



DISTRESSED PROPERTY SOLUTION

MMIS LLC

MMIS is an Oman-based hotel management and investment company providing a complete service for the development and operation of properties in the hospitality sector. The core markets include mid-range hotels, hotel apartments, extended stay accommodation and fully serviced corporate centres within the Sultanate of Oman and the GCC Countries.

The Industry

The hospitality industry is a growing and vitally important industry for the region, specifically in terms of economic diversification and direct employment. The dynamics of an industry in this initial stage of growth, coupled with the added pressure of regional tensions and falling oil prices, has led to a situation where many properties are operating in a financially distressed state.

MMIS Distressed Property Solution (DPS)

The DPS identifies those distressed properties and starts a process of restoring the value of the properties through appropriate and decisive management.

The majority of mid-range hotels operating in the Sultanate of Oman were built in response to the last property bubble. With inconsistent background data, unrealistic expectations in terms of returns, and high construction costs, such hotels were starting their business cycle in a rather tenuous position.

The high costs associated with land acquisition and construction were often met by the owner taking on high levels of debt. These costs coupled with the current economic climate have led to many mid-range hotels not being able to service their debt through operational revenue.

Mid-range hotel owners in Oman have added further distress to their hotels by entering into management arrangements with companies and individuals incapable of operating a hotel in the current economic climate.

This has led to a dilemma for financial institutions as to whether to restructure debt or foreclose. Foreclosure of such distressed hotels is normally not in the best interests of either the lender or the borrower. The primary reason being that the property will not achieve its true market value due to the hotel trading at historic losses and the present lack of buyers for such assets.

An alternative to foreclosure is the MMIS Distressed Property Solution (DPS). The DPS is a complete platform of hotel management designed to stabilise, operate, and reposition the distressed hotel smoothly and cost-effectively for the mutual benefit of the lender and borrower.

The short to mid-term objective of the DPS is to improve the revenue of the business to service the debt. The long term objective is to enhance the hotel by producing stable revenues to allow for the debt to be serviced comfortably and a profit to then be returned to the owner.

MMIS will quickly assess the situation and develop a strategic action plan to turn around the financial performance of the distressed hotel. The MMIS strategic action plan is based on:

- ✓ effective operations and marketing;
- ✓ creating an operating budget;
- ✓ engagement of an appropriate Hotel Manager;
- ✓ maintaining accountability for the implementation of the necessary action steps; and
- ✓ communicating progress with the lender and borrower on an ongoing basis.

Upon assuming management of the distressed hotel, MMIS will respond quickly to stabilise operational performance, maintain the confidence of hotel guests and clients and enhance the value of the hotel. MMIS implements disciplined cost controls and can ramp up and maintain revenues.

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