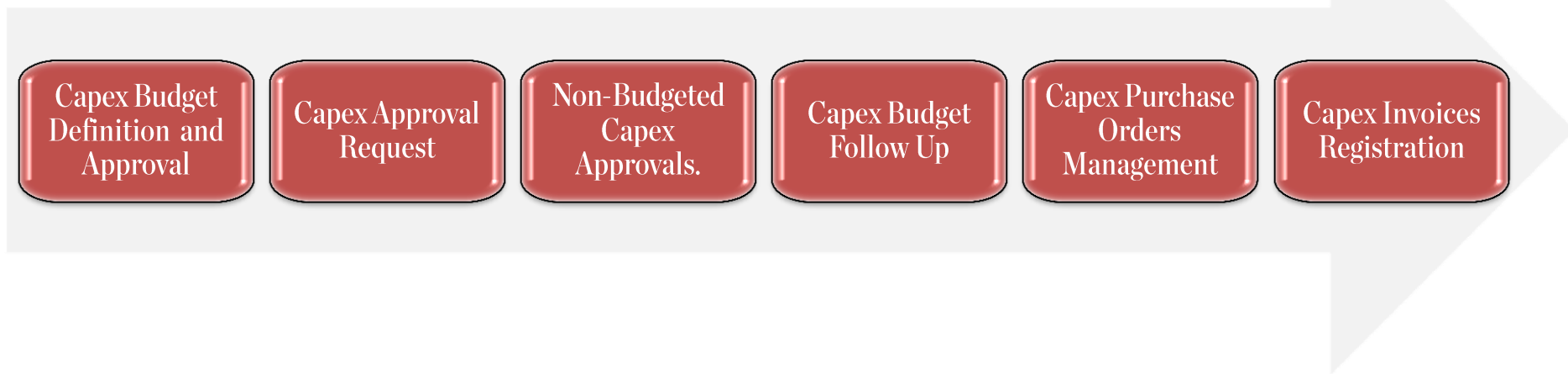




This document is quick reference to the main topics, actions and roles included in the NH Hotel Group Corporate CAPEX processes.

NH HOTEL GROUP CAPEX MANAGEMENT PROCESS:



Scope

The CAPEX processes applies to Hotels and all the BU and HQ Departments in NH Hotel Group.

Objective

CAPEX processes establish the best way to proceed in all tasks related with the Corporate CAPEX process.

The compliance of these processes should ensure that:

- CAPEX figures are in line with the Strategic 5 Years Plan (5YP) of NH Hotel Group.
- Deadlines for CAPEX definition and approval are met, clear and known for all positions and departments involved in this process.
- Correct loading of the CAPEX figures (budgeted and real) in the new SAP Investment Management module (SAP_IM).
- CAPEX requests and approval limits are in line with the terms and criteria established by NH Hotel Group
- Regular monitoring and analysis of the CAPEX deviations and discrepancies detected.
- Proper registration of the CAPEX purchase orders and their invoices in SAP MM / FI

NH Hotel Group CAPEX Processes & Main Tasks (I)

Capex Budget Definition and Approval

5YP Capex Categories:

Ordinary and Maintenance Capex
Extra Capex
Expansion Capex
Repositioning & Signage (PCE)
Basics, M&E, Gym, Open Bar (Operations)

Capex Committee: Makes de relevant decisions in line with "5YP"

Main tasks:

- 1.- Capex budget distribution for the year
- 2.- Publication of annual Budgeted preparation instructions
- 3.- Annual Budget Preparation.
- 4.- Capex Allocations Update Communication
- 5.- Annual Budget Presentation & Management Committee approval
- 6.- Load the Capex Investments (SAP_IM)
- 7.- Capex Projects Planning & Cash Flow Forecast and validation
- 8.- Rejected or Updated Capex Investments

Capex Approval Request

1 – Extra Capex Request in SAP_IM (with execution plan): for Extraordinary Capex

2 - Capex Request in "*Capex Invest Request.xls*" (with execution plan): for Annual Maintenance, IT, Expansion, Operations (Basics, MICE, GYM, Open Bar, etc.), Repositioning and Signage Capex

3 - Financial Analysis & Business Plan / Case, before Capex approval in Repositioning Capex.

- 4 - Capex budget availability control & approvals review
- 5.- SAP IM Approvals Work Flow for Extra Capex Investment Orders
- 6.- Load & approve Capex request in SAP_IM

Non-Budgeted Capex Approvals

1 – Non budgeted CAPEX definition: CAPEX not included within the "5 Years Plan"

2 – If there is Capex budget foreseen for subsequent years within the "5 Years Plan": Capex Committee may approve and bring forward Capex budget of coming years

3 – If there is no Capex budget available: Capex Committee will request a Capex budget increase to the Management Committee

4 – Approve Capex request in SAP_IM and attach the "Official Approval Notice" or Capex Committee minute if applicable

NH Hotel Group CAPEX Processes & Main Tasks (III)

Capex Budget Follow Up

1 - Capex Execution Follow Up:

- Any Capex deviation will be notified to Capex Controller: Projects & Works execution: Follow Up process
- Review Capex budget vs. Capex executed
- Check if Capex executed + Capex still non-executed is in line with Capex Budget
- Request if an increase or transfer Capex from next years will be required or apply non-budgeted Capex Approval Process
- Capex Budget Follow Up monthly report

2 - Capex Cash Flow Follow Up:

- 1.- Any payment in advance, taxes or any change which can impact in Cash Flow forecast will be reported to Capex Controller
- 2.- Fill the Cash Flow forecast template in order to loading the figures in Kyriba
- 3.- Send Cash Flow forecast template to Treasury Area
- 4.- Load the cash flow forecast figures in Kyriba
- 5.- Review that the data loaded in SAP & Kyriba for Capex (payments due) is consistent

Capex Purchase Orders Management

1 - Creation of capex purchase orders (PO) in SAP_MM linked to the investment order

2 - The approval of capex purchase orders is not required if they do not exceed the investment order a budget

3 - If some purchase order exceeds the budget, will be necessary the approval by the SVP, Operations or Capex / Expansion Committee.

4 - Send PO to vendor and post the Goods/Service Receipts (GR) in SAP_MM

5.- If GR exceed the PO amount will be necessary to modify the PO and automatically evaluate the budget disposal.

6.- GR amount is automatically updated in the budget allocation and in asset under construction value.

Capex Invoices Registration

1 - Reception, scanning and integration of invoices in EDM (Accenture SSC) and SAP

2 - Start of invoices registration processes

3 - Invoice - GR- PO , Matching Incidences workflow (Quantity, Amount, PO Consumed, GR Missing,...)

4 - Budgetary control of invoices amounts and matching incidences

5 - Invoice posting and payment process

6 - Communicate to FA Department and creation of final asset/s.

7 - Transfer the asset under construction to final asset

8 - Investment closure in SAP_IM

Capex processes: Roles & Accountability (I)

Position	Accountability / Task
HQ Capex Controller (I):	<p><u>Capex Budget definition and Approval:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Communicate to the BU or HQ departments, the Capex budget allocations. <input type="checkbox"/> Load de Capex budget approved and the inversion in SAP IM. <input type="checkbox"/> Manage, with the departments and positions involved, the Cash-Flow forecast. <input type="checkbox"/> Prepare the approved Capex Budget Report. <p><u>Capex Approval Request:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Capex budget availability & approvals review. Load & approve Capex request in SAP_IM (Expansion, Operations, Signaling & Repositioning Capex). <p><u>Non Budgeted Capex Approvals:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Non-Budgeted CAPEX Request, pre-approval and approval for Capex transfers (for subsequent years within the "5 Years Plan"). <input type="checkbox"/> Approve Capex request in SAP_IM and attach the "Official Approval Notice" or Capex Committee minute. <p><u>Capex Budget Follow Up:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Review Capex budget vs. Capex already executed <input type="checkbox"/> Request if an increase or transfer Capex from next years will be required <input type="checkbox"/> Prepare the Capex Budget Follow Up monthly report. <input type="checkbox"/> Extract from SAP the Capex payment due dates and goods receipts figures not invoiced. <input type="checkbox"/> Fill the Cash Flow forecast template in order to loading the figures in Kyriba. <input type="checkbox"/> Send Cash Flow forecast template to Treasury Area. <input type="checkbox"/> Review that the data loaded in SAP & Kyriba for CAPEX (payments due) is consistent: Match data in both applications in order to find any discrepancies.

Capex processes: Roles & Accountability (II)

Position	Accountability / Task
HQ Capex Controller (II):	<p><u>Capex Purchase Orders Management:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Creation of capex purchase orders (occasionally). <input type="checkbox"/> Approve or reject the budget deviations in Purchase Orders registration or in Goods/Services Receipts. <p><u>Capex Invoices Registration:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Budgetary control of invoices registration or matching incidences. <input type="checkbox"/> Communicate to FA Department that the project or work is already finished in order to create the new asset file in SAP_FA. <input type="checkbox"/> Investment closure.
BU CAPEX Controller (I):	<p><u>Capex Budget definition and Approval:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Load in SAP_IM the Capex Investments. <p><u>Capex Approval Request:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Post the CAPEX request in SAP_IM (Extraordinary Capex) or submit <i>the Capex Invest Request.xls</i> template (Maintenance, Expansion, Operations, Repositioning and Signage Capex) to the Capex Controller. If there is no annual budget-Capex availability, the request will remain pending to be processed by the HQ Capex Controller. <p><u>Capex Budget Follow Up:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Review Capex budget vs. CAPEX already executed <input type="checkbox"/> Extract from SAP the Capex payment due dates and goods receipts figures not invoiced. <input type="checkbox"/> Fill the Cash Flow forecast template in order to loading the figures in Kyriba.

Capex processes: Roles & Accountability (III)

Position	Accountability / Task
BU CAPEX Controller (II):	<ul style="list-style-type: none"> ❑ Send Cash Flow forecast template to Treasury Area. ❑ Review that the data loaded in SAP & Kyriba for CAPEX (payments due) is consistent: Match data in both applications in order to find any discrepancies.
Departments with Capex assigned HQ & BU: (Operations, Expansion, Projects, Constructions & Engineering, IT Department)	<p><u>Capex Budget definition and Approval:</u></p> <ul style="list-style-type: none"> ❑ Capex budget distribution for the following year. ❑ Annual budget preparation and annual budget presentation. <p><u>Capex Approval Request:</u></p> <ul style="list-style-type: none"> ❑ Capex Request in <i>Capex Invest Request.xls</i> (with execution plan). ❑ Approvals Work Flow for new Capex Invest Orders. <p><u>Non Budgeted Capex Approvals:</u></p> <ul style="list-style-type: none"> ❑ Capex Request in SAP_IM / <i>CAPEX Invest Request.xls</i> <p><u>Capex Budget Follow Up:</u></p> <ul style="list-style-type: none"> ❑ Any Capex deviation will be communicated to Capex Controller: <i>Projects & Works execution: Follow Up process.</i> ❑ Report -or request- the non executed Capex. ❑ Check if Capex executed + Capex non-executed is in line with Capex Budget ❑ Provide the changes or Capex transfers of coming years required and communicate them to the Capex Committee. <p><u>Capex Purchase Orders (POs) Management :</u></p> <ul style="list-style-type: none"> ❑ Capex purchase order creation. ❑ Goods receipts or services acceptance to be invoiced. <p><u>Capex Invoices Registration:</u></p> <ul style="list-style-type: none"> ❑ Solve the Capex invoices incidences.

Capex processes: Roles & Accountability (IV)

Position	Accountability / Task
Capex Committee: (CEO, CFO, COO, CRO, Chief Assets & Development Officer, General Secretary, SVP Obras, Proyectos e Ingeniería, SVP Controlling)	<p><u>Capex Budget definition and Approval:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Centralizes the monitoring of capital investments of the Company and making relevant to compliance decisions with the investment objectives specified in 5YP <input type="checkbox"/> Capex budget distribution for the following year. <p><u>Capex Approval Request:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Approve, or do not approve, the transfer request for CAPEX of following years (within the "5 Years Plan"). <p><u>Non Budgeted Capex Approvals:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Check whether there is available Capex budget: <ul style="list-style-type: none"> ➤ If there is Capex budget available: Approve and bring forward Capex budget of coming years if applicable. ➤ If there is no Capex budget available: Request a Capex budget increase to the Steering Committee.
Controlling and Financial Planning:	<ul style="list-style-type: none"> <input type="checkbox"/> Publication of Capex Annual Budgeted preparation instructions. <input type="checkbox"/> If the CAPEX invest required it (i.e, in Repositioning CAPEX higher than 500 K euros), will be necessary to prepare a Business Case and a Financial Analysis in order to ensure the return and the profitability of the investment. <input type="checkbox"/> For Non-Budgeted Capex, the approval of the request will be performed through the "Official Approval Notice" template.
HQ SVP & VP, Country managers BU Executives	<ul style="list-style-type: none"> <input type="checkbox"/> Present to the Management Committee the Annual budget, including the capex allocation.

Capex processes: Roles & Accountability (V)

Position	Accountability / Task
Project Manager HQ Technical Controller:	<p><u>Capex Budget definition and Approval:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Define the Capex Projects Planning. <input type="checkbox"/> Manage the Cash – Flow Forecast along with Capex Controller. <input type="checkbox"/> Redefine the project according to the Capex Committee requirements, and resubmit it to the Capex Controller. <input type="checkbox"/> PCE Projects – Define the SAP IM Investment Splits according the PCE internal procedure (BUILDING CIVIL WORKS, GENERAL INSTALLATIONS, ROOMS&CORRIDORS, PUAS, M&E, KITCHEN, FITNESS, WELLNESS & SPA,BOH, OTHERS, CONTINGENCIES). <p><u>Capex Budget Follow Up:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Any Capex deviation will be communicated to Capex Controller: <i>Projects & Works execution: Follow Up process.</i> <input type="checkbox"/> Review CAPEX budget vs. CAPEX already executed. <input type="checkbox"/> Report -or request- the non executed CAPEX. <input type="checkbox"/> Check if CAPEX executed + CAPEX still non-executed is in line with CAPEX Budget. <input type="checkbox"/> Provide the changes or CAPEX transfers of coming years required. <p><u>Capex Purchase Orders (POs) Management :</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Record or delegate the PO and Goods/Services receipt Management
Treasury Department:	<p><u>Capex Budget definition and Approval:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Approve the capex cash flow forecast uploaded by the Capex Controller. <p><u>Capex Budget Follow Up:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Load the cash flow forecast figures in Kyriba. <input type="checkbox"/> Review that the data loaded in SAP & Kyriba for CAPEX (payments due) is consistent: Match data in both applications in order to find any discrepancies. <input type="checkbox"/> Capex invoices payments.

Capex processes: Roles & Accountability (VI)

Position	Accountability / Task
Management Committee:	Approve or not, the non-budgeted CAPEX request and submit the approval to the requesting department, to CAPEX Controller and CAPEX Committee. This approval will be performed by Controlling Department through the "Official Approval Notice" template.
Regional Maintenance and Operations Director – Project Director	<input type="checkbox"/> Create the capex purchase order in SAP_IM based on the budget and investment order. <input type="checkbox"/> Approval of capex purchase orders.
Share Service Center (SSC)	<input type="checkbox"/> PO (IM) documents processing. <input type="checkbox"/> Start of invoices registration processes. <input type="checkbox"/> Invoice – PO difference workflow. <input type="checkbox"/> Budgetary control of invoices incidences. <input type="checkbox"/> Invoice posting.
Fix Assets Department	<input type="checkbox"/> Creation of Final Asset/s. <input type="checkbox"/> Transfer the asset under construction to final asset. <input type="checkbox"/> Launch depreciation process

THANKS!

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