axsia is well positioned to support Hotel Owners and their Financiers through this very difficult period and more importantly the recovery post COVID-19.

For more information about Axsia Organization see our website www.axsiaorg.com

Ian Knight
Executive Chairman

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Asset Management

Axsia's Asset Management subsidiary understands the complexities of an HMA and the relationships and structure of obligations by the stakeholders.

Axsia works with key stakeholders namely:

- Operators/Brands
- Local Managers
- Owners
- Financiers and Bankers

Axsia's Asset Management focuses both on the short and long term objectives of the stakeholders, aligning interests of all parties to ultimately maximise value.

- Areas focused on include:
- Property Inspections
- Management of Owners Meetings
- Legal and Regulatory Compliance Oversight
- Capital Expenditure (Capex) Planning Reviews
- Annual Business Plan Reviews and Commentary
- Operator Vision Compliance
- Monthly Operational and Financial Review
- Hotel Management Agreement Compliance

Our team of Directors and Consultants are experienced in managing assets through all market cycles and across all sectors of the business, with both local and international experience across revenue, finance, operations and performance optimization. Our primary focus is on the areas that will enhance value the most.



David Simpson
Managing Director

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What should hotels be focussing on in this “new world” of COVID-19

Operators and Hotel Management need to make good decisions during periods of crises. A key areas of focus for Owners is to ensure the General Managers and the Operator is focussing on the following areas.

- Ensure Cashflows are planned and maintained with sufficient cash retained to meet requirement in the forced lock down period and start-up time.
- Don't let short term thinking get in the way of longer-term strategy. Coming out of the COVID-19 crisis requires staffing resources ready to go and strong communication between customers and management
- Utilise the opportunity to re-consider business mix and re-engage staff to a common goal. Well prepared teams will grow back to retain same or even greater levels of market share
- Re-assess the cost base and ensure that sustainable cuts are implemented to maximise flow through when revenues return
- Identify short-term tactics that require action, such as Government support, staff and customer communications etc
- Ensure marketing strategies are in place for the re-opening particularly for corporate clients
- Where Hotels have been used for COVID -19 isolation or medical accommodation ensure proper cleaning processes have been undertaken
- Ensure services have been maintained or are subject to a pre-opening maintenance check
- The focus should be on keeping the Hotel operating wherever possible with scaled down resources; this is critical to a successful recovery.



Oversight should be done through either the Owners internal Asset Management team or external Asset Managers.