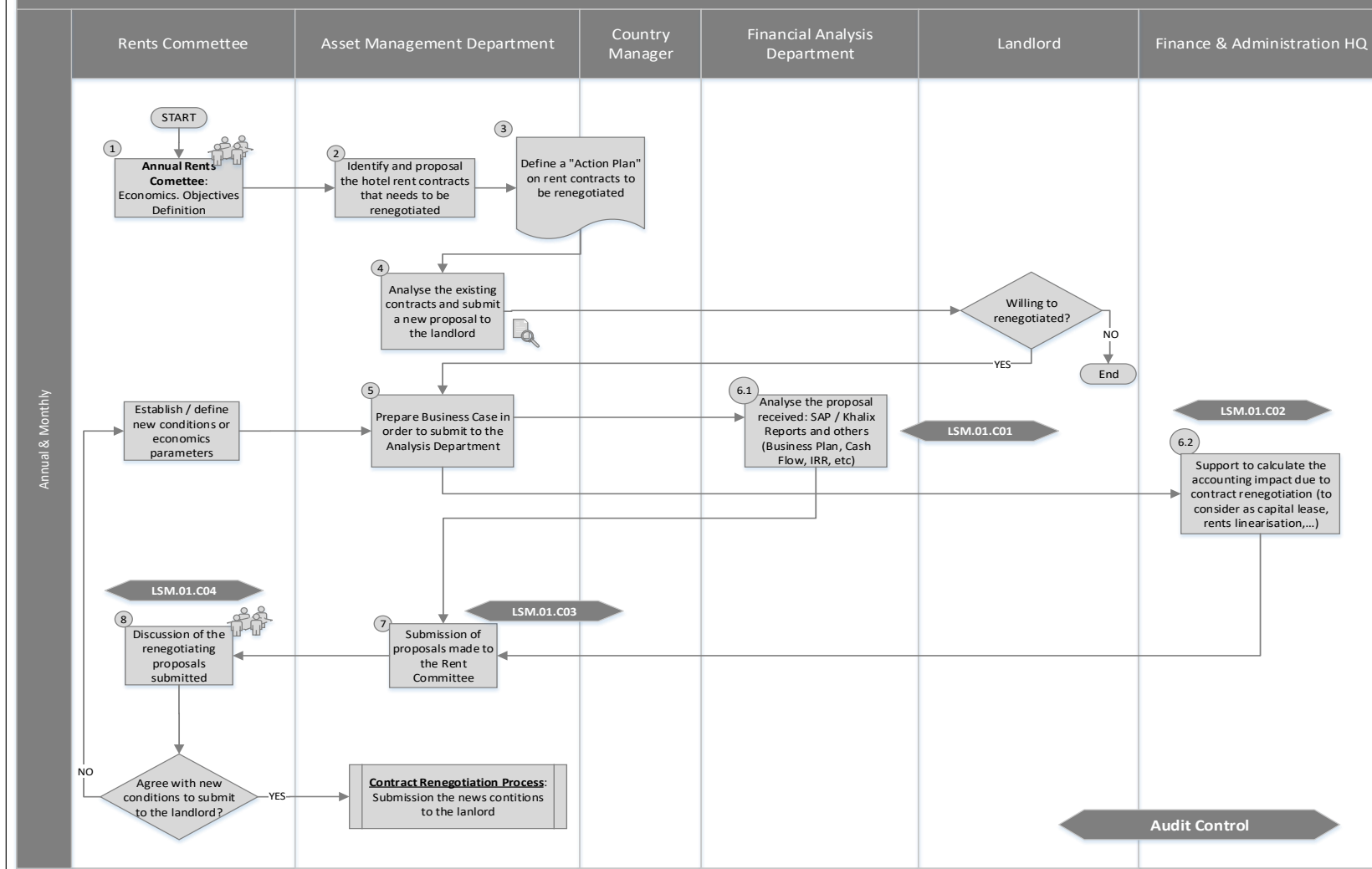






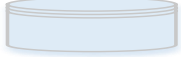
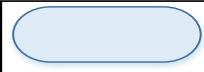
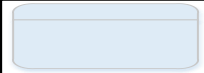
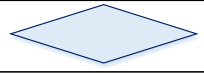


NH HOTEL GROUP		Corporate IT & Organization Department	
Process: Lease Management			
Subprocess: Lease Contracts Follow Up			
Process Owner: Laia Lahoz		Proces Leader: Carla Alaman	
Author	Miguel Perez		
Date	19.07.2016		
Last modification date			
Document version			
NH Approvals			
Name	Function	Date	Comments
Laia Lahoz	Process Owner		
Carla Alaman	Process Leader		
Modification History			
Document Version	Date	Modified by	Comments
0.1	19.07.2016	Miguel Pérez	

Contracts Follow Up

Process Owner: Laia Lahoz

Process Leader: Carla Alamán



Shape	Name	Description
	Task	Represents a manual activity of the process.
	Automatic Task	Represents an automatic activity of the process.
	Flow direction	Input or output of the task or decision.
	Internal Audit Control	Controls defined by NH Internal Audit
	Systems	Applicatio or Tool.
	Start/End	Indicates the beginning or the end of a process.
	Manual Process	Manual Business process composed of tasks, decisions, flow directions, documents and
	Decision point	It is originated after one task and it generates two or another decision.
	Report or document	It is a physical or electronic file used as input or output of a task.
	Notifications	External/Internal Notifications.

NH HOTEL GROUP		Corporate IT & Organization Department				
Process: Lease Management						
Subprocess: Lease Contracts Follow Up						
Process Owner: Laia Lahoz				Proces Leader: Carla Alaman		
Order	Task	Task Description	When	Responsible	Frecuency	Tools
1	Rents Comettee, Economics Objectives Definition	Define the Rents objectives for the coming year (in line with the 5 Year Strategic Plan)	Previous the year End	Rents Committee formed by CEO, Chief Assets & Development Officer, CFO, SVP Controlling & Financial Planning, VP Financial Analysis, Chief Resources Officer, Chief Operations Officer, SVP Projets Construction & Engineering, General Secretary and SVP Portafolio Management.	Annual	N/A
2	Identify and put forward lease contracts for the hotels to renegotiate	Identify and put forward hotel lease contracts for renegotiation (in accordance with the economic objective established by the Rents Committee): Selection criteria: Negative EBITDA or coverage ratio (GOP / annual rent) less than 1.5 points	N/A	Asset Management Department	Annual	LEA-Lease Contracts summary database.xls Finance Reports (EBITDA, coverage ratio)
3	Devise an action plan for lease contracts that require renegotiation	Analyze the Asset Management Dept. proposal. Decide which contracts are to be renegotiated and prioritize these. Prioritize hotel contracts with the worst EBITDA and coverage ratios.	N/A	Country Managers Asset Management Department	Annual	Assets Management Year Proposal Document
4	Analyze the current contract and draft a new proposal to send to the owner	After the first analysis is carried out, a meeting with the owner should be held for the initial proposal to be discussed, so that objectives can be aligned. The analysis is only sent to the Analysis Department for review in certain cases.	N/A	Asset Management Department	Annual	Lease Contract database and economic information
5	Prepare the Business Case to submit to the Analysis Department	With input from the meeting with the owner, prepare the Business Case for review by the Analysis Department. Include: - The current lease contracts (documentation available from the legal department) - The economic history of each contract (profit and loss, applied rents, etc.) - Business Plan drawn up with help from the Operations Area with the new proposed conditions	N/A	Asset Management Department	Annual	Lease Contracts SAP reports Analysis Reports (Business Plan Cash Flow, IRR, etc)
6.1	Analyze the proposal (1)	Analyze the Asset Management Area's proposal together with the analysis and all of the documentation. Some of the analyses carried out and ratios calculated: - Net value of the contract must be positive - Difference in net value between the current situation and the proposal: The difference must be positive - Ratio = (net value of rent + investment) / standard year GOP: must be 5.6 times less - IRR: must be greater than 9% - EBITDA differential: EBITDA after alteration of standard year — (current EBITDA with 3 year inflation rate) / Investment must be greater than 20% for capex wave 1 and greater than 15% for capex wave 2.	N/A	Financial Analysis Department	Annual	SAP reports Analysis Reports (Business Plan Cash Flow, IRR, etc)
6.1 - AI	Internal Audit Control (LSM.01.C01)	The renegotiation proposal from Assets Management Department is analysed by the Financial Analysis Department in order to verify if the proposal will achive the established objectives	N/A	Internal Audit	Execution: Ad-hoc Testing: Yearly	Evidence: Analysis performed
6.2	Analyze the proposal (2)	Financial Analysis Department request to the Finance & Administration Department HQ all relevant data regarding with the accounting impact due to contract renegotiation	N/A	Finance & Administration Department HQ	Annual	N/A
6.2 - AI	Internal Audit Control (LSM.01.C02)	Finance & Administration Department review the proposal in order to establish the accounting impact due to contract renegotiation	N/A	Internal Audit	Execution: Ad-hoc Testing: Yearly	Evidence: Accounting impact communicated to the Analysis Department
7	Present the proposals	The Asset Management Department presents the final proposals to the Rents Committee with the analyses, as necessary, including all relevant information requested (legal fees, new guarantees, NH obligations, and planned timings)	N/A	Asset Management	Monthly	Office Executive Report
7 - AI	Internal Audit Control (LSM.01.C03)	The final proposal are approved by the SVP Assets & Rents	N/A	Internal Audit	Execution: Ad-hoc Testing: Yearly	Evidence: E-mail sent to the SVP with the final proposal
8	Discuss the negotiated proposals submitted by the Asset Management Department	Discuss the negotiated proposals submitted by the Asset Management Department Other functions of the Rents Committee: - Monitoring negotiations with Landlords - Tracking annual economic objectives (established in October/November of each year) - Recording the minutes of decisions made and points addressed - File in sharepoint the presentation done by the Asset Management Department - Informing the departments involved of the content of these minutes (including also, the Finance and Administration Department) and indicate that the presentations are available in the Asset Management Depart. SharePoint	N/A	Rents Committee	Monthly	Minute (send by e-mail to all Committee members, Country Managers and Analysis Dpt. and others departmets involved)
8 - AI	Internal Audit Control (LSM.01.C04)	The most important proposals are presented to the Rents Committee in order to agreed the decision to be taken	N/A	Internal Audit	Execution: Monthly Testing: Yearly	Evidence: Office Executive Report